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Imperial Schemes: Empire and the Rise of the British Business-State, 1914-1939

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Imperial Schemes:

Empire and the Rise of the British Business-State, 1914-1939

A dissertation presented

by

Ian Kumekawa

to

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Imperial Schemes: Empire and the Rise of the British Business-State, 1914-1939

Abstract

Imperial Schemes narrates how imperial knowledge and administrative expertise undergirded the expansion of the British state expansion in the early 20th century, particularly with regard to economic management and assistance to British business. Imperial dreams of wealth and power, international schemes to assist industry and finance, and the growth of the domestic state were closely interrelated in the early 20th century. This project tells these interrelated stories by following policymakers, unelected administrators, and business leaders. Together, such officials forged the networked apparatus that this dissertation calls the "business-state." These administrators were key and historically overlooked intermediaries between prominent politicians and the general public. Focusing attention on this "meso-level" across two dozen government departments and private organizations, the project highlights the importance of the administrative state and of bureaucracy itself. It exposes the hidden dealings that enabled and responded to British imperial expansion, in both formal colonies and informal markets. In so doing, it narrates interwar British imperialism and state growth in a new way: through the administrators and advisors who pushed British power abroad and expanded the state's power at home.

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Wear Archive Centre, the UCL Archives, and of course, the National Archives at Kew. I'm indebted to the kindness and professionalism of dozens of archivists, librarians, other staff members, and volunteers.

Introduction

Forging the Imperial Business-State

Kenton, an English freelance journalist working in Europe, was mixed up in some unpleasant subterfuge. He had been kidnapped and was being held in a house somewhere outside of Graz, threatened by a Romanian fixer who worked for "principals in London". As he waited to be interrogated, Kenton mused on the nature of his predicament and who might be holding him captive. "Principals in London", Kenton thought "sounded suspiciously like Big Business."

> It was difficult, Kenton had found, to spend any length of time in the arena of foreign politics without perceiving that political ideologies had very little to do with the ebb and flow of international relations. It was the power of Business, not the deliberations of statesmen, that shaped the destinies of nations. The Foreign Ministers of the great powers might make the actual declarations of their Governments' policies; but it was the Big Business men, the bankers and their dependents, the arms manufacturers, the oil companies, the big industrialists, who determined what those policies should be.[1]

Kenton was the hero of *Uncommon Danger,* a 1937 spy thriller by a progenitor of the genre, Eric Ambler. Through Kenton, Ambler gave voice to an increasingly common trope: that of the unscrupulous businessman as *eminence grise*, secretly pulling the strings of the world order. To Ambler, Big Business called the shots in the dark world of interwar Europe. It reached far beyond national boundaries and had captured governments.

The wealth and power of industry in Britain grew to unprecedented levels during World War I and the two decades after its end. Ambler's conspiratorial view of Big Business was exaggerated, but he was right in highlighting the close connections between businessmen – especially industrialists – and the state in the 1920s and 1930s. Starting during World War I, British

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[1] Eric Ambler, *Uncommon Danger* (London: Penguin, 2009), 76-77.

businessmen made major inroads in political, administrative, and policymaking circles, and they were able to shape British economic policy to suit their own needs and interests. In so doing, they forged what this dissertation calls the modern *business-state*. In the early 20th century, the British state proactively sought to assist business, often making use of techniques, personnel, and modes of thinking drawn from the business world. The result was state growth, guided and actuated by a dense imperial network of businessmen, financiers, and public servants.

By focusing on this business-state network, *Imperial Schemes* narrates and explains state growth in a new way: from the perspective of the people carrying it out. This work offers a detailed examination of what the British state actually did to expand its reach during the early 20th century. It contends that the state grew, largely, in order to support and serve private British business. The term "business-friendly" is conventionally understood as synonymous – or significantly overlapping – with "laissez-faire". In the 1920s and 1930s, the British state was business-friendly in a very different way. It actively sought to promote business interests.

This fact runs counter to the still popular view that, historically, the British state was "exceptionally" open and non-interventionist. According to this myth, whereas the French and German states were autocratic and overweening, the British state was small, liberal, and democratic, especially before World War II and the birth of the welfare state. This view remains alive and well. In the lead-up to the 2016 referendum on Britain's continued membership in the European Union, supporters of Brexit widely condemned European bureaucracy. If Westminster meant democracy, Brussels became a metonym for "unelected bureaucrats" run amok.[2] The

[2] For an example of British exceptionalism applied to the Brexit debate, see Historians For Britain, accessed August 12, 2019, www.historiansforbritain.org. Historically, Macaulay's *The History of England from the Accession of James the Second* (1848) is a key example of early exceptionalism. G.M. Trevelyan built on this foundation with *History of England* (London: Longmans Green, 1926). So too did the mammoth 8-volume *Cambridge History of the British Empire,* published between 1929 and 1959. On legal exceptionalism, see Tamar Herzog, *A Short History of European Law: The Last Two and a Half Millennia* (Cambridge: Harvard University Press, 2018).

dichotomy between “Westminster” and “Brussels” speaks to the continued salience of a longstanding understanding of the British state as exceptionally small and flexible. In this telling, a relatively permissive, laissez-faire attitude toward business and commerce was a key element of the “exceptional” British state.

Historians have increasingly recognized that the popularly held myth of exception is incomplete and reductive; even if the British state was different from its continental comparators, in the late 19th and early 20th centuries, it was nevertheless vigorously engaged within Britain and in the wider empire.[3] Contrary to the myth of exception, in the first half of the 20th century, the British state was already large, and it was growing fast.

Imperial Schemes investigates and explains how it was growing by exploring the economic life of the state. State expansion, in both personnel and scope of operations, was especially pronounced in areas related to economic management. This was not macroeconomic management, as would become common after World War II, but instead an earlier, though no less sweeping management of finance, industry, and trade. Policymakers and unelected administrators demonstrated an increasing appetite for involving the state in the lives of its citizens, frequently in order to subsidize and foster British business. Well before the widespread acceptance of the modern concept of the national economy, there was a common understanding in London that what was good for British industry was good for the economic health of the country.[4] In the years

[3] David Edgerton has brought this point home in *The Rise and Fall of the British Nation: A Twentieth Century History* (London: Penguin, 2019). See also Jim Tomlinson, *Managing the Economy, Managing the People: Narratives of Economic Life in Britain from Beveridge to Brexit* (Oxford: Oxford University Press, 2017), which contends that national economic management started in 1931. Tomlinson argues that it was not until the 1940s that national economic management was combined with the management of people. This dissertation suggests different ways in which Britain managed both its economy and its people starting in the 1920s. See also older work on the rise of the managed economy, including Roger Middleton, *Towards the Managed Economy: Keynes, the Treasury and the Fiscal Policy Debate of the 1930s* (London: Methuen, 1985) and those mentioned in note 27, below.

[4] In this way, British policymakers were thinking of country-wide economic health before the concept of the modern economy was widespread. On the national economy, see Tomlinson, *Managing the Economy*. On the creation of the

between World War I and World War II, Britain was business-friendly not because it was liberal and laissez-faire, but instead because it aggressively helped British companies and commercial agricultural interests. Active assistance meant new departments, new ministries, and new committees. It meant new state-led initiatives, or in the parlance of the day, new *schemes*.

Those schemes were vast and important. They fundamentally expanded and reshaped the way the state engaged with economic life in Britain and across the Empire. State-sponsored and state-run trade banks, insurance programs, commercial intelligence networks, trade commissioners and commercial attachés, new government departments focused on overseas trade, and official export credit programs all bloomed during this period. The credit schemes alone resulted in the expansion of state contingent liabilities by some £100 million in the mid 1920s, a time when total British GDP was only around £4.3 billion.[5] These liabilities drew the state deep into the affairs of British industry and tied it to industry's economic fortunes.[6] The state actively supported big business and cartelization – what was then called "rationalisation" – industrial subsidies, and protection.[7] Industrialists, especially from heavy engineering firms, pushed hard for new state

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concept of national economies, especially through statistics, see Adam Tooze, *Statistics and the German State 1900-1945: The Making of Modern Economic Knowledge* (Cambridge: Cambridge University Press, 2001); Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002); Timothy Shenk, *Inventing the American Economy*, PhD Dissertation, Columbia University, 2016. See also, Diane Coyle, *GDP: A Brief but Affectionate History* (Princeton: Princeton University Press, 2014); Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge: Harvard University Press, 2018.

[5] Michel Fouquin and Jules Hugot, "Two Centuries of Bilateral Trade and Gravity Data: 1827-2014," CEPII Working Paper 2016-14 (Paris: Centre d'Etudes Prospectives et d'Informations Internationales, May 2016). See also Stephen Broadberry and Alexander Klein, "Aggregate and Per Capital GDP in Europe, 1870-2000: Continental, Regional, and National Data with Changing Boundaries," *Scandinavian Economic History Review* 60, no. 1 (February 2012): 79-107.

[6] On the importance of contingent liabilities, see Ela Bola, Marta Ruiz-Arranz, Frederik Toscani, and H. Elif Ture, "The Fiscal Costs of Contingent Liabilities: A New Dataset", IMF Working Paper WP/16/14 (Washington, D.C.: IMF, January 2016) and Hal S. Scott, who explores the importance of such liabilities for financial panics, especially the 2008 crisis. Hal S. Scott, *Connectedness and Contagion: Protecting the Financial System from Panics* (Cambridge: The MIT Press, 2016).

[7] See Keith Middlemas, *Politics in Industrial Society: The Experience of the British System since 1911* (London: André Deutsch, 1979); John Turner, ed. *Businessmen and Politics: Studies of Business Activity in British Politics,*

support. In so doing, they helped forge a consensus as to the importance of exports and export markets as guarantors of economic stability.

Supporting British economic health, especially through export industries, was a global task undertaken by a global empire. Industry depended on empire; imperial and commercial power had long been linked and exports had long been geopolitical tools.[8] The state's support for export industries went hand in hand with ambitions to capture new overseas markets and secure old ones. In the wake of German, Austrian, and Ottoman imperial collapse in 1918, British officials and businessmen sought to extend British influence and power – not just through formal territorial acquisitions, but also through a softer sort of imperialism: commercial conquests, often using techniques inspired by the Germans themselves.[9] The frontiers of Britain's economic empire were in South America, the Middle East, Central Europe, the Balkans, and the Baltic, though defending British market share in the formal empire – especially in Canada and India – was a priority as well.[10] Geopolitical expansion and domestic business-protection were two sides of the same coin.

1900-1945 (London: Heinemann, 1984); Leslie Hannah, *The Rise of the Corporate Economy* (London: Methuen, 1976; Edgerton, *The Rise and Fall of the British Nation*, chapter 3.

[8] Eric Hobsbawm, *Industry and Empire: From 1750 to the Present Day* (New York: Penguin, 1969). See also Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1969).

[9] See Stephen G. Gross, *Export Empire: German Soft Power in Southeastern Europe, 1890-1945* (Cambridge: Cambridge University Press, 2015).

[10] Miklós Lojkó, *Meddling in Middle Europe: Britain and the 'Lands Between' 1919-1925* (Budapest: CEU Press, 2006); John Fisher, Effie G.H. Pedaliu, and Richard Smith, eds., *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2016); John Fisher, *Outskirts of Empire: Studies in British Power Projection* (Abingdon: Routledge, 2019); Gaynor Johnson, *The Foreign Office and British Diplomacy in the Twentieth Century* (London: Routledge, 2005); Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford: Oxford University Press, 2015); Alice Teichova and P.L. Cottrell, eds., *International Business and Central Europe, 1918-1939* (Leicester: Leicester University Press, 1983); John Darwin, *The Empire Project: The Rise and Fall of the British World-System, 1830-1970* (Cambridge: Cambridge University Press, 2009), 369-375; Ian M. Drummond, *Imperial Economic Policy, 1917-1939* (London: George Allen & Unwin, 1974).

On a more granular level, the expanding business-state depended upon administrators and officials with imperial experience. If the British domestic state was long considered small, from certain angles, the British *imperial* state was not small at all: it imposed sweeping and violent changes on hundreds of millions of colonial subjects, even if it was run by a handful of administrators.[11] The expanding metropolitan state leveraged colonial and informal imperial techniques. British Trade officers were appointed from merchant houses. New state-sponsored export facilities drew on financiers who had spent their careers in the informal empire: parts of the world such as Egypt and Argentina that fell outside the formal boundaries of imperial control, but in which Britain nevertheless exerted dominating political or economic power.[12] Some of the most influential figures in the Bank of England and the Treasury came from long careers in Hong Kong, South Africa, and India, where they managed economic policies.

Moreover, the state's enlarged role in economic life facilitated and responded to efforts to bind the formal empire into a more cohesive economic and political unit. The 1920s and 1930s saw the institution of regular empire-wide economic conferences sponsored by the British government and the formation of new imperial scientific and trade associations. The Bank of England sought to build an association of imperial central banks to control monetary policy. Britain

[11] On violence in the early 20th century, see, e.g. Kim Wagner, *Amritsar 1919: An Empire of Fear and the Making of a Massacre* (New Haven: Yale University Press, 2019); Mike Davis, *Late Victorian Holocausts: El Niño Famines and the Making of the Third World* (London: Verso, 2000); Priya Satia, *Spies in Arabia: The Great War and the Cultural Foundations of Britain's Covert Empire in the Middle East* (Oxford: Oxford University Press, 2008); Shireen Ilahi, *Imperial Violence and the Path to Independence: India, Ireland, and the Crisis of Empire* (London: I.B. Tauris, 2016); Richard Gott, *Britain's Empire: Resistance, Repression and Revolt* (London: Verso, 2012); Caroline Elkins, *Imperial Reckoning: The Untold Story of Britain's Gulag in Kenya* (New York: Holt, 2005). On administration, see Darwin, *The Empire Project,* especially chapter 5; David Gilmour, *The British in India: Three Centuries of Ambition and Experience* (London: Allen Lane, 2018).

[12] In these areas, "by informal means if possible, or by formal annexations when necessary, British paramountcy was steadily upheld." John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review* 6, no. 1 (August 1953), 3. See also Martin Lynn, "British Policy, Trade, and Informal Empire in the Mid-Nineteenth Century," in *The Oxford History of the British Empire, volume 3: The Nineteenth Century,* ed., Andrew Porter (New York: Oxford University Press, 1999): 101-121.

began a program of unprecedented peacetime propaganda, aimed at increasing the sales of raw goods produced in its overseas empire. It built a vast network of research facilities for agricultural and industrial research, meant to bolster the quantity and quality of imperial produce and British manufactured goods. Most strikingly, in the early 1930s, Britain abandoned its nearly century-long commitment to free trade. Largely at the urging of domestic industrial interests, Britain's leaders cordoned off the Empire with a tariff wall.

Over the 1920s and 1930s, British imperialism shifted from expansionary ambition, often in the informal empire, to protective consolidation of the formal empire. But throughout the period, imperialism continued to facilitate the growth of the domestic state, particularly the parts of the state concerned with economic activity and the promotion of business. The result was that between World War I and World War II, Britain developed an imperial business-state. This is its story: a history of the economic life of the state, and a history of the economic thinking of the people who made the state run.

INDUSTRY and the STATE

As an administrative apparatus, the British state had a long history of working closely with British businesses. The process of royally chartering corporations – whether the East India Company (1600), the Hudson's Bay Company (1670), or the Bank of England (1694) – bound the state to private commercial enterprises from the 17th century onwards.[13] Culturally, the English and British states were concerned with guaranteeing and promoting commerce. The state's

[13] P.G.M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit, 1688-1756* (London: Macmillan, 1967), especially chapter 1; David Kynaston, *Till Time's Last Sand: A History of the Bank of England, 1694-2013* (London: Bloomsbury, 2017); William Dalrymple, *The Anarchy: The East India Company, Corporate Violence, and the Pillage of an Empire* (New York: Bloomsbury, 2019).

balanced budget relied on it, British identity was built around it, and British prosperity and security depended upon it.[14] As Adam Smith put it in *The Wealth of Nations,* Britain's commercial empire reflected the sensibilities of "a nation whose government is influenced by shopkeepers"; there was great political will for encouraging commerce.[15] At the same time, more than in other countries in Europe, British political thinkers were at pains to distinguish between public and private institutions. One of Smith's chief targets in *The Wealth of Nations* was the "corporation spirit", which Smith saw exemplified by state-sanctioned monopolies, particularly the East India Company.[16] By the mid-19th century, with the folding of the Company State in India, British public sentiment had largely come around to Smith's way of thinking. According to the political theory of the day, the state was supposed to be small and liberal, even if the Empire was big.[17] The state existed primarily to provide a baseline of order and security. Though it regulated (loosely) the merchant marine, it mostly kept out of the way of business, even as reformers pushed the state to increase its social services in the late 19th century.[18]

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[14] As Gallagher and Robinson contended, the Victorian state's free-trade policy benefited British exporters and financiers. Gallagher and Robinson, "The Imperialism of Free Trade." David Armitage, *The Ideological Origins of the British Empire* (Cambridge: Cambridge University Press, 2000); Linda Colley, *Britons: Forging the Nation, 1707-1837* (New Haven: Yale University Press, 1992); John Brewer, *The Sinews of Power: War, Money and the English State, 1688-1783* (New York: Knopf, 1989).

[15] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, IV, vii.c.63. The full quote is "To found a great empire for the sole purpose of raising up a people of customers may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers; but extremely fit for a nation whose government is influenced by shopkeepers."

[16] Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, IV, v.b.8; Emma Rothschild and Amartya Sen, "Adam Smith's Economics," in *The Cambridge Companion to Adam Smith,* ed. Knud Haakonssen (Cambridge: Cambridge University Press, 2016): 319-365.

[17] See, e.g. Jennifer Pitts, *A Turn to Empire: The Rise of Imperial Liberalism in Britain and France* (Princeton: Princeton University Press, 2005); Andrew Sartori, *Liberalism in Empire: An Alternative History* (Berkeley: University of California Press, 2014).

[18] Hubert Llewellyn Smith, *The Board of Trade* (New York: G.P. Putnam's Sons, 1928). The Board of Trade did come to manage labor exchanges, by which unemployed workers were matched with firms, but this relied on the willing cooperation of businesses. See Michael Freeden, *The New Liberalism: An Ideology of Social Reform* (Oxford: Clarendon Press, 1978), part VI, chapter 6; Jose Harris, *William Beveridge: A Biography* (Oxford: Clarendon Press,

But the partnership between business – especially industry – and the British domestic state dramatically tightened in the first half of the 20th century, even if many politicians and policymakers did not wish to admit it. Even before World War I, the state had come to either subsidize or partially own the Cunard steamship line, Marconi Radio Telegraph, and the Anglo-Persian Oil Company, each a major company in its own right. In 1912, the General Post Office monopolized the country's telephone service in addition to the nation's mail service.[19] The connection between the state and big business grew even more dramatically during and after World War I. The interwar period was one of intense cooperation between big business and the British state. The state encouraged cartels and employers' organizations as ways to streamline production and to increase productive capacity.[20] The early 20th century was an age of massive corporations – Vickers, Unilever, Shell, Imperial Chemical Industries (ICI) – which thrived under an encouraging regulatory regime. By the start of World War II, there were 33 trades in which the largest three firms employed over 70% of all workers in the trade.[21] Bigness, in the eyes of its promoters in and outside of the state, would make Britain more efficient and competitive.[22] Large industry groups would also make the economy easier to manage. Coming out of the closely-knit cooperation of World War I when businessmen had flooded into state service, British officials

1977), chapter 6. Roger Davidson, *Whitehall and the Labour Problem in Late-Victorian and Edwardian Britain: A Study in Official Statistics and Social Control* (London: Croom Helm, 1985). On the British liberal state in general, see Butterfield, *The Whig Interpretation of History.*

[19] Eric Hobsbawm, *Industry and Empire: From 1750 to the Present Day* (New York: Penguin, 1969), 241-242. W.J. Baker, *A History of the Marconi Company, 1874-1965* (London: Methuen, 1970), chapter 17; Frances Lonsdale Donaldson, *The Marconi Scandal* (London: R. Hart-Davis, 1962); Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 1991), chapter 8.

[20] Final Report of the Committee on Industry and Trade [Cmd. 3282] (London: HMSO, 1929); Middlemas, *Politics in Industrial Society*, 178-180.

[21] See Eric Hobsbawm, *Industry and Empire*, 216.

[22] See Hannah, *The Rise of the Corporate Economy*.

came to see industrialists and, to a lesser degree financiers, as partners in a project to sustain British global predominance.[23] World War I and its aftermath was the golden age of public-private partnerships. In addition to pushing cartels, it encouraged the private amalgamation of railways and the electricity supply in the 1920s. In the 1930s, it sponsored national steel, iron, and coal cartels and worked closely with key industries to carry out rearmament.[24]

This policy of state cooperation with business was less about regulation than about promotion. As *Imperial Schemes* shows, between the start of World War I and World War II, far from restraining business, the British imperial state actively encouraged business. The lack of traditional forms of regulation – whether related to antitrust, labor practices, or working conditions – has been taken as evidence that the state occupied a relatively small role in the economy in the years immediately following World War I, especially when compared with the post-World War II period.[25] Conceptualizing the state as a porous network – as a "business-state" – radically changes

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[23] Middlemas, *Politics in Industrial Society*, chapter 4; S.H. Armitage, *The Politics of Decontrol of Industry: Britain and the United States* (London: Weidenfeld and Nicolson, 1969). See also Steven Tolliday, *Business, Banking, and Politics: The Case of British Steel, 1918-1939* (Cambridge: Harvard University Press, 1987); W.A. Thomas, *The Finance of British Industry, 1918-1976* (London: Methuen, 1978); Hobsbawm, *Industry and Empire*, chapter 11; Edgerton, *The Rise and Fall of the British Nation*, chapters 4 and 5. In his history of British chambers of commerce, Robert J. Bennett writes that in the interwar period, "activity with and for government has become a dominant aspect of the modern chambers…Is this for members or for government purposes? The two may significantly overlap." Robert J. Bennett, *Local Business Voice: The History of Chambers of Commerce in Britain, Ireland, and Revolutionary America, 1760-2011* (Oxford: Oxford University Press, 2011), 590 as well as 311-327 and chapter 13.

[24] See Tolliday, *Business, Banking, and Politics*; Ben Fine, "Economies of Scale and A Featherbedding Cartel?: A Reconsideration of the Interwar British Coal Industry," *The Economic History Review* 43, no. 3 (August 1990): 438-449. Armitage, *The Politics of Decontrol of Industry*.

[25] According to Hobsbawm, "the state *refrained* from adequate intervention" (emphasis added). Hobsbawm, *Industry and Empire*, 214; Martin Pugh, *The Making of Modern British Politics, 1867-1939* (New York: St. Martin's Press, 1982), 209-213; Peter Clarke, *Hope and Glory: Britain 1900-2000* (New York: Penguin, 2004), 108-110. Even Leslie Hannah, who explores the interplay of state and business, focuses on the lack of regulation in the interwar period. Hannah, *The Rise of the Corporate Economy,* chapter 4. The traditional narrative of the small state does not apply to macroeconomic management, which emerged in the aftermath of World War I. However, such macroeconomic management was limited in comparison with postwar efforts. As Aldcroft put it, "it is clear that most [interwar] policies, whether fiscal, monetary, regional, social, or specific acts of intervention, were insufficient to meet the needs of the time." Derek H. Aldcroft, *The Inter-War Economy: Britain, 1919-1939* (London: B.T. Batsford, 1970), 298.

this picture. Instead of the state being limited, insofar as it accommodated the needs and wants of business, the state's role was expansive. The fundamental change from before World War I was not that the British state simply maintained the friendly, collaborative attitude toward private enterprise that it had forged during the war; it was instead that the British state involved British business in integral decision-making processes. In other words, the British state – or rather people embedded within the British state – began to think like businessmen, either because they were involved in business or because they worked closely with people who were.

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The power of British industry was a dominant theme in British historiography in the 1970s and 1980s. There were major studies of ICI and British Steel, analyses of deregulation and corporate growth, and studies on the financing and politics of industrial power.[26] Business historians assumed the importance of industry in British life, and they attended to the way in which the state actively collaborated with business in the early 20th century, particularly as a precursor to nationalization after World War II. But in the 1980s and 1990s, as capital markets were transformed and industries privatized, historians shifted their attention to finance, narrating the late 19th and early 20th centuries in terms of banks, financiers, and the state officials who engaged with them.[27] To take a prominent example, P.J. Cain and A.G. Hopkins re-narrated British Empire

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[26] W.J. Reader, *Imperial Chemical Industries: A History* (Oxford: Oxford University Press, 1970); Tolliday, *Business, Banking, and Politics.* Armitage, *The Politics of Decontrol of Industry.* Hannah, *The Rise of the Corporate Economy,* Middlemas, *Politics in Industrial Society: The Experience of the British System since 1911* (London: André Deutsch, 1979); Turner, ed. *Businessmen and Politics*.

[27] Robert W.D. Boyce, *British Capitalism at the Crossroads, 1919-1932* (Cambridge: Cambridge University Press, 1988); Peter Clarke, *The Keynesian Revolution in the Making* (Oxford: Clarendon Press, 1988); Middleton, *Towards the Managed Economy*; Susan Howson, *British Monetary Policy, 1945-1951* (Oxford: Clarendon Press, 1993). Others reacted to the increased financialization by calling for a return to industrial protection. See Scott Newton and Dilwyn Porter, *Modernization Frustrated: The Politics of Industrial Decline in Britain since 1900* (London: Unwin Hyman, 1988).

itself around finance.[28] They contended that norms of "gentlemanly capitalism" kept British industrialists from positions of cultural influence and political power.[29]

The following work, like that of several new books, brings industry back into center frame alongside finance.[30] This dissertation figures the interwar period not just as a time of state experimentation and engagement with business, but as a period during which the state grew as an economic actor, not least by partnering with industry. It may be true that British industrialists were less culturally prominent than financial capitalists, but during the early 20th century, British businessmen accrued tremendous power, reshaping the makeup of the British elite and emerging as dominant in national politics.[31] Despite the reputation of the Conservative Party as a preserve of landowners, half of the conservatives serving in Parliament after 1918 came from a business background.[32] The same was true of most of the interwar prime ministers. Andrew Bonar Law (1922-1923) was a successful Scottish iron merchant. Neville Chamberlain (1937-1940) worked for nearly two decades as managing director of Hoskin's and Company, which manufactured beds and marine berths. Stanley Baldwin's (1923-1929, 1935-1937) family iron and steel firm, Baldwin's, employed over 6,000 people. Textiles and coal mining had long been politically salient

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[28] P.J. Cain and A.G. Hopkins, *British Imperialism: Innovation and Expansion: 1688-1914* (London: Longman, 1993); P.J. Cain and A.G. Hopkins, *British Imperialism: Crisis and Deconstruction: 1914-1990* (London: Longman, 1993). See also Lance E. Davis and Robert Huttenback, *Mammon and the Pursuit of Empire: The Economics of British Imperialism* (Cambridge: Cambridge University Press, 1988); Michael Edelstein, *Overseas Investment in the Age of High Imperialism: The United Kingdom, 1850-1914* (New York: Columbia University Press, 1982).

[29] P.J. Cain and A.G. Hopkins, "Gentlemanly Capitalism and British Expansion Overseas II: New Imperialism, 1850-1945", *The Economic History Review* 40, no. 1 (February 1987): 1-26; Martin Wiener, *English Culture and the Decline of the Industrial Spirit, 1850-1980*, 2nd ed. (Cambridge: Cambridge University Press, 2004).

[30] Edgerton, *The Rise and Fall of the British Nation*; Bennett, *Local Business Voice*; and Slobodian, *Globalists*. See also Geoffrey Owen, *From Empire to Europe* (New York: Harper Collins, 2010).

[31] Moreover, the boundaries between industry and finance became less clearly defined in the early 20th century. David Cannadine, *The Decline and Fall of the British Aristocracy* (New Haven: Yale University Press, 1990), chapter 9.

[32] Edgerton, *The Rise and Fall of the British Nation*, 108-119.

industries, but the rising political powerhouses of interwar Britain were heavy manufacturing combines in electrical goods, chemicals, arms, and capital goods.[33] It was firms from these industries, organized into lobbies and employers' organizations, that did the most to push Britain to promote economic activity in the country and the Empire. After World War I, industry, as much if not more than finance, drove the expansion of the imperial state.[34] And whereas financiers were traditionally interested in keeping the state as far out of their business as possible, industrialists welcomed cooperation with British officials, inviting the active support that would become a permanent fixture of British economic life.

The BUSINESS-STATE

"What is the system of modern British government?" asked the historian Keith Middlemas in 1978. Middlemas's answer, expounded in *Politics in Industrial Society*, focused on cooperation with industry and organized labor, with economic ideology playing a much smaller role in party politics than it did before World War I.[35] Instead, the country's political and governmental leadership conciliated and managed industrial and social relations. Starting in the interwar period, politicians came "to accept the increasingly managerial function of the state." Government came to mean the "running of the machine by an integrated team of party leaders, heads of

[33] Ibid., chapter 5; Eric Hobsbawm, *Industry and Empire*, chapter 11; David J. Jeremy, "The Hundred Largest Employers in the United Kingdom, in Manufacturing and Non-Manufacturing Industries, in 1907, 1935, and 1955," *Business History* 33, no. 1 (1991): 93-111; Youssef Cassis, *Big Business: The European Experience in the Twentieth Century* (Oxford: Oxford University Press, 2000), 35-46

[34] C.f. P.J. Cain and A.G. Hopkins, *British Imperialism, 1688-2015*, 3rd ed. (London: Routledge, 2016). Cain and Hopkins do, however, put more emphasis on gentlemanly capitalism driving imperialism before World War I.

[35] Middlemas wrote his description of the British state before the premiership of Margaret Thatcher. Middlemas's corporatist vision of Britain was under attack by the 1980s. See Turner, ed. *Businessmen and Politics*.

departments… and powerful interest groups."[36] The administrative apparatus thus created in the interwar period was what this dissertation refers to as the business-state. It was a nexus of imperial politicians, administrators, and business leaders, many of whom were suspicious of legislative oversight and parliamentary democracy itself.[37]

Unlike Middlemas's work, which largely focuses on politics – particularly the political power of large labor unions and employers' organizations – *Imperial Schemes* explores the formation, growth, and maintenance of the business-state itself. It narrates a sweeping change neither from below nor from above, but from the middle. In this way, it is neither a social micro-history nor a political macro-history, but instead a "meso-history" of the state and the interwar British Empire. Its immediate focus is not on the effects of state growth on citizens (as in social history) nor on the high-level political rationales for such change (the domain of political history). Rather, it attends to how the state actually grew, what the state actually did, and how the state actually did it. It does this by examining the economic thinking and actions of middle- and upper-level officials who made up the state.[38]

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[36] Middlemas, *Politics in Industrial Society*, 11, 23. A similar story has been told of the American state, which grew by partnering with private interests. See Brian Balogh, *The Associational State: American Governance in the Twentieth Century* (Philadelphia: University of Pennsylvania Press, 2015) and James Sparrow, William Novak, and Stephen Sawyer, eds., *Boundaries of the State in US History* (Chicago: University of Chicago Press, 2015).

[37] See Richard Roberts, "The Administrative Origins of Industrial Diplomacy: an Aspect of Government-Industry Relations, 1929-1935", 93-104, in Turner, ed., *Businessmen and Politics*. John Turner, critical of Middlemas's corporatist account of British history, agreed that Businessmen "got much of what they wanted in Britain in the first half of the twentieth century." For Turner, "the relationship between business and the state was not one of domination by either side, but of bargaining between two weak entities which often did not know their own minds." This account generally squares with the one presented here, excepting the fact that Turner sees "business" and "government" as distinct. John Turner, "The Politics of Business," in Turner, ed., *Businessmen and Politics*, 3. On the debates over administrative authority, see Committee on Ministers' Powers, *Report* (London: HMSO, 1932) [Cmd. 4060].

[38] In so doing, it builds on a growing body of work that addresses the economic thinking of administrators. See, for instance, Arunabh Ghosh, *Making It Count: Statistics and Statecraft in the Early People's Republic of China* (Princeton: Princeton University Press, 2020); Amy Offer, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton: Princeton University Press, 2019); Shenk, *Inventing the American Economy*; Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920-1946* (Oxford: Oxford University Press, 2013); Thomas Stapleford, *The Cost of Living in America: A Political History of Economic Statistics* (Cambridge: Cambridge University Press, 2009); Tooze, *Statistics and the German*

Writing a meso-history, especially of the economic life of the state, involves deploying a new kind of bureaucratic history. Many of the histories of state policy and administration published from the 1920s through the 1950s – whether domestic or imperial – were biased and dry. Written as blow-by-blow accounts or administrative logs, they were frequently the products of former state officials.[39] Such are the cases of the official history of the Colonial Office, written by Sir Charles Jeffries and that of the Department of Scientific and Industrial Research by Sir Harry Melville.[40] Both books belonged to a series of fifteen volumes on Whitehall ministries and departments published in the 1950s and 1960s, written "to provide authoritative descriptions" of central government organs. The "New Whitehall Series" took a cue from an older series of books about government departments: The Economic and Social History of the World War, commissioned by the Carnegie Foundation in the aftermath of World War I to document the operation of the wartime state.[41] These too were authored by former administrators, as were most of the dozens of volumes of *The History of the Second World War*, commissioned by the British state and published starting in the late 1940s.

Written "from the inside", these older bureaucratic histories offer dense chronicles of the British state. They make for heavy reading: difficult to skim, frequently smug, and often without discernable theses. But though they often lack critical perspective, there is much to be admired and

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State; Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Penguin, 2007).

[39] See, e.g. Llewellyn Smith, *The Board of Trade*, which remains among the most authoritative accounts of the Board of Trade.

[40] Charles Jeffries, *The Colonial Office* (London: Allen and Unwin, 1956); Harry Melville, *The Department of Scientific and Industrial Research* (London: George Alllen and Unwin, 1962).

[41] Katharine Rietzler, "The War as History: Writing the Economic and Social History of the First World War," *Diplomatic History* 38, no. 4 (September 2014): 826-839.

gained from them. Because of their remarkable detail, the books convey the individual personalities of administrators, the cultures of departments, and the susceptibility of officials to business contacts or ideology. The older histories were long, narrow, and detailed enough to paint a picture of a relatively small coterie of powerful individuals who ran in the same circles, professionally, socially, and familially.

Imperial Schemes focuses with similar detail on that coterie of administrators, policymakers, politicians, and businessmen. It attends to employment histories of bureaucrats, social connections of administrators, and ideological commitments of middle managers. In short, it treats these figures as serious thinkers and actors.[42] Because it focuses at the meso-level, this work features a large cast of characters. Well-remembered individuals like David Lloyd George or Winston Churchill were important in building the British state in the early 20th century, but so too were hundreds of others who have been treated more passingly in history books. This work attends to these largely forgotten, though vitally important, individuals because they mattered in shaping the state. Though numerous, these actors were not diverse. With a few exceptions, the people who appear in *Imperial Schemes* are overwhelmingly white and overwhelmingly male. That is because the business-state – that nexus of economic, political, and administrative power – was overwhelmingly white and male. Its operation was a product of entrenched privilege and prejudice.

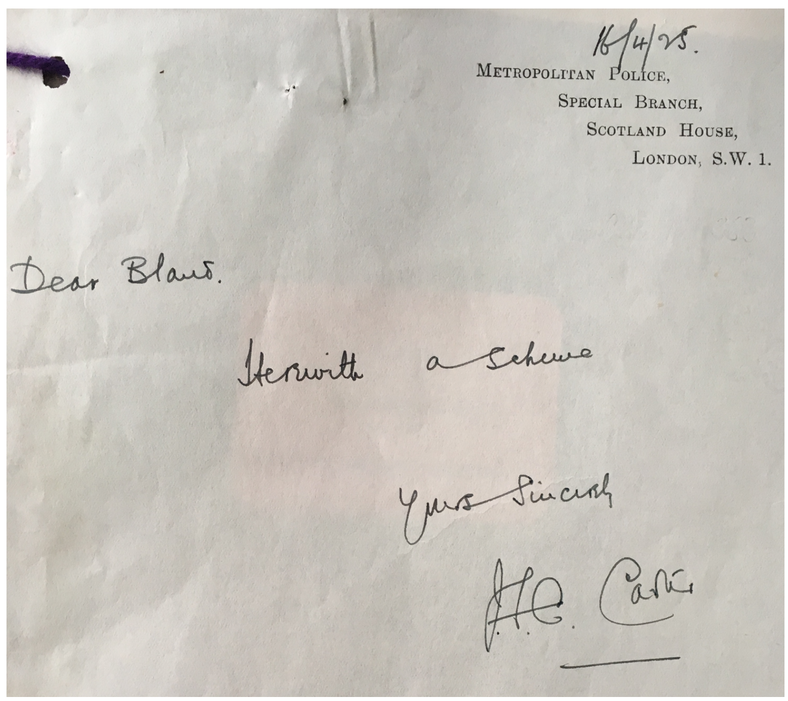
This basic fact underscores the importance of investigating the business-state critically. Unlike the old bureaucratic histories, *Imperial Schemes* approaches its subjects with the skepticism of modern historical practice. It recognizes callous, bigoted, and chauvinistic thinking. It also

[42] As Diana Kim writes, "it takes seriously the importance of language and knowledge in administrative work." Diana S. Kim, *Empires of Vice: The Rise of Opium Prohibition Across Southeast Asia* (Princeton: Princeton University Press, 2020), 12.

recreates a web of interconnections which, unlike the older histories, it sets against a wide political and geopolitical backdrop. Overall, it paints a picture of an intimate and hidden world of cozy relationships between imperial businessmen, bureaucrats, and politicians.

In interwar Whitehall, the word "scheme" did not carry a negative connotation. It was merely used to refer to a program, an initiative, or a project. In the archives of 1920s and 1930s British state administration, the word "scheme" is ubiquitous (see figure 0.1). There were schemes for everything from pensions and travel allowances to police actions. While to the modern eye, each appearance of the word in state papers is a little jarring, in most cases, the official using the term did not mean to convey any notion of underhandedness. This was true even though the word "scheme" often carried an "unfavourable notion" in English as early as the 18th century.[43]

What is especially striking about the usage of the word "scheme" in British state papers is how frequently the word refers to an initiative that, by the standards of the early 21st century, could easily be called a "scheme", with all the attendant negative connotations. The 1920s and 1930s were a time of sweetheart deals and networking, particularly when it


16/4/25.

METROPOLITAN POLICE,
SPECIAL BRANCH,
SCOTLAND HOUSE,
LONDON, S.W. 1.

Dear Bland.

Herewith a Scheme

Yours Sincerely

Figure 0.1: Cover letter for a proposal from Special Branch to the Secret Service Committee to reorganize British intelligence, April 16, 1925, TNA, CAB 127/363.

[43] "Scheme, n.1," *Oxford English Dictionary Online*, 1989, accessed online November 20, 2019, https://www-oed-com/view/Entry/172317?rskey=ExHK48&result=1&isAdvanced=false.

came to ventures overseas. There was a scheme for the state to set up a trade bank to be run at a profit by key government advisors. There was a scheme to control South African gold supplies by installing a Bank of England clerk as Governor of the South African Reserve Bank. There was a secret scheme to guarantee the country's largest armaments firm a yearly income. The lines between official and unofficial business were always blurry. Government employees moved in and out of state service. Foreign and Colonial Office administrators were key administrators of the Federation of British Industries. Board of Trade clerks became bankers in the Middle East, before returning to London to serve on official committees.

The fact that there were so many personal interconnections between government departments, industrial concerns, and banks was so obvious to the writers of the old bureaucratic histories that they scarcely made an explicit point of it. These personal connections mattered. They shaped the way the British state acted, especially as an economic agent and regulator. Historians have recognized that the institutional culture of the state, especially of particular departments, played outsized roles in the determination and enactment of policy.[44] But the "official mind" of the Foreign Office, or the "orthodox view" of the Treasury, even the "liberalism" of the Board of Trade, or the "conservatism" of the Colonial Office can be obfuscatory black boxes.[45] Traditionally, policy and political histories treated ministries and departments as agents. But only people can be agents. While *Imperial Schemes* attends to the different cultures, ideological commitments, and political objectives of specific state departments, its primary focus is on people

[44] See G.C. Peden *The Treasury and British Public Policy, 1906-1959* (Oxford: Oxford University Press, 2000); Peter Hennessy, *Whitehall* (London: Secker and Warburg, 1989); Richard A. Chapman, *The Civil Service Commission, 1855-1991: A Bureau Biography* (London: Routledge, 2004); Davidson, *The Labour Problem.*

[45] On each of the relevant ministries, see e.g. John Gallagher, Ronald Robinson, and Alice Denny, *Africa and the Victorians: The Official Mind of Imperialism* (London: Palgrave Macmillan, 1961); Peden, *The Treasury and British Public Policy*; Llewellyn Smith, *The Board of Trade*; Jeffries, *The Colonial Office*.

and the linkages between them. Such a focus requires following those connections in dozens of public and private archives. It also means reading archival files in a variety of ways. In addition to analyzing a government memorandum as an indication of policy priorities, *Imperial Schemes* pays close attention to the particular official who authored the memo and the language he (usually) used in writing it.

The upper echelons of the British administrative state lend themselves well to a prosopographical approach.[46] Mid- and top-level civil servants went to the same schools and universities, not just with each other, but also with politicians, financiers, lawyers, and (to a lesser degree) businessmen. They dined in the same restaurants, read the same papers, belonged to the same clubs.[47] They were related by blood and, more importantly, by marriage. They were each others' mentors and protégés.[48] Not only did they belong to the same race and, generally, class, but they also adhered to the same unwritten codes of conduct. And they moved and remained linked, over the course of their careers, from department to department, from state to private industry, from Britain to India to Egypt to South Africa. Theirs was a connected and interconnected world.

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[46] This approach followed here is inspired by classics including Ronald Syme, *The Roman Revolution,* rev. ed (Oxford: Oxford University Press, 2002 [1939]), and also by Emma Rothschild, "Isolation and Economic Life in Eighteenth-Century France," *The American Historical Review* 119, no. 4 (October 2014): 1055-1082; Philip T. Hoffman, Gilles Postel-Vinay, and Jean-Laurent Rosenthal, *Des marchés sans prix: Une économie politique du crédit à Paris, 1660–1870* (Paris: EHESS, 2001). On networks in history, see also Visualizing Historical Networks, Center for History and Economics, Harvard University, accessed February 15, 2020, https://histecon.fas.harvard.edu/visualizing/index.html; Humanities + Design, Stanford Center for Spatial and Textual Analysis, accessed February 15, 2020; https://hdlab.stanford.edu/.

[47] On clubs, see Seth Alexander Thévoz, *Club Government: How the Early Victorian World was Ruled from London Clubs* (London: I.B. Taurus, 2018). On British elites, see Cannadine, *The Decline and Fall of the British Aristocracy*; Youssef Cassis, *City Bankers, 1890-1914* (Cambridge: Cambridge University Press, 1994); Hennessy, *Whitehall*.

[48] On patronage networks, see Guo Xu, "The Costs of Patronage: Evidence from the British Empire," *American Economic Review* 108, no. 11 (November 2018): 3170-3198.

In one sense, it was a very large world: an imperial world in which careers could span continents and could include radically different phases. Henry Babington Smith, for example, taught classics at Cambridge before investigating the finances of Natal, managing Ottoman debt in Constantinople and then becoming head of the General Post Office in London. Austrian-born Henry Strakosch made his fortune in South African mining before becoming John Maynard Keynes's confidant and a key advisor to the Bank of England. By the 1930s, he was an official representative of the Government of India.

But in a different way, the world of the people running the British imperial state was incredibly small; one in which everyone was connected to everyone else. Understanding the operation and the role of the British state in the early 20th century requires reconceptualizing the structure of its organization. Certainly, "the state" was not a monolith. But nor was it simply a collection of siloed and strictly hierarchical departments. It was, instead, a dense network with interconnected branches, sub-groups, and hubs. Vitally, not all of the people – or, in the language of network theory, nodes – in the network of the state were government employees.[49]

The state was porous. Bankers and merchants financed electoral campaigns. Industrial interests lobbied parliament and worked closely with administrative agencies. Officials had family members who were economists, executives, and investors. Often, they themselves moved between the public and private sector. This rich network easily spanned government departments and dissolved conventional lines separating "public" from "private". It constituted the "business-state." By exploring the interconnections and dark corners of the business-state, *Imperial Schemes*

[49] On networks in history, see Claire Lemercier and Claire Zalc, *Quantitative Methods in the Humanities: An Introduction* (Charlottesville: University of Virginia Press, 2019), chapter 5.

reconstructs this network and its economic thinking. Figure 0.2 highlights the 300 individuals and 260 other entities mentioned by name in this dissertation and the ways in which they were connected. As a whole, the graph manifests a principal contention of *Imperial Schemes:* that business (in red) and state (in blue) were closely bound together. These interconnections mattered; they influenced the ideological orientations and personal commitments of state administrators and they guided the state to grow, particularly so as to assist British business.

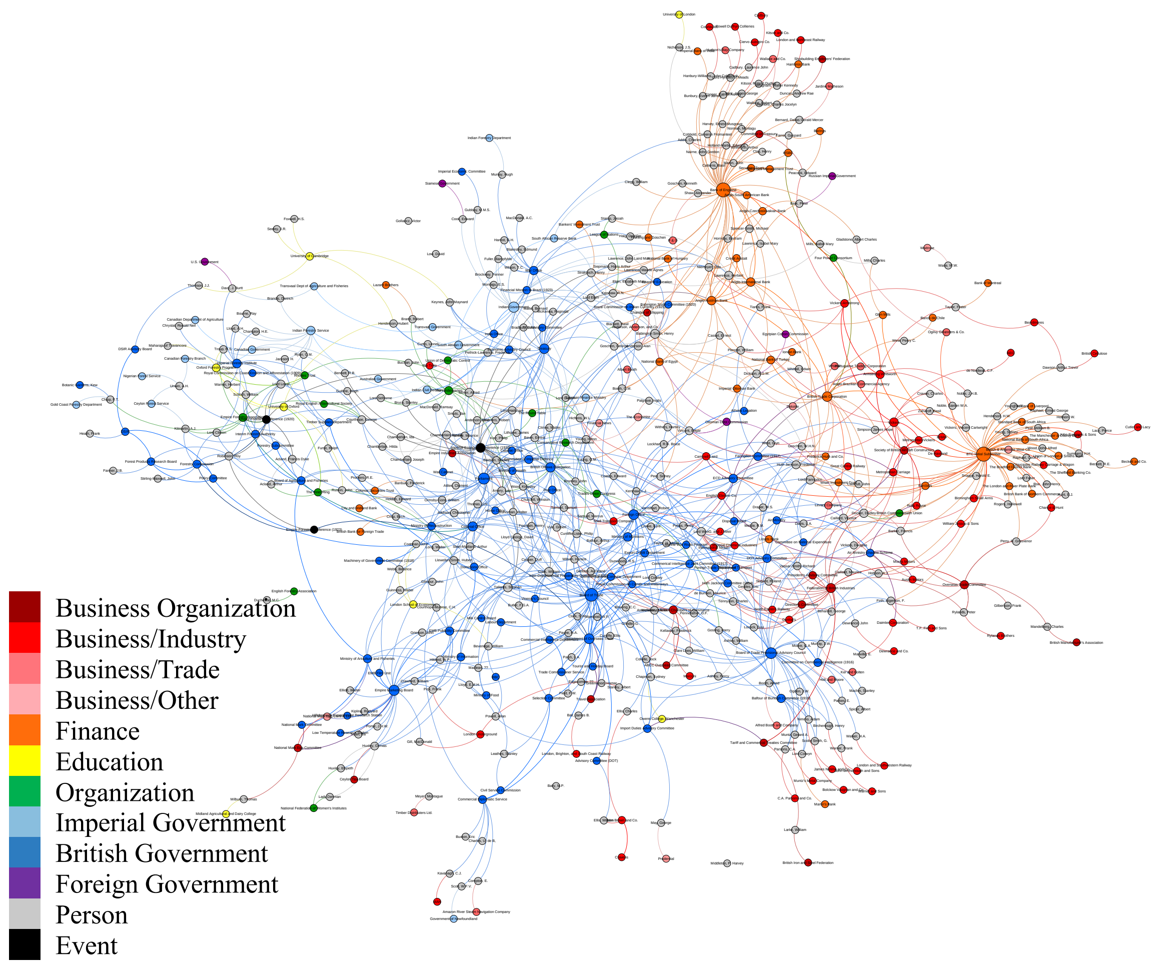

Figure 0.2: Network Visualization of the Business-State. This graph includes the 300 historical individuals mentioned by name in this dissertation as well as 260 state, business, and non-governmental organizations also mentioned by name in the dissertation. This is a network visualization produced using the software Gephi. For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes. The links, or edges, between these people and entities are, in an overwhelming majority (about 90%) of cases, referenced explicitly in the dissertation. The remaining edges were added for clarity. Nodes have been sized according to the number of connections each has. Therefore, in general, the larger the node, the more important it is in the context of the dissertation. Nodes have been colored according to the following key. State bodies are generally blue and private businesses generally red. Individuals are depicted in gray.

EMPIRE and the BUSINESS-STATE

Just as the business-state bound public to private, so too did it connect Great Britain to its global empire. In fact, the historiography of the British Empire offers a useful analogy in understanding the meaning of the business-state. The "new imperial history" of the last two decades has considered the domestic impacts of "empire" on Britain and has insisted on figuring Britain as *part* of the Empire rather than apart from it. New British imperial historians have conceptualized the Empire as a single analytical unit, not a dichotomy of metropole and colony. There was never a sharp division between "Britain" and "Empire"; inside Britain, ways of thinking and ways of being were *always* imperial.[50] In a similar vein, *Imperial Schemes* asserts that there was no strict line that divided "state" from "business" in interwar Britain.

That said, the terms "empire" and "imperial" are slippery. In some ways, it makes sense to conceptualize the British Empire as a single unit; in other ways it does not. Canada and Rhodesia were both part of the formal empire, but the relationship between the imperial state and a white woman in Canada in 1930 was entirely different than that between the state and a black man in Southern Rhodesia. London's relationship with Ottawa was entirely different than its relationship with Salisbury. Moreover, the British state might be said to have an "imperialist" attitude toward regions that fell outside its jurisdiction. Geopolitical or economic influence could be – and indeed was – "imperial" in places outside the formal empire including Argentina, Egypt, China, and

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[50] See, e.g. Zoë Laidlaw, "Breaking Britannia's Bounds?" Law, Settlers, and Space in Britain's Imperial Historiography", *The Historical Journal* 55, no. 3 (September 2012): 807-830; Catherine Hall and Sonya Rose, eds., *At Home with the Empire: Metropolitan Culture and the Imperial World* (Cambridge: Cambridge University Press, 2006); Jordanna Bailkin, *The Afterlife of Empire* (Berkeley: University of California Press, 2012); Antoinette Burton, *At the Heart of the Empire: Indians and the Colonial Encounter in Late-Victorian Britain* (Berkeley: University of California Press, 1998); Andrew S. Thompson, *The Empire Strikes Back? The Impact of Imperialism on Britain from the Mid-Nineteenth Century* (Harlow: Pearson Education, 2005). On the shifts in imperial historiography more generally, see Durba Ghosh, "Another Set of Imperial Turns?" *American Historical Review* 117, no. 3 (June 2012): 772-793.

Greece. “Empire”, as a category, is multiple and diffuse. This dissertation takes “empire” to be a capacious term, one that covers not just how Britain exerted control on people and systems under its formal jurisdiction, but also how it controlled, or attempted to control people and systems elsewhere in the world. Britain – and the administrators who ran its state – sought to harness its dominant world position to influence and control. It used its power to protect its interests – both political and economic – *as* an empire. The middle and upper managers of its state – almost universally white and male – were quick to differentiate based on race, language, and religion. But they nevertheless understood *imperial* policy as pertaining to the whole world: from London to Liverpool, Belfast to Buenos Aires, Cairo to Canberra.

In this expansive way, empire and imperial thinking were at the very heart of the business-state. The British *state* was obviously imperial, in both concrete and epistemic terms. So too was business. Big British firms operated all over the formal Empire. Not for nothing were some of the most important and dynamic companies of the time called Imperial Chemical Industries, Imperial Tobacco, and Imperial Airways. British capitalism depended on capturing and defending global markets, sending finance overseas, and shipping goods around the world.[51] Moreover, many of the personnel of the business-state were products of empire. Not only did many of them administer Malaya, India, and Jamaica from London; many had worked and lived in the Empire outside of Britain. Others had emigrated from the dominions, or had a brother, or a wife, or a mother who had. In fact, much of the state expansion that occurred during the interwar years depended on the

[51] David Edgerton narrates how British domestic industry depended less on formal imperial and more on global markets in the early 20th century. Many of the non-imperial global markets – whether in South America, the Middle East, Portugal, or the Baltic – were areas in which Britain sought to exert geopolitical and commercial influence, what this dissertation takes to be informal imperial power. As Edgerton notes, the British *national* market mattered more after World War II, as British coal exports decreased. Edgerton, *The Rise and Fall of the British Nation*, chapter 3.

expertise acquired outside of metropolitan Britain.[52] Trade commissioners drew on years of experience selling British goods overseas in the informal empire; forest administrators tapped Indian and Canadian knowledge; the bankers behind new trade facilities and monetary policy in the 1920s and 1930s launched their careers in Hong Kong and South Africa.[53]

In all these places, the administrators had been agents of British imperialism. Whether or not they understood it in these terms, they had capitalized on and cemented British control. This was an inherently violent process that involved the racial subjugation of hundreds of millions of people. Empire not only was physically violent, but also relied upon a whole system of less visible forms of domination.[54] Banking practices kept local currencies devalued; colonial agriculture and forestry stripped locals of land and disrupted traditional practices; capital investment resulted in foreign ownership; trade relations forced local industries out of business. The agents of the modern British business-state were implicated in these processes.

The modern British business-state emerged during a manifestly imperial age. But the business-state also existed over a period in which Britain's relationship with its empire, both formal and informal, was shifting and contentious. In some corners of Whitehall and of the Empire,

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[52] On the impact of empire on American state growth, see Alfred W. McCoy and Francisco Scarano, eds. *Colonial Crucible: Empire in the Making of the Modern American State* (Madison: University of Wisconsin Press, 2009).

[53] Contending that the Empire enabled British state growth does not imply that the colonies were "laboratories" for the metropole. On limitations of the laboratory trope, see Clifford D. Rosenberg, "The Colonial Politics of Health Care Provision in Interwar Paris," *French Historical Studies* 27, no. 3 (Summer 2004), 639. For examples see Ann Laura Stoler, ''Sexual Affronts and Racial Frontiers: European Identities and the Cultural Politics of Exclusion in Colonial Southeast Asia,'' in *Tensions of Empire: Colonial Cultures in a Bourgeois World*, ed. Frederick Cooper and Ann Laura Stoler (Berkeley: University of California Press, 1997) and Timothy Mitchell, *Colonising Egypt* (Berkeley: University of California Press, 1991).

[54] On physical violence, see note 11, above. On other kinds of violence, see for example, Cooper and Stoller, *Tensions of Empire;* Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History* (Berkeley: University of California Press, 2005). See also G. Balachandran, *John Bullion's Empire: Britain's Gold Problem and India Between the Wars* (London: Curzon, 1996); Mitchell, *Colonising Egypt*; Bill Schwarz, *The White Man's World: Memories of Empire* (Oxford: Oxford University Press, 2013); Ramachandra Guha, *The Unquiet Woods: Ecological Change and Peasant Resistance in the Himalaya* (Berkeley: University of California Press, 2000).

there was considerable optimism about the future of British imperium in the immediate aftermath of World War I. Britain was, after all, a victorious power; at no previous point in history was more of the world colored British imperial pink on maps. With the collapse of Germany and the Ottoman Empire, there were new mandates to govern and new markets to win.[55] Such new markets – whether in the Baltic, the Balkans, or the Middle East – would augment British power and British wealth and for much of the 1920s, the British state actively supported efforts to bring those markets into the British sphere of influence. In fact, the potential of these new markets and potentially new parts of the *informal* empire was a key factor motivating the growth of the business-state during the period, as covered in Chapters 1-3.

At the same time, World War I stretched British power and exposed weaknesses in formal imperial rule.[56] Nationalist movements from Dublin to Delhi gained momentum, sterling was devalued, and the British government was indebted as never before. The integrated global system by which Britain had profited from the international movement of goods and capital lay in tatters. And, importantly, Britain faced a new competitor in foreign and even imperial markets, a competitor that had emerged from the war largely unscathed: the United States.[57] Bankers, businessmen, and state officials were alive to the danger of losing political and commercial dominance. With Britain in a weakened condition, many looked to remake the formal empire –

[55] On mandates, see Pedersen, *The Guardians*.

[56] Ilahi, *Imperial Violence and the Path to Independence:*; Richard S. Fogarty and Andrew Tait Jarboe, *Empires in World War I: Shifting Frontiers and Imperial Dynamics in a Global Conflict* (London: I.B. Tauris, 2014); Heather Streets-Salter, *World War One in Southeast Asia: Colonialism and Anticolonialism in an Era of Global Conflict* (Cambridge: Cambridge University Press, 2017); Darwin, *The Empire Project,* 343-358.

[57] Adam Tooze, *The Deluge: The Great War, America and the Remaking of the Global Order, 1916-1931* (New York: Penguin, 2014). On Britain's relatively weak position after the war, see also Niall Ferguson, *The Pity of War* (New York: Basic Books, 1999), chapter 14. On the end of the global system, see Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991* (New York: Vintage, 1994), chapter 7. On the financial aspect, see Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford: Oxford University Press, 1996); Charles Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin, 1984), chapter 16.

especially the dominions – into a more cohesive geopolitical entity, one that could effectively counter the geopolitical and economic weight of the United States, and later, the Soviet Union and a re-arming Germany.[58] As chapters 4-6 show, binding the dominions more closely to Great Britain, a project of *formal* imperial consolidation, was also an undertaking that propelled the development of the business-state and state growth more generally.

Whether in the informal or the formal empire, markets mattered. The Empire had always been a place to make money and it continued to be fertile ground for British investment. It also, as Eric Hobsbawm and J.A. Hobson emphasized, functioned as a key market for British manufactured goods through the long 19th century.[59] In the 1920s and 1930s, empire was especially important as a market for British goods.[60] After World War I, Britain could no longer dominate overseas markets as it had for much of the 19th century. It no longer could engage in what John Gallagher and Ronald Robinson called the "imperialism of free trade."[61] Writing in the 1950s, Gallagher and Robinson pointed out an important fact: that since Britain was the 19th century world's banker, shipper, and workshop, it was able to capitalize on a worldwide free trade regime better than any

[58] Sven Beckert, "American Danger: United States Empire, Eurafrica, and the Territorialization of Industrial Capitalism, 1870-1950," *The American Historical Review* 122, no. 4 (October 2017): 1137-1170. This was certainly the goal of imperialists. See, e.g. David Thackeray, *Forging a British World of Trade: Culture, Ethnicity, and Market in the Empire-Commonwealth, 1880-1975* (Oxford: Oxford University Press, 2019); James Belich, *Replenishing the Earth: The Settler Revolution and the Rise of the Anglo-World* (Oxford: Oxford University Press, 2009), especially chapter 15; Duncan Bell, *The Idea of Greater Britain: Empire and the Future of World Order* (Princeton: Princeton University Press, 2007), chapter 2; John E. Kendle, *The Round Table Movement and Imperial Union* (Toronto: University of Toronto Press, 1975), chapter 5; W. David McIntyre, *The Britannic Vision: Historians and the Making of the British Commonwealth of Nations, 1907-48* (London: Palgrave Macmillan, 2009).

[59] J.A. Hobson, *Imperialism: A Study* (New York: James Pott and Co., 1902). See also A.M. Eckstein, "Is there a 'Hobson-Lenin Thesis' on Late Nineteenth-Century Colonial Expansion?," *Economic History Review* 44, no. 2 (May 1991): 297-318; Hobsbawm, *Industry and Empire*.

[60] Before the war, the empire took about a third of British exports; by 1936, it was taking 46.5% Werner Schlote, *British Overseas Trade from 1700 to the 1930s* (Oxford: Blackwell, 1952), 162-163.

[61] Gallagher and Robinson, "The Imperialism of Free Trade."

of its imperial competitors. Free trade might have been pitched as an even playing field, but Britain held a solid handicap.

This advantage began to slip away in the late 19th century and was radically reduced after World War I, not least in the minds of Britain's business and political leaders.[62] The result was a growing consensus in London that, in the words of one commission, "if industry is to be extended it is essential that British products should be *pushed*, and manufacturers, merchants and bankers must combine to push them."[63] Pushing British business fell, in large part, to the state. This implied a more intrusive, proactive state, one increasingly ready to deploy "schemes". When free trade was no longer rigged to help Britain, the state sought to rig or encourage non-free trade. In some cases, that meant providing export subsidies; in others, it meant developing advertising campaigns that targeted the women who made household purchasing decisions.

Focusing on the state itself offers a window into Britain's shifting relationship with empire in the early 20th century, especially empire as it related to commerce and industry. In this way, *Imperial Schemes* follows in the footsteps of Gallagher and Robinson, though unlike them, and unlike many of their critics, it focuses on individuals and departments within the state apparatus in great detail.[64] *Imperial Schemes* demonstrates how sweeping ideological commitments and

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[62] See Tim Rooth, *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s* (Cambridge: Cambridge University Press, 1993); see also the classic Charles Loch Mowat, *Britain Between the Wars, 1918-1940* (London: Methuen, 1955), especially chapter 5; Beckert, "American Danger."

[63] Emphasis original. Report to the Board of Trade by the Committee Appointed to Investigate the Question of Financial Facilities for Trade (London: HMSO, 1916), [Cd. 8346]. Richard Davenport-Hines, *Dudley Docker: The Life and Times of a Trade Warrior* (Cambridge: Cambridge University Press, 1984), 137.

[64] Gallagher and Robinson touched off a debate over the degree to which the state – or state actors – intentionally approached foreign and imperial policy as a way of benefitting British industrial and financial interests. D.C.M. Platt chronicled the instances in which the Foreign Office acted against the interest of British bondholders and businessmen. Lance Davis and Robert Huttenback traced financial interests of individual government officials and members of parliament, showing how they did not derive undue benefit from imperial policies during the long 19th century. Ian Drummond focused less on intent but also argued that British imperial policy benefitted the formal empire (particularly the dominions) at the expense of British domestic interests. D.C.M. Platt, *Finance, Trade, and Politics in British Foreign Policy, 1815-1914* (Oxford: Clarendon Press, 1968); D.C.M. Platt, "The Imperialism of Free Trade: Some

policy programs were conditioned and reinforced by individual experiences and personal connections. It shows, in short, how state expansion was a social process. *Imperial Schemes* demonstrates the extent to which social connections rather than simple economic interest resulted in the state's active support for British businesses. The picture that emerges is one of contingency and idiosyncrasy, dependent to a large extent on individual personalities and experiences. *Imperial Schemes* peers inside the black box of the "official mind".[65] Inside, it finds a variegated culture of sweetheart deals and backroom bargains: a culture where lines between industry and government were, at best, blurred.

STATE GROWTH and the BUSINESS-STATE

Understanding the state as a "business-state" paints a new picture of British state growth in the late 19th and 20th centuries. It shows what expansion looked like from inside the organization and how it was conceptualized and justified by its agents. Through schemes developed during World War I and the interwar years, the British state came to occupy a substantively enlarged role in the British economy and in the economic life of the Empire. It not only set the rules of the game, it was also an increasingly proactive participant in shaping the country's economic landscape.[66] The interwar British state was decidedly not an activist regulator. It was, on the contrary, active in

Reservations," *The Economic History Review* 21, no. 2 (August, 1968): 296-306; Davis and Huttenback, *Mammon and the Pursuit of Empire: The Economics of British Imperialism* (Cambridge: Cambridge University Press, 1988); Drummond, *Imperial Economic Policy*; Rory Miller, "Informal Empire in Latin America" in *The Oxford History of the British Empire,* volume 5: Historiography*,* ed., Robin W. Winks (New York: Oxford University Press, 2007), 441-442. See also Oliver MacDonagh, "The Anti-Imperialism of Free Trade," *The Economic History Review* 14, no. 3 (1962): 489-501.

[65] Gallagher, Robinson, and Denny, *Africa and the Victorians*.

[66] On law as the rules of the game, see e.g. Curtis J. Milhaupt and Katharina Pistor, *Law and Capitalism: What Corporate Crises Reveal about Legal Systems and Economic Development around the World* (Chicago: University of Chicago Press, 2008); Christine Desan, *Making Money: Coin, Currency, and the Coming of Capitalism* (Oxford: Oxford University Press, 2015).

its promotion and support of British business. Nevertheless, the fact that the state was promoting, rather than regulating, private firms in no way diminishes the fact that the state's economic role profoundly expanded.

Most fundamentally, this means that the state was big and growing well before the advent of the postwar welfare state.[67] Although the vast administrative apparatuses built during World War I receded substantially during the 1920s, much to the dismay of Labour Party reformers, the state continued to grow as an employer.[68] Putting aside people employed either by the armed forces or specifically to supply the armed forces, public employment by Britain's central government increased steadily in the years after World War I, before taking off during and after World War II (see table 0.1).[69]

Date	**Number**
August 1, 1914	249,662
November 2, 1918	291,110
April 1, 1928	310,472
April 1, 1933	321,961
April 1, 1936	355,400
April 1, 1939	409,500
April 1, 1945	551,600
April 1, 1950	690,000

Table 0.1: Employment in Civilian Agencies

The business-state contributed to the rising employment figures, spawning new ministries, new departments, and new initiatives. But even more importantly, this dissertation shows that it represented new state initiatives, new programs, new schemes, many of which are covered in the

67 This dissertation builds on the work of others who pointed to state growth in the interwar period. Moses Abramovitz and Vera F. Eliasberg, *The Growth of Public Employment in Great Britain* (Princeton: Princeton University Press, 1957), 43; Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom* (Princeton: Princeton University Press, 1961). See also David Edgerton, *The Rise and Fall of the British Nation*, part I; Kathleen Burk, *War and the State: The Transformation of British Government, 1914-1919* (London: Routledge, 2014); and more classically, Middlemas, *Politics in Industrial Society.*

68 On the lost promise of state control after World War I, see E.M.H. Lloyd, *Experiments in State Control* (Oxford: Clarendon Press, 1924); Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford: Oxford University Press, 2008), chapter 5. On military economic planning during World War I, see Nicholas Lambert, *Planning Armageddon: British Economic Warfare and the First World War* (Cambridge: Harvard University Press, 2012).

69 Abramovitz and Eliasberg, *The Growth of Public Employment*, 43, 70. The numbers employed by local governments – including the police, teachers, and utilities workers – across the United Kingdom also grew from 660,400 in 1911 to 975,600 in 1921 to 1,262,800 in 1931. The operation of utilities resulted in the addition of over a hundred thousand jobs between 1911 and 1931.

following pages (see table 0.2).[70] Even in terms of government expenditure as a percentage of national income, the British interwar state was large compared to its European and American analogs. In the mid 1920s, British total public spending was about a quarter of its GDP. The analogous figure for France was about 20%; for Germany about 15%, and the United States less than 5%.[71]

[70] On continuities between the two postwar periods, see Charles S. Maier, "The Two Postwar Eras and the Conditions for Stability in Twentieth-Century Western Europe", *The American Historical Review* 86, no. 2 (April 1981): 327-352.

[71] Paolo Mauro, Rafael Romeu, Ariel J. Binder, and Asad Zaman, "A Modern History of Fiscal Prudence and Profligacy," *Journal of Monetary Economics*, 76 (2015): 55-70. Overall, British spending was greater than before the war, but much of this difference was due to the need to pay off war debts.

Institution	Founding	Chapter #
War Risks Associations	1914	2
Ministry of Munitions	1915	1
Department of Scientific and Industrial Research	1916	4
Foreign Trade Department (Foreign Office)	1916	1
Ministry of Food	1916	1
Department of Overseas Trade	1917	1
Timber Supply Department (Board of Trade)	1917	4
British Trade Corporation	**1917**	**2**
Advisory Council (Board of Trade)	1918	1
Air Ministry	1918	Conclusion
Export Credit Guarantee Department	1919	2
Forestry Commission	1919	4
Ministry of Transport	1919	1
Empire Forestry Association	**1920**	**4**
Trade Facilities Act Advisory Committee (Treasury)	1921	2
Forest Products Research Board (DSIR)	1921	4
Securities Trust (Bank of England)	1922	3
Empire Marketing Board	1926	5
Anglo-International Bank	**1926**	**3**
Electricity Control Board	**1926**	**6**
National Mark Committee (Ministry of Agriculture)	1928	5
National Egg Central Ltd.	**1928**	**5**
Securities Management Trust (Bank of England)	**1929**	**3**
Lancashire Textile Corporation	1929	3
Import Duties Advisory Committee	1931	6
Marketing Boards (Ministry of Agriculture)	1931	6
British Iron and Steel Federation	**1934**	**6**

Table 0.2: New government departments and state-supported private institutions (in bold) covered in this dissertation, 1914-1934.

This picture serves as a reminder that state growth – like empire – is a capacious category. It encompasses both the post-World War II expansion of the welfare state, and the dozens of new initiatives that sprang up to support business in the 1920s and 1930s. The major state expansions carried out by the Labour government in the 1940s – the growth of social insurance, the nationalization of major industries, the creation of the NHS – loom large in imaginings of 20th century history.[72] Certainly, many of the changes in the state carried out by the Labour Party after World War II were important and innovative. Some were progressive; others depended on conservative values and a desire for stability.[73] But it is important to remember that, one way or the other, *welfare* was hardly the only arena of state growth.

As David Edgerton has shown, Britain spent vast sums of money on military technology and preparedness throughout the 20th century. The size of military spending both in wartime and in peacetime suggests a different way of understanding the state: not as welfare state, but as warfare state.[74] Drawing on Edgerton's work, *Imperial Schemes* proposes a further way of conceptualizing the expanding and changing British state in the 20th century: as a business-state, a nexus of power that not only thought in business-like, economic terms, but also acted purposefully to assist British business itself. This dissertation tells how the business-state emerged and how it was shaped and accommodated by the economic thinking of state administrators. It is thus, at once, a story of administrative growth and intellectual transformation.

OVERVIEW of the DISSERTATION

[72] See, e.g. Richard Titmuss, *Problems of Social Policy* (London: HMSO, 1950); Bernard Harris, *The Origins of the British Welfare State: Society, State and Social Welfare in England and Wales, 1800-1945* (London: Palgrave, 2004); Ross McKibben, *Parties and People: England, 1914-1951* (Oxford: Oxford University Press, 2010); Chris Renwick, *Bread for All: The Origins of the Welfare State* (New York: Penguin, 2017); Derek Fraser, *The Evolution of the British Welfare State: A History of Social Policy Since the Industrial Revolution* (London: Macmillan, 1973).

[73] See, e.g., Susan Pedersen, *Family, Dependence, and the Origins of the Welfare State: Britain and France, 1914-1945* (Cambridge: Cambridge University Press, 1993).

[74] David Edgerton, *Warfare State: Britain 1920-1970* (Cambridge: Cambridge University Press, 2006). See also Edgerton, *The Rise and Fall of the British Nation,* especially chapter 2.

Imperial Schemes unfolds in two parts, “Expansion” and “Consolidation”. To underscore the dense interconnections of the British business-state, each chapter begins with a network visualization, showing not only how individuals and entities featured in the chapter related to one another, but also how they fit into the wider network mapped out by the dissertation as a whole.[75] Part I, “Expansion” traces state efforts to assist British business operating overseas, particularly in the informal empire, from World War I to the economic collapse and devaluation of the pound in 1931. During the war, British business, especially British heavy industry, forged unprecedentedly close ties with the central administrative state. Though Britain ended the war in debt and in psychic shock, it nevertheless emerged in 1918 as the victor over a humiliated foe.[76] It governed the world’s largest empire, which was larger geographically than ever before. To many in British government, finance, and industry, the imperial future held glimmering possibilities. The abrupt collapse of old Central and Eastern European empires exposed new markets and new commercial opportunities, especially in the Balkans, the Baltic, and the Middle East. To capitalize on these opportunities, British commercial interests would need to act quickly. The United States was unscathed by the war and its combines and banks were poised to compete with British counterparts around the world. These realities were not lost on British industrialists, financiers, or policymakers, and because of the war, these three groups had never been more closely intertwined. Together, they embarked on a series of schemes that would help British commercial interests succeed abroad, and in so doing, extend British imperial power and influence.

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[75] To visualize how the chapters themselves fit together, see the slideshow on the dissertation’s companion website: http://histecon.fas.harvard.edu/visualizing/imperial_schemes/.

[76] On shock, see Richard Overy, *The Twilight Years: The Paradox of Britain Between the Wars* (New York: Viking, 2009); Jon Lawrence, “Forging a Peaceable Kingdom: War, Violence, and Fear of Brutalization in Post-First World War Britain,” *The Journal of Modern History* 75, no. 3 (September 2003): 557-589.

In the 1920s and 1930s, the edge of British imperial expansion was fundamentally economic and rapaciously commercial. Because this expansion was underwritten by the British state, commercial imperialism went hand in hand with an expansion of the state itself. To facilitate and encourage commercial imperialism, the state undertook a series of initiatives that required additional expenditure, expertise, and administrative labor. More importantly, the expansionist schemes of the 1920s permanently thrust the state into new, activist economic roles.

Chapter 1, "A Game in which No Points Can be Thrown Away", traces the origins of British overseas commercial intelligence and trade representation, as they developed during and after World War I. As a result of industrial lobbying – especially from armaments companies – British commercial representation was reorganized and expanded under the aegis of a new "Department of Overseas Trade" (DOT), which aggressively promoted British interests abroad, particularly in the informal empire. Through personal networks, the DOT was associated with powerful firms and employer organizations at home, to which it funneled information about market openings. It connected the refined world of international diplomacy with shadowy figures associated with major arms deals. It bridged the gaps between boardrooms of major conglomerates in London with purchasing departments in Cairo and Bucharest. Pushing British goods and British money overseas, the DOT worked to simultaneously promote the interests of big business and, at the same time, to further imperial geopolitical goals.

Together with the Board of Trade, the DOT actively promoted the export of British goods, especially to new markets. Chapter 2, "A Few Millions Were Neither Here Nor There", narrates several state schemes related to financing overseas trade. The institution of state-led financing programs signaled a remarkable shift in government policy, away from the state's traditional laissez-faire approach in financial markets. Before World War I, the City of London was Britain's golden goose: the world's financial capital, London was a principal guarantor of British economic prosperity and geopolitical hegemony. But despite ferocious resistance, the government founded a trade bank, the British Trade Corporation, in 1917 that would directly challenge the big London banks' business in financing trade. It was followed two years later by a formal government department responsible for providing millions of pounds' worth of export credit, most of which was taken up by heavy industrial firms with close ties to the Board of Trade and DOT. These firms – among them Armstrong Whitworth, Vickers, ICI, Naismyth, Cammell Laird – were instrumental in pushing the state to provide financial facilities for trade. So too were new employers' organizations – most notably the Federation of British Industries – which vigorously lobbied. Through political pressure and personal connections, British industry pushed the state to provide a way around the City of London's grip on capital.

The Bank of England, a semi-official agent of the state, was also active in facilitating the flow of goods and capital between Britain and its overseas markets. Chapter 3, "Leveraging Empire", explores the Bank's expanding role, both in the British industrial landscape and in imperial finance. In the decade after the end of World War I, the Bank's governor, Montagu Norman, along with a host of imperially-trained bankers, led the Bank into assuming an unprecedentedly active role in stabilizing British industry, particularly British exporters. The Bank collaborated closely with the industry leaders featured in Chapters 1 and 2. It became the owner of Britain's second largest arms company and poured millions of pounds into ill-fated industrial ventures. Within a few years of World War I, it had taken over a series of foreign and overseas banks including an Austrian commercial bank with branches across Central Europe as well as the British Trade Corporation itself.

While Part I explores how expansionary imperial ambitions – largely in the informal empire – helped facilitate the growth of the British domestic state, Part II, entitled "Consolidation", traces how efforts to shore up connections within the *formal* empire also led to domestic state growth. "Consolidation" paints a different picture of the imperial state than "Expansion". For though the state did look to new markets as sources of opportunity, the interwar state also sought to defend, to protect, to cordon off. Over the course of the 1920s and 1930s, the formal empire took on new economic importance in a number of ways, many of which have received considerable scholarly attention. As a sterling bloc, the Empire undergirded British monetary policy.[77] As a reservoir for emigration, the Empire absorbed and tempered British unemployment; under the Empire Settlement Act (1922), the British state committed to subsidize colonial emigration at a rate of £3 million per year for fifteen years.[78] But most importantly, the formal empire became an ever more important set of markets for British businesses. The share of British exports destined for the formal empire increased from 34.3% by value in 1920 to 46.5% in 1936.[79] In the face of wavering imperial unity, economic crisis, and political upheaval, policymakers and administrators turned to the formal empire as a reservoir of expertise and material wealth. As the interwar years passed, fortifying the Empire – particularly the self-governing dominions – against the economic encroachments of rival foreign powers became a pre-occupation of British businessmen, politicians and administrators. To do so, new schemes were needed.

[77] Balachandran, *John Bullion's Empire*; Ian M. Drummond, *The Floating Pound and the Sterling Area, 1931-1939* (Cambridge: Cambridge University Press, 1981); Alec Cairncross and Barry Eichengreen, *Sterling in Decline: The Devaluations of 1931, 1949 and 1967* (London: Palgrave Macmillan, 2003), chapter 2. Darwin, *The Empire Project*, 434-435.

[78] The actual size of the grants was reduced over time. Peden, *The Treasury,* 182-183; Drummond, *Imperial Economic Policy*, especially 67-82. On race and the emigration and immigration schemes, see Kathleen Paul, *Whitewashing Britain: Race and Citizenship in the Postwar Era* (Ithaca: Cornell University Press, 1997).

[79] Werner Schlote, *British Overseas Trade from 1700 to the 1930s* (Oxford: Blackwell, 1952), 163.

While the ordering of the two parts is loosely chronological – with imperial optimism gradually replaced by a grim realism about imperial fortunes – they cover substantively overlapping time periods. The reason for this is simple. Expansionary and defensive attitudes toward empire coexisted in British society and inside the British state throughout the interwar years. The state had no single approach, either toward imperial relationships, or to other major policies; different ministries had widely varying cultures and commitments and frequently clashed over policy. From a bird's eye view, British overseas ambitions slowly receded over the course of the interwar decades as the government's attention became ever more focused on domestic and European concerns. But the motion was not unidirectional or without moments of exception. From the viewpoint of a mid-level civil servant at the Board of Trade, the shift was more obscure, perhaps not visible at all.

What any newspaper-reading Briton *would* have recognized in the 1920s and 1930s, was that Britain's relationship with the dominions – especially the three largest, Canada, Australia, and South Africa – was in flux and under threat. Chapter 4, "Imperial Seeds, British Forests," surveys official and semi-official efforts – conferences, associations, and scientific exchanges – to bind the dominions closer to Britain for economic gain. It does so by focusing on timber and the state department – the Forestry Commission – tasked with managing it. The 1920s saw the emergence of a host of mechanisms promoting imperial cooperation, including regular imperial conferences and state-backed imperial industrial and scientific groups. The timber trade was witness to these efforts. Commercial producers formed the Empire Forestry Association as a way to further the development of forestry and timber production around the Empire. There were regular imperial forestry conferences and state-sponsored timber trade shows. And in the wake of World War I, new programs for forest research and education emerged to forge a strong imperial community of state foresters and commercial timber experts. Over the 1920s and 1930s, the British state, through the new Forestry Commission, drew on the community to reforest the British Isles, in a striking expansion of the state's role in land management. Indian commercial-scientific methods, Canadian seeds, and the imperial timber trade reshaped the British environment and involved the state in refiguring the very geography and climate of the country.

For advocates of greater imperial unity, conferences were important, but the most obvious major policy priority was the institution of imperial preference: a tariff wall around the formal empire. The Conservative government promised the dominions a tariff in 1923 but failed to deliver. As a consolation and as a way to placate imperial sentiment, the government founded a new agency that would spend £1 million per year on marketing empire produce inside the United Kingdom. Chapter 5, "Marketing Empire, Selling Britain" tells the story of this program, the Empire Marketing Board (EMB). Started as a way of mollifying dominion governments, the EMB permanently pushed the British state into new domains of British economic life, ultimately as a hard-headed advocate for British business. Through the EMB, the state invested millions of pounds on scientific and industrial research, principally for the benefit of British industry and agriculture. At the same time, the Empire Marketing Board pushed the state to develop an unprecedented peacetime propaganda machine, building upon techniques established by private ad agencies. The EMB put up bold posters in thousands of purpose-built frames around the country. It dispatched lecturers, coordinated newspaper campaigns, and built a network of grocers and retailers to distribute its promotions. And though it started as a way of marketing dominion goods, by the early 1930s, the EMB was doing more to promote goods produced domestically on British farms and by British firms.

By then, the interests of British industry – and the employment that it provided – drove intra-imperial policy, particularly as it pertained to trade. Chapter 6, "Protecting Business, Protecting the Empire", narrates how big business – especially manufacturers – not only led the effort to institute tariffs in 1932, but also how they were largely determinative in setting the tariffs' parameters. Because of industrial lobbying and networking, the British state embarked on a protectionist regime in which a small group of civil servants exercised both sweeping and remarkably close control over duties in the United Kingdom. At the same time, they used the tariffs as a way to push a major industrial sector – the metallurgical trades – to cartelize. This represented a major expansion of the state. Not only did it penetrate deeper into the economic life of the country, it also expanded its financial footprint. The revenue raised by the added import duties amounted to nearly £30 million per year, almost 5% of the yearly tax revenues in the early 1930s.[80] At the Imperial Economic Conference, held in Ottawa in 1932, Britain sacrificed the interests of the British consumer to secure the growing dominion markets for British exporters. At Ottawa, Britain officially abandoned the logic of an imperialism based on free trade, turning instead to a much more protective policy that required significantly greater state intervention.

By the mid 1930s, the British state had been transformed. Rather than anemic after the legendary budget cuts in the 1920s, it was proactive, dynamic and engaged, especially when it came to tending to the interests of British industry. As explored in the Conclusion, this robust relationship between industry and state – particularly between the same individuals featured in earlier chapters – would prove instrumental in British rearmament in the mid and late 1930s. More

[80] Twenty-Fifth Report of the Commissioners of His Majesty's Customs and Excise (London: HMSO, 1934), [Cmd. 4740], 14-15.

generally, the business-state's interwar schemes would set the tone for state growth and the state's role in the economy for decades to come.

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In January 2020, Dominic Cummings, Prime Minister Boris Johnson's Chief Adviser, published a long post on his blog. In it, he called for job applications for an "unusual set of people" to work in Downing Street. Cummings called for a new approach to state administration, one that would borrow techniques and thinking from Silicon Valley startups. An "ideal candidate," in Cummings's description "might, for example, have a degree in maths and economics, worked at the LHC [Large Hadron Collider] in one summer, worked with a quant fund another summer, and written software for a YC [Y-combinator] startup in a third summer!"[81] There were, in Cummings's estimation "some profound problems at the core of how the British state makes decisions"; hiring a new team with new mindsets at Number 10 would be a first step to changing the culture of administration. Cummings, a chief architect of the campaign for Brexit, understood that bureaucracy mattered, and was eager to shape it to his ends.

Bringing business experience and techniques into the British state is not new. In fact, it draws on the events and the precedent recounted here: a successful effort to remake the state in the image of business during and immediately after World War I. This change resulted, first and foremost, in aligning the values and interests of the British business community with those of the British state. It also resulted in a fundamental expansion of the British state. What follows is the story of that change. It is a history of a transformation in economic thinking, told from the

[81] Dominic Cummings, "'Two hands are a lot' – we're hiring data scientists, project managers, policy experts, assorted weirdos…", Dominic Cummings's Blog (January 2, 2020), accessed February 20, 2020, https://dominiccummings.com/2020/01/02/two-hands-are-a-lot-were-hiring-data-scientists-project-managers-policy-experts-assorted-weirdos/. See also "Dominic Cummings's Plan to Reshape the State," *The Economist* (January 2, 2020), accessed February 20, 2020, https://www.economist.com/britain/2020/01/02/dominic-cummingss-plan-to-reshape-the-state.

perspective of administrators and policymakers. It is a story about the importance of bureaucracy, an importance that has become increasingly apparent and widely understood in the recent past, whether through the ongoing saga of Brexit or through internal resistance to the Trump administration. It is also a story about the power of business and of empire to act on bureaucracy and, thereby fundamentally change the status and role of the state.

Part I

Expansion

Chapter 1

“A Game in Which No Points Can be Thrown Away”:
State Trade Promotion in Interwar Britain

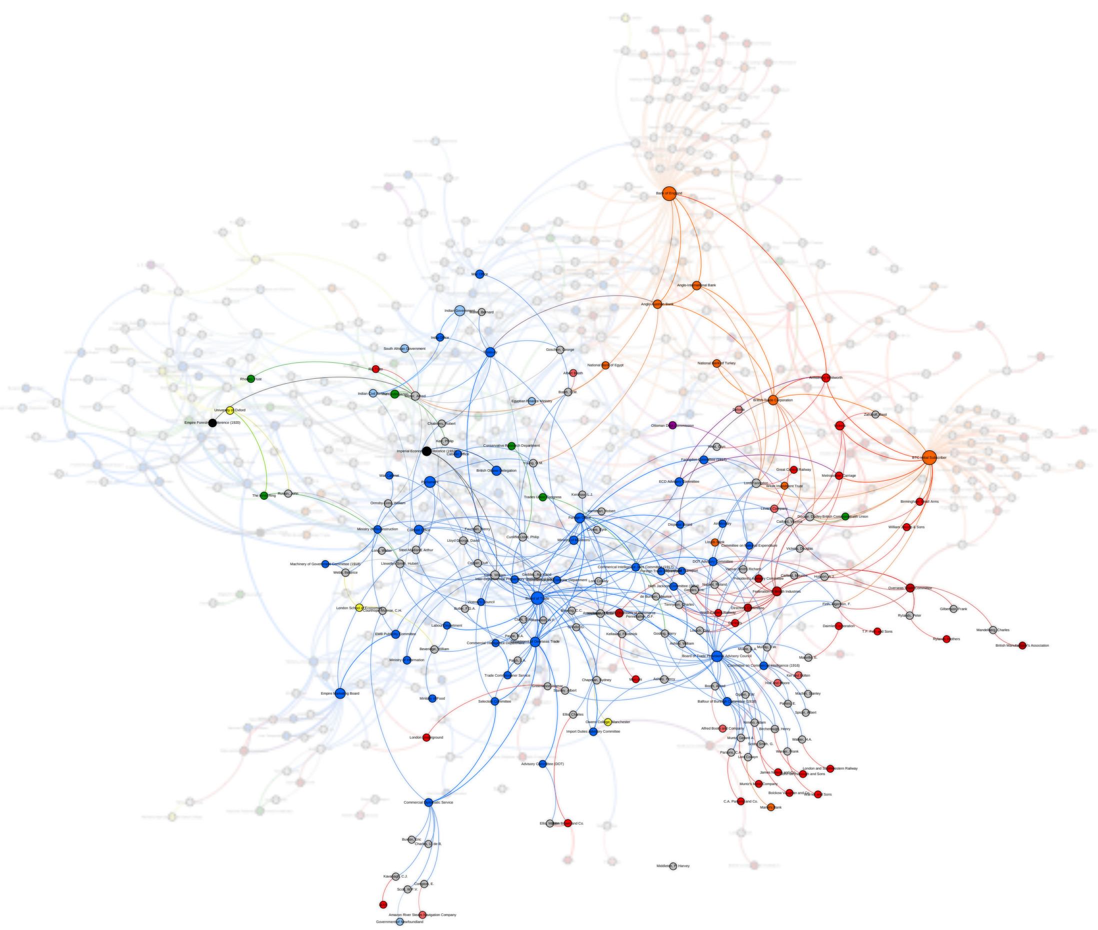

Figure 1.1: Network Visualization of the Business-State, Chapter 1. This graph features the 79 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In 1916, in the midst of World War I, William Clark came back to London. He had been summoned from India, where he had spent five years serving on the Viceroy's Council as member for commerce and industry. His new job was to head the Board of Trade's commercial intelligence department; his task: to assist British industrial exporters in the face of German and American competition. Clark's appointment came amidst growing concern for the state of British trade. In January 1916, a Board-appointed committee considering "trade relations," had produced an alarming report.[1] Everywhere, it saw German interests on the rise. In East Asia and South America, where British commerce had grown rapidly before the war, it found that "the proportion of British goods to the total import…has for some time been decreasing while that of German goods has been on the increase." The results were distressing. "In certain districts where the British had not penetrated, the Germans now practically monopolise the import trade."[2] In Southern Africa, a vital part of the British Empire, it was a German conglomerate that monopolized electricity sales to key gold mining areas; the Lake Victoria and Transvaal Power Company, formed by two major German banks in 1906, powered the Empire's gold mines using German machinery and German capital.[3] Even within the United Kingdom itself, at the war's start, there were "47 firms of German origin [operating] in Manchester connected with the export trade to South America, as compared with 21 British firms engaged in the same trade."[4]

[1] Departmental Committee on Trade Relations, First Report, April 20, 1916, The National Archives, Kew, United Kingdom (hereafter TNA), BT 55/121.

[2] Ibid., pp. 3-4.

[3] Ibid., 7-8; Renfrew Christie, *Electricity, Industry and Class in South Africa* (London: Macmillan, 1984), chapter 3.

[4] Departmental Committee on Trade Relations, Third Report, n.d., TNA, BT 55/121.

At the outbreak of World War I, Britain occupied a dominant place in the world, its empire of almost 450 million subjects stretched around the globe, undergirded by the world's largest navy. But Britain's claims to be, as Clark would put it, "the forge of the world" and "the world's workshop", were increasingly in doubt.[5] The second industrial revolution had put Britain on the back foot, as German and American manufacturing capacity exploded. By 1910, American iron and steel production was triple Britain's and German crude steel figures more than double.[6] In London and across Britain's industrial heartlands, there were widespread worries that British industry had become outdated and complacent. There were, in other words, anxieties about imperial decline – particularly in terms of economic might – even as growth continued.

These anxieties had simmered before the war. Administrators, particularly those at the powerful Treasury, were committed to a non-interventionist political economy, which precluded direct or obvious assistance for British industry.[7] At the same time, the British state was involved in fostering an international climate in which British business thrived, pursuing an "imperialism of free trade" and encouraging dominions to institute tariffs that favored British producers.[8] Over the long 19th century, the imperial state deployed political power and economic power as part of

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[5] William H. Clark, "Government and the Promotion of Trade," *The Journal of Public Administration* (1923), 27-28.

[6] John Darwin, *The Empire Project: The Rise and Fall of the British World System, 1830-1970* (Cambridge: Cambridge University Press, 2009), 273. See also Charles Loch Mowat, *Britain Between the Wars, 1918-1940* (London: Methuen, 1955), chapter 5.

[7] See G.C. Peden, *The Treasury and British Public Policy, 1906-1959* (Oxford: Oxford University Press, 2000).

[8] John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review* 6, no. 1 (August 1953): 1-15. On the ways in which Britain was not committed to free trade in the 19th century, see John Vincent Nye, "The Myth of Free-Trade Britain and Fortress France: Tariffs and Trade in the Nineteenth Century," *The Journal of Economic History* 51, no. 1 (March 1991): 23-46. On tariffs, see Darwin, *The Empire Project*, 279-284. On dominion cohesion more generally, see James Belich, *Replenishing the Earth: The Settler Revolution and the Rise of the Anglo-World, 1783-1939* (Oxford: Oxford University Press, 2009), especially chapter 15. On monetary manipulation, see G. Balachandran, *John Bullion's Empire: Britain's Gold Problem and India Between the Wars* (London: Curzon, 1996); Marcello de Cecco, *Money and Empire: The International Gold Standard, 1890-1914* (Totowa, New Jersey: Rowman and Littlefield, 1975).

the same geopolitical toolkit. It pushed economic agendas overseas and used economic relationships in the Middle East, China, and South America as tools of informal empire.[9] But the 19th century was also a period during which British authorities remained publicly committed (at least in principle) to free trade and laissez-faire, stoking the myth of even playing fields and non-intervention.[10] In other words, though the imperial state assisted British business, it did so passively, through the maintenance of a global order and the influence of informal personal networks. These networks and the maintenance of the global status quo tended to benefit merchants and financiers, whose "gentlemanly capitalism" carried more cachet than the grimy manufacturing of the industrial north and midlands.[11] Certainly, there was no government program to explicitly provide handouts to industrialists; the mere existence of such an agency would have flown directly in the face of the laissez-faire ethos.

World War I challenged that established ethos. The war was a crisis not merely for industry and exports, but also for the fundamental sources of British prosperity and economic power in the late 19th and early 20th centuries. Before the war, Britain had grown wealthy off of "invisible" exports: shipping, banking, insurance. As Clark put it, Britain was "the world's carrier, the world's shipbuilder, the world's banker and clearing house, and the world's entrepôt."[12] The decades before World War I belonged to an age of globalization; they saw the explosion of world trade and

[9] D.C.M. Platt, *Finance, Trade and Politics in British Foreign Policy, 1815-1914* (Oxford: Clarendon Press, 1968).

[10] See Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford: Oxford University Press, 2009); Anthony Howe, *Free Trade and Liberal England, 1846-1946* (Oxford: Clarendon Press, 1997).

[11] Martin Wiener, *English Culture and the Decline of the Industrial Spirit, 1850-1980* (Cambridge: Cambridge University Press, 2004).

[12] Clark, "Government and the Promotion of Trade," 27-28.

capital flows.[13] Both expansions were built upon British imperial hegemony; it was, as Eric Hobsbawm put it, the age of empire.[14] Global trade doubled between 1900 and 1913, and with its dominant position in shipping and finance, Britain reaped the rewards from this growth. British shipping tonnage and profits from commercial services rose by over 50% over the same period and when the war started its overseas investment made up 44% of the world's foreign-owned capital.[15] London itself was the world's financial capital, the center of sovereign debt, the largest money market in the world, and the principal guarantor of the gold standard.[16] The war attacked all these sources of British economic might. It finished the gold standard; it functionally ended world trade for the duration of the war. Over the course of the war, Britain went off gold and it sold off a third of its overseas assets.[17] British public debt ballooned from under £700 million in 1914 to well over £6 billion five years later. Overseas lending fell off. Britain only resumed foreign bond issues in 1925, and when it did, the scale was drastically reduced. In the two years before the war, British foreign investment took 8% of national income; after 1925, that figure fell to around

[13] Marc Flandreau and Frédéric Zumer, *The Making of Global Finance, 1880-1913* (Paris: OECD, 2004); Kevin H. O'Rourke and Jeffrey G. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (Cambridge: The MIT Press, 2000); Jürgen Osterhammel, *The Transformation of the World: A Global History of the Nineteenth Century* (Princeton: Princeton University Press, 2014).

[14] Eric Hobsbawm, *The Age of Empire: 1875-1914* (New York: Vintage Books, 1989).

[15] Darwin, *The Empire Project*, 275-277; Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD, 2001), 94-102; B.R. Mitchell, *Abstract of British Historical Statistics* (Cambridge: Cambridge University Press, 1971), 219; Werner Schlote, *British Overseas Trade from 1700 to the 1930s* (Oxford: Clarendon Press, 1952), 126. See also R.C.O. Matthews, C.H. Feinstein, and J. Odling-Smee, *British Economic Growth 1856-1973: The Post-war Period in Historical Perspective* (Oxford: Oxford University Press, 1982).

[16] On London's role in the world economic order, see Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford: Oxford University Press, 1996); Charles Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin, 1984), chapter 16.

[17] Britain's share of overseas capital fell from 50% to 44% from 1914 to 1930. Over the same time, the United States's share grew from 6% to 36%. Maurice Obstfeld and Alan M. Taylor, "Globalization and Capital Markets" in Michael Bordo et al, eds., *Globalization in Historical Perspective* (Chicago: University of Chicago Press, 2003), 141.

2.5%.[18] Of the approximately 10 million tons of merchant shipping lost during the war, 7 million was British. The damage to Britain's merchant fleet and shifting world trade conditions were reflected in longer term trends. The share of world trade carried on British ships fell from 52% in 1913 to 40% in 1936; British tonnage dropped from 40% of world totals before the war to 26% in 1939. Between 1900 and 1940, British shipping tonnage fell from about half of the world's total to less than a quarter.[19]

All these changes reflected the basic fact that the war marked the end of an age of British power and prosperity built on financial and mercantile hegemony. It also marked the end of a certain form of British complacence. To meet a new economic reality, the British state fundamentally changed its role and its commitment to traditional laissez-faire values. It also reappraised the importance of industry in fomenting an economic recovery.

Within the state, a primary impulse for such shifts came from an unglamorous source: the Board of Trade. While in the 1910s and 1920s, the traditionally prestigious and conservative departments of the British state – the Treasury and Foreign Office – favored a continuation of gentlemanly imperialism, the Board pushed for a new, more aggressive commercial strategy inspired by business itself. In this, the Board was successful. The outcome was an expansion of the state, one that has persisted to the present.[20] Concretely, the result was the creation of a new department, the Department of Overseas Trade. But the more important result was less visible: a

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[18] Darwin, *The Empire Project*, 373; J.M. Atkin, British Overseas Investment, 1918-1931 (New York: Arao Press, 1977), 27-49, 321.

[19] On the fall of British and rise of American power, see Adam Tooze, *The Deluge: The Great War, America and the Remaking of the Global Order, 1916-1931* (New York: Penguin, 2015), especially 249. On shipping, see S.G. Sturmey, *British Shipping and World Competition* (Liverpool: Liverpool University Press, 2009), 5; chapter 4; Ronald Hope, *A New History of British Shipping* (London: John Murray, 1990), 366-368; J.A. Salter, *Allied Shipping Control: An Experiment in International Administration* (Oxford: Clarendon, 1921), 356-359.

[20] The existence of the Cabinet portfolio for "trade and export promotion" attests to this continuity.

changed mindset about the proper economic role of the British state. The war fundamentally exposed the fact that the British state and British overseas trade had always propped each other up. The crisis of war pushed the state to make its support of British business explicit, public, and official, especially within Britain itself. In the face of war with Germany and the anticipation of increased competition with the economic juggernaut of the United States, it began assisting industrialists in new ways.[21] It hired hundreds of people, spent millions of pounds, and formed a brand new government agency. In so doing, it broke with decades of established wisdom about the role and size of the state.

STATE EXPANSION and ADMINISTRATIVE POLITICS

At the outbreak of World War I, the Board of Trade was among the most progressive and active British government departments. Though for most its history a laissez-faire coordinator of the overseas commerce, by World War I, the Board had acquired an extensive regulatory remit.[22] In the 1890s, it was tasked with collecting and collating labor statistics. Later, it came to oversee railroads, monopolies and corporations; in 1909, its staff nearly doubled when Parliament passed the Labour Exchanges Act.[23] These new activities made the Board a repository of social reformers;

[21] On the United States as a model of industrial capitalism, see Sven Beckert, "American Danger: United States Empire, Eurafrica, and the Territorialization of Industrial Capitalism, 1870-1950" *The American Historical Review* 122, no. 4 (October 2017): 1137-1170.

[22] Hubert Llewellyn Smith, *The Board of Trade* (London: G.P. Putnam's Sons, 1928).

[23] The Board of Trade had so many duties that it had, exceptionally, two administrative heads (permanent under-secretaries). The more junior was W.F. Marwood, who while directing the Railroad Department had been an advocate of increased state supervision. "State Control of Railways," *Aberdeen Daily Journal*, November 15, 1913, p. 5; "Death of Sir W. Marwood," *The Sunday Times*, April 14, 1935, p. 23.

as British liberalism turned left, so too did the Board of Trade.[24] By World War I, it had a particularly progressive leader in Hubert Llewellyn Smith, who had joined the Board to run its Labour department.[25] A disciple of John Ruskin at Oxford, Llewellyn Smith was active in the Settlement Movement at Toynbee Hall and was an intimate of leading reformers including the Fabian social reformer Beatrice Webb.[26] In an address to workers in Bradford, he once noted that he "would rather be wrong with Karl Marx than right with David Ricardo."[27]

Although the Board had a leftward tilt, it was nevertheless protective of big business. The years running labor exchanges and commercial policy had forged deep personal connections between the Board of Trade and British industry. These connections were strengthened during the war when the Board took on substantial new responsibilities, involving close cooperation with industrialists. In this, it was part of a larger pattern of unprecedented state collaboration with private industry to reconfigure the industrial landscape, alter normal consumption patterns, and blanket the country in propaganda.[28]

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[24] See Jose Harris, *William Beveridge: A Biography*, 2nd ed. (Oxford: Clarendon Press, 1997), chapter 8; Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge: The Belknap Press of Harvard University Press, 1998), 232-233.

[25] Roger Davidson, "Smith, Sir Hubert Llewellyn", *ODNB* (2008), accessed February 15, 2019, https://doi-org/10.1093/ref:odnb/36147.

[26] Webb (1858-1943) was a founder of the London School of Economics and the Fabian Society. An economist and sociologist, she was a frequent member of government committees, notably the 1905-1909 Royal Commission on the Poor Laws and the Machinery of Government Committee.

[27] Alon Kadish, *The Oxford Economists in the Late Nineteenth Century* (Oxford: Clarendon Press, 1982), 79. Llewellyn Smith was also responsible for William Beveridge working on the labor exchanges in 1908. Harris, *William Beveridge*, chapter 8.

[28] See Stephen Broadberry and Peter Howlett, "The United Kingdom during World War I: Business as Usual?" in Stephen Broadberry and Mark Harrison, eds., *The Economics of World War I* (Cambridge: Cambridge University Press, 2005): 206-234; E.M.H. Lloyd, *Experiments in State Control* (Oxford: Clarendon Press, 1924). As Niall Ferguson showed, however, Britain was less effective in mobilizing its economy than Germany: the "Entente powers…were inefficient, not to say wasteful, in the way they mobilized their economies." Niall Ferguson, *The Pity of War: Explaining World War I* (New York: Basic Books, 1999), 259 (and the rest of chapter 9). On the war's effect

The most prominent new wartime activities took place at the Ministries of Munitions and Supply, the principal coordinators of wartime industrial production. These departments depended on the cooperation of factory owners and coal mine operators, who worked closely – and sometimes at financial sacrifice – with administrators in London to convert British industrial production from consumer to wartime needs. Moreover, the first Minister of Munitions, David Lloyd George, was adamant about drafting businessmen – "men of push and go" – into the nation's service, filling his staff with a mix of industrialists and established civil servants. Through his "talent search", he recruited Glyn West of the arms firm Armstrong Whitworth, G.M. Booth, a Liverpool shipowner, and Charles Ellis, of the shipbuilder, John Brown and Co. He also brought in Eric Geddes, the manager of the North Eastern Railway, who had previously worked as a forest and railroad manager in India and who would preside over sweeping budget cuts later in the 1920s.[29] Especially after Lloyd George became Prime Minister at the end of 1916, the Ministry of Munitions model spread to other departments, with the effect that businessmen and financiers entered official positions as never before. The Ministry of Food was, for a time, run by a grocery store magnate; the Minister of Shipping was a Scottish shipping tycoon; Geddes ran the Ministry of Transport, established in 1919.[30] Commissions and committees to determine wartime industrial

on labor, see Adrian Gregory, *The Last Great War: British Society and the First World War* (Cambridge: Cambridge University Press, 2008), chapter 6.

[29] See Keith Grieves, *Sir Eric Geddes: Business and Government in War and Peace* (Manchester: Manchester University Press, 1989), 3-4; chapter 2. See also Bentley Gilbert, *David Lloyd George: Organizer of Victory, 1912-1916* (London: Chrysalis Books, 1992), 209-50; Roy Hattersley, *David Lloyd George: The Great Outsider* (London: Little Brown, 2010), chapter 25.

[30] See L. Margaret Barnett, *British Food Policy During the First World War* (London: Routledge, 1985); Ian Kumekawa, "Meat and Economic Expertise in the British Imperial State During the First World War," *The Historical Journal* 62, no. 1 (March 2019): 171-194; Salter, *Allied Shipping Control*; Keith Grieves, "Maclay, Joseph Paton, first Baron Maclay," *ODNB*, 2004, accessed March 3, 2019, https://doi-org/10.1093/ref:odnb/34779.

policy were full of men from the private sector; the line between state and industry was blurred at every level of administration.

The Board of Trade was no exception. Hubert Llewellyn Smith had been David Lloyd George's right-hand man when the latter had presided over the Board of Trade before the war, and during the war, Llewellyn Smith embraced his mentor's cooperative approach to industry. This had profound implications, for as the state grew during World War I to manage ever more of British economic life, the Board became the principal repository for any miscellaneous task of economic regulation or administration. During the war, it regulated meat imports and cotton and flax distribution. It took control of the coal mines and the railroads. The Board's marine department suspended its normal activities and, instead, administered a program that provided war risk insurance (which effectively replaced existing private insurance) to all British vessels, cargoes, and sailors plying the oceans.[31] For each of these responsibilities, the Board depended on the close support of shipowners, landowners, and industrialists.

This was certainly true of the Commercial Intelligence Branch, the division entrusted to William Clark upon his return from India. The Board of Trade had created the Commercial Intelligence Branch in 1899 to confront the accelerating volume of German and American (relative to British) exports, particularly those directed at British-dominated markets (see figure 1.2).[32] The branch was to furnish trade information to British businesses and administer a network of overseas

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[31] By 1918, it was collecting nearly £40 million in annual policies and paying out about the same. See Deloitte Report on War Risks Insurance Office, May 2, 1918, TNA, BT 13/88, E 36097. On the expansion of the Board of Trade's role, see Llewellyn Smith, *The Board of Trade.*

[32] The unit "rapidly expanded" in the decade before World War I. Notes on page 49 of BT 13/50, E 24182. In December 1912, Llewellyn Smith requested the Treasury approve enlarging the Branch's staff by 11. "The number of communications received in the Branch from Consuls and Colonial Correspondents," he wrote, "is 50 per cent. greater than in 1907". Draft letter from Hubert Llewellyn Smith to Treasury, December 19, 1912, TNA, BT 13/53, E 25173. The Treasury approved nine new hires. T.L. Heath to Hubert Llewellyn Smith, January 14, 1912, TNA, BT 13/53, E 2517.

agents. But the division remained small. From its beginning, there were limits to the branch's reach: its overseas representatives – called Trade Commissioners – could only work within the Empire; any government operation *outside* the Empire fell to the Foreign Office. In fact, despite some growth (the branch hired 9 people in 1912), before World War I, the branch's London staff comprised fewer than thirty people and its trade commissioner service consisted of only four commissioners – men well versed in business – based in Canada, South Africa, Australia, and New Zealand, with a smattering of part-time "correspondents" elsewhere across the Empire.[33]

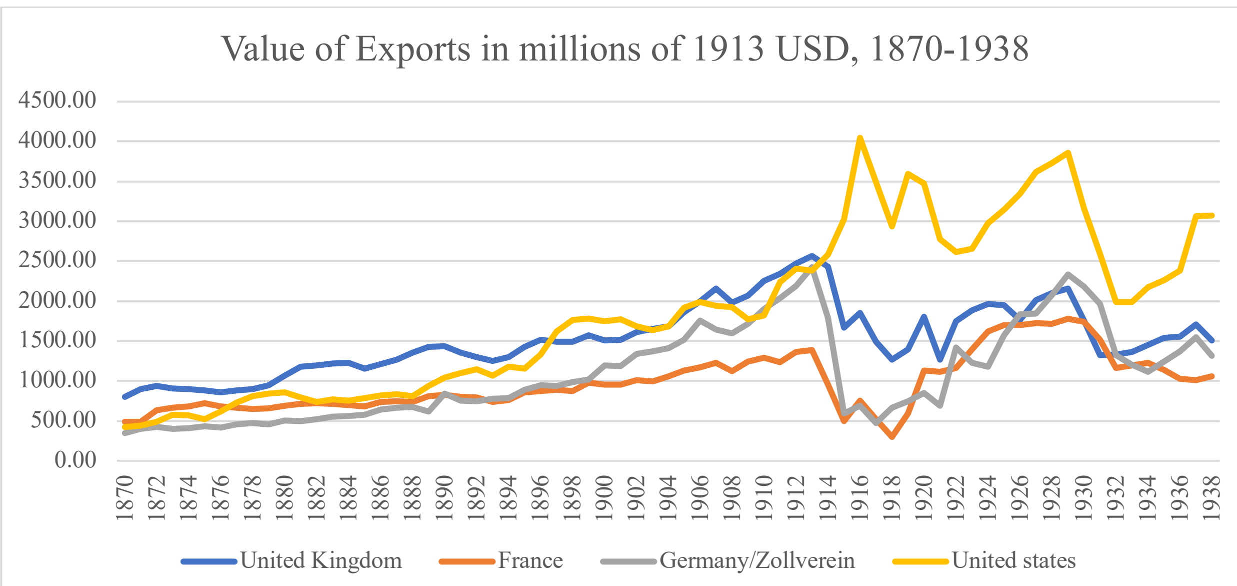

Figure 1.2: Value of Exports in Millions of 1913 USD, 1870-1938. Taken from G. Federico and A. Tena Junguito, "World Trade, 1800-1938: A New Dataset," EHES Working Papers in Economic History n. 93 (European Historical Economics Society, 2016.

Clark was meant to breathe new life into his department. He had come back to England after a Board of Trade committee, concerned about the parlous state of British commerce,

[33] See E 25701 included in E 31478, TNA, BT 13/73. As the Board's head of finance wrote to the Treasury, as "there cannot be two opinions as to the usefulness of the Commissioners." A. Barnes to G.L. Barstow, October 15, 1913, TNA, BT 13/73, E 25701; T.L. Heath to Hubert Llewellyn Smith, January 14, 1912, TNA, BT 13/53, E 2517.

recommended building a network of overseas commercial informants to help British exporters crush their competitors after the war.[34] Britain's export business was hit hard by the war. Clark's division was to expand its efforts to more actively provide direct commercial assistance and intel to British firms and commercial interests.

Clark was a new sort of professional civil servant. Born into an academic family in Cambridge, Clark won a scholarship to Eton and then to Trinity College, Cambridge, where he took a first in the classical tripos. After scoring highly on the Civil Service Entrance Exam in 1899, as a reform-minded liberal, he joined the Board of Trade. Within two years, he was off to China as secretary to the British mission tasked with negotiating a commercial treaty. Clark quickly rose through the ranks. He served as David Lloyd George's private secretary when the latter was president of the Board of Trade and followed Lloyd George when he became Chancellor of the Exchequer in 1908. This connection was instrumental in securing Clark's move to India in 1910 as a member of the Viceroy's Council. By 1916, Clark had proved himself a highly competent administrator and had been showered with accolades: a CMG, a CSI, and a KCSI.

Upon assuming the helm of the Commercial Intelligence Branch in 1916, Clark immediately sought to expand it; together with Llewellyn Smith, he pressed the Treasury for more funds.[35] Clark was not only responding to an acute need to hamper German economic activity, he was also actively anticipating a return to peacetime trade competition. Clark wanted to raise salaries and hire 16 new officers. Most would be in affluent dominions where the British wished to develop further trade: four in Canada, two in Australia, two in South Africa, and one in New

[34] Departmental Committee on Trade Relations, Third Report, n.d., TNA, BT 55/121.

[35] During the war, the department worked on ruining German commerce and replacing it with British substitutes. See Reports for Hubert Llewellyn Smith, January 1916, TNA, BT 13/67, E 29167.

Zealand. Four would be in parts of the colonial Empire where British trade was relatively secure: Calcutta, Bombay, Singapore, and Jamaica. The remaining three were to develop British trade in expanding markets where German competition was a real issue. One would be sent to Cairo, another to East Africa, and a final commissioner would be unattached, left to develop trade where he was most needed.[36]

To fill the new positions, Clark sought out businessmen – people with commercial, rather than diplomatic, expertise and commercial contacts. Clark's new Trade Commissioners reflected the business-centric allegiance of the Board of Trade. The senior commissioner in Canada drew on twenty years of experience working for merchants and railroads in Latin America. His counterpart in Australia was an engineer who had worked for British manufacturers in South America and China. The commissioner in Calcutta managed a commercial firm in Shanghai; the one in Cape Town had been the secretary of the Importers' and Exports' Association of Manchester.[37] In the first instance, the job of the Trade Commissioner was not unlike that of a salesman. The whole service, after all, had been founded after a New Zealand delegate to the 1907 Imperial Conference complained of the need in the dominions for reliable information about British manufactures. But the commissioners were also to regularly report on the general trade conditions of their assigned areas. This went beyond the standard reports on agriculture and tariffs, legislation, and foreign activities that the Foreign Office provided, though such information was also considered germane. Trade Commissioners were supposed to collect information that was

[36] Board of Trade, Proposal to Treasury, March 13, 1917, TNA, BT 13/73, E 31478. The Treasury balked at the extent of the raises and talked the Board down to two representatives in Canada, but, in the words of one Board of Trade Official, "did not seriously dispute our suggestions." Memorandum, March 23, 1917, TNA, BT 13/73, E 31478; Robert Chalmers to Board of Trade, April 9, 1917, TNA BT 13/75, E 31815.

[37] F.W. Powell, "The British Trade Commission Service," *Commerce Reports* 282 (December 2, 1919), 1236-1237.

directly relevant to British exporters. A commissioner was to "make himself fully conversant with…the business houses trading in his area as well as the local manufacturers," and maintain an up-to-date list of importers, local agents, railways, mining companies, shipping companies – the important nodes in the great network of trade relations.[38] The Board of Trade would collate this information and send it directly to British firms and chambers of commerce, suggesting granular export opportunities within the Empire. More generally, the aim was to cement British influence and undermine Germany's own commercial ambitions to forge what historian Stephen Gross has called an "export empire."[39]

Expanding the Trade Commissioner Service was part of a larger vision Clark and others at the Board of Trade shared about widening and reforming the British state's support of overseas trade. The Board was actively considering "measures for securing the position, after the war, of certain branches of British industry."[40] An important 1916 report pushed for greater encouragement of British sales abroad.[41] There were to be trade exhibitions and the "protection of British Trade Marks Abroad," the "extension of the system of trade commissioners" and of the consular service.[42] The state, in short, was to actively support British business.

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[38] Ibid., 1238.

[39] Stephen G. Gross, *Export Empire: German Soft Power in Southeastern Europe, 1890-1945* (Cambridge: Cambridge University Press, 2015).

[40] Report of A Subcommittee of the Advisory Committee to the Board of Trade on Commercial Intelligence with Respect to Measures for Securing the Position, After the War, of Certain Branches of British Industry (London: HMSO, 1916) [Cd. 8181]. The committee members were Algernon F. Firth, A.J. Hobson, Stanley Machin, E. Parkes, and Albert Spicer. Percy Ashley was the secretary.

[41] The report urged greater scientific industrial research and training. Intellectual property was similarly a concern: the government was to standardize copyrights and patents throughout the Empire and bring the regime "into line with that of the United States". The subcommittee also advised that all German and Austrian goods sold in the Empire should clearly display a mark indicating their national origins. Ibid., 14.

[42] Ibid., 14-15.

Clark himself saw a new, reborn Commercial Intelligence Branch serving as the clearinghouse of all overseas commercial information to be channeled to British businesses. "Separate agencies" for foreign countries and the British Empire, Clark wrote in September 1916, would cause "an immense amount of inconvenience…to British manufacturers and traders who often do business with either foreign countries or British possessions in the same part of the world."[43] Board of Trade leaders were convinced. They agreed with Clark that the Commercial Intelligence Branch should develop "a new whole-time service in foreign countries on the same lines as the present Trade Commissioner Service in the Dominions."[44] Clark wanted, in essence, to treat the whole world as the Empire and to reorganize commercial representation as a business venture. Both of these goals meant stepping on the toes of the Foreign Office, which had jurisdiction over British representation outside the Empire.

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The official at the Foreign Office most vehemently opposed to the Board's expansionist plans was Clark's counterpart, Victor Wellesley. Wellesley was responsible for the Foreign Office's overseas attaché network and he had no intention of surrendering it to the Board of Trade. In some ways, Wellesley was not unlike Clark. The same age, 40, as Clark, Wellesley was also new to his job, promoted to Controller of Commercial and Consular Affairs the same year. Both had entered government service in 1899 at the age of 23. Both had come to occupy important senior positions. But the two differed profoundly in the way in which they thought the British state should approach overseas trade.

[43] William Clark, Proposal for Commercial Intelligence Branch, September 6, 1916, TNA BT 13/71 E 30712, ff. 6-7.

[44] Ibid.

If Clark's experience spoke to the professionalization of the civil service, Wellesley's represented the old ways of British elite statecraft.[45] Wellesley was born in the British embassy in St. Petersburg, where his father was the military attaché. His paternal grandfather and great grandfather – the Lords Cowley – had been ambassadors in Paris. His great-great uncle was the Duke of Wellington. Wellesley's family name opened all sorts of doors for him. As a boy, he was a page of honor to Queen Victoria, who incidentally was his godmother. After studying in Germany, he lived with his maternal grandfather, who had also been an ambassador, to Berlin and St. Petersburg. Rejected from Sandhurst because of vision problems, Wellesley set his imperfect sights on the Foreign Office, the natural second choice. Dispatched to a series of comfortable posts in Europe, Wellesley was second secretary in Rome from 1905 to 1906 and commercial attaché in Madrid from 1909 to 1913. Wellesley epitomized a type of diplomatist at the Edwardian Foreign Office. From a good family, he did not so much train for the civil service, as be born into the role of gentleman diplomat.

In Victor Wellesley's view, Clark's operation was bureaucratic and ineffectual; the Commercial Intelligence Branch was just a "post office for the Board of Trade in routine matters and a perfunctory editor of commercial reports."[46] British commercial representatives were supposed to have a "politico-commercial character"; they were, in other words, roles that could only be performed by Foreign Officers.[47] Wellesley was committed to protecting the commercial attaché's status as gentleman; overseas representation of His Majesty's Government demanded a

[45] On the professionalization of the civil service, see Richard A. Chapman, *The Civil Service Commission, 1855-1991: A Bureau Biography* (London: Routledge, 2004).

[46] Victor Wellesley, Minute, February 1922, TNA, FO 371/8291, W1476/1476/50, quoted in Ephraim Maisel, "The Formation of the Department of Overseas Trade, 1919-26," *Journal of Contemporary History* 24, no. 1 (January 1989), 170.

[47] Victor Wellesley, Memorandum, n.d. [1916], TNA, BT 13/71 E 30712, p. 5.

diplomat, not a salesman. "The qualifications required in the Commercial Attaché to discharge…[his] duties efficiently are not those of the practical business man. What is wanted is a sound training in the elements of finance, (public and company finance) and of economics combined with a practical commercial as distinguished from technical knowledge of the ends and requirements of home trades and industries," Wellesley wrote. "What is absolutely out of place is highly specialized knowledge in one or two fields without diplomatic or administrative experience."[48]

Drawn from a more gentlemanly milieu, the Foreign Office's overseas commercial representation was significantly less professional than the Board's. The Foreign Service itself was still the preserve of the upper classes; in the rueful account of one diplomat, "a stronghold of privilege and prerogative" that had "again and again beaten off or baffled the assaults of democracy."[49] The English, the diplomat lamented, "would always sooner be governed by a gentleman than by a genius."[50] The Foreign Office had started its commercial service in 1880, when a sole officer was dispatched to Paris to serve as attaché to all of Europe. The second post was added seven years later, to handle Russia, Persia, and Turkey.[51] The commercial department

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[48] Ibid., 6-7. Wellesley quoted the Board of Trade's own Hubert Llewellyn Smith who, in 1906, had stated: "I would deprecate all candidates to be taken from that class (business houses); I think evidence of a systematic economic training should be admitted as an alternative." Llewellyn Smith's point was actually that private financiers and merchants were less desirable representatives than trained economists.

[49] George Young, *Diplomacy Old and New* (New York: Harcourt Brace, 1921), p. 31, quoted in David Cannadine, *The Decline and Fall of the British Aristocracy* (New Haven: Yale University Press 1990), 280. On commercial diplomacy in general, see T.G. Otte, "'A Kind of Black Hole'?: Commercial Diplomacy Before 1914," in John Fisher, Effie G.H. Pedaliu, and Richard Smith, eds., *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2016): 25-68.

[50] Young, *Diplomacy Old and New*, 18.

[51] William Clark, "Government and the Promotion of Trade," 29; Department of Overseas Trade, *Report on Proceedings of the Commercial Diplomatic and Consular Selection Committee* (London: HMSO, 1920), [Cmd. 1052], 2.

was neglected; its officers had come to think of commercial work as "second-class, or looked on…as a competition in concession hunting." But even for the critical diplomatist, the Foreign Office's model of overseas commercial representation was superior to that of the Board of Trade and their allies "from Big Business." "For such alliances with Big Business have their drawbacks, and officials trained in inter-departmental controversies and the Home Civil Service do not make good negotiators."[52] If the Foreign Office was an aristocratic morass, the Board of Trade was simply a petty bureaucracy too closely associated with déclassé merchants.

But it was, at least, a bureaucracy that did something. The same could not always be said for Wellesley's Commercial and Consular Department. Lord Vansittart recalled it as a place where future ambassador to France, Alfred Duff Cooper, would sleep "off the excitements of the night before"; Cooper, for his part, found it "hardly more interesting than the cypher room."[53] The Department's overseas agents were no more diligent. As one young commercial consul wrote, "I find – as many a good man has found before me – that the practice of copying reports on stupid commercial subjects tends to atrophy my native wit; and my resolutions for the Secretary of State do not quite live up to my hopes." Most of the people he worked with "have long ago given up the airing of grievances and simply have a good time when they can get it."[54]

Although the Board of Trade and the Foreign Office disagreed about methods, both pushed for expanding overseas commercial services during World War I. The problem was that both were

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[52] Ibid., 35-37.

[53] Lord Vansittart, The Mist Procession (London: Hutchinson, 1958), 277; Duff Cooper, *Old Men Forget*, rev. ed. (London: Century Publishing, 1986), 46; James Francis Xavier Homer, *Foreign Trade and Foreign Policy: The British Department of Overseas Trade, 1916-1922*, PhD Dissertation, University of Virginia, 1971, 145.

[54] Extract from a diplomatist's diary, *New Europe,* June 13, 1918, quoted in Young, *Diplomacy Old and New*, 38.

committed to obtaining exclusive control of commercial intelligence and commercial policy.[55] William Clark and Llewellyn Smith were especially incensed by Wellesley's roadblocks. "I rang up Wellesley this morning about [a project of trade promotion]," Clark reported, and "He is still sitting on it."[56] Smith underlined in red "he is still sitting on it" in Clark's memo, added "!!" in the margin, and sent the memorandum up to the President of the Board of Trade. "You will see from this," he wrote "how impossible the present attitude of the F.O. is. It obstructs everything."[57]

By 1917, the dysfunction was serious enough for the departments to form a joint committee through which Clark and Wellesley could hash out the future of commercial representation.[58] The arbiters would be businessmen themselves. Lord Faringdon, an industrialist, ardent imperialist, and Board of Trade supporter, chaired the committee. The two other members – D.F. Pennefather from the Association of British Chambers of Commerce and Dudley Docker from the Federation of British Industries – were more sympathetic to the Foreign Office. But all three were eager for the state to engineer a system to help British overseas commerce. These three business representatives would help shape the future of British overseas trade policy.

LIAISING with BIG BUSINESS

Of the three, Dudley Docker had the highest profile. Docker was a prominent Birmingham industrialist: the managing director of Metropolitan Carriage and Wagon, an engineering firm fully

[55] Maisel frames the dispute in terms of commercial versus foreign policy. See Maisel, "The Formation of the Department of Overseas Trade."

[56] William H. Clark to Hubert Llewellyn Smith, January 6, 1917, TNA, BT 13/72 E 30829.

[57] Ibid., 100-106. It even obstructed an effort by the Foreign Secretary to resolve the issue with his friend, Edward Grey.

[58] Memorandum by the Board of Trade and the Foreign Office with Respect to the Future Organisation of Commercial Intelligence," (London: HMSO, 1917) [Cd. 8715], 4.

engaged in war work. In 1916, Docker partnered with other heavy industrialists working closely with the state on wartime production to establish the Federation of British Industries (FBI), a sort of "business parliament" or lobbying group that could speak for industry as a whole and exert political pressure in Westminster. [59] These industrialists, newly powerful because of their essential wartime munitions work, sought to leverage and institutionalize their influence so that it would outlast the abnormal conditions of war. The result, the FBI, would fast become the largest and most important of the country's employers' organizations in a golden age for such organizations.[60] One key priority for Docker and his allies within the FBI was the introduction of imperial preference and protective tariffs; another was increased representation and support for British trade as a tool of British power abroad. In both aims, the organization was manifestly imperialist. British power overseas (whether in the formal or informal Empire) and corporate profits at home were fundamentally related. As Vincent Caillard, the managing director of the major arms firm Vickers and one of Docker's closest allies in the FBI, wrote to the colonial secretary, the "objects of the organization [FBI] are Imperial and generally non-party."[61]

In other words, the Federation's founders were interested in profits rather than party politics, though it was clear from the start that the FBI was intended to counterbalance the power of the Trade Unions Congress and its influence in the Labour Party.[62] For British manufacturers

[59] Docker was also a key director of Birmingham Small Arms, as well as several other companies. See R.P.T. Davenport-Hines, *Dudley Docker: The Life and Times of a Trade Warrior* (Cambridge: Cambridge University Press, 1984), chapter 3.

[60] Keith Middlemas, *Politics in Industrial Society: The Experience of Britain Since 1911* (London: André Deutsch, 1979); John Turner, "The Politics of 'Organised Business' in the First World War, 33-49" in John Turner, ed., *Businessmen and Politics: Studies of Business Activity in British Politics, 1900-1945* (London: Heinemann, 1984).

[61] Caillard was keen to keep his (and Vickers's) participation quiet. See Vincent Caillard to Walter Long, August 28, 1916, TNA, FO 1093/50, f. 175.

[62] Middlemas, *Politics in Industrial Society*, chapter 4. The TUC's officials met regularly with government ministers and had direct connections to the wartime government through Labour party officials. Middlemas argues that the TUC was able to cement its power during Lloyd George's premiership; in exchange for keeping labor unrest to a minimum

– and the membership of the Federation of British Industries was largely composed of manufacturers – the development of overseas markets, particularly those which could be secured by British political interests, made good business sense. It meant not only more consumers, but also the development of a lasting trade partnership in which foreign buyers would come to know British representatives, British companies, and British goods.[63] Unlike individual firms or even particular industries, the FBI was in the position to take the long view, to see how the promotion of British trade networks in overseas markets would be of general and widespread benefit to its members. It saw how informal, commercial imperialism could pay.

The Federation of British Industries carried real weight in Whitehall in 1917, not least because of the intense wartime cooperation between industrialists and the state. Not only were businessmen working closely with the Board of Trade, the Ministry of Munitions, and the Ministry of Food in order to reorient peacetime production toward wartime needs, but many industrialists had gone to work directly for wartime agencies. The FBI leveraged such connections, especially with departmental officials.[64] And the spirit of cooperation was in the air, not just between the state and industry, but also between firms themselves. The Board of Trade was a key proponent of the creation of "export associations," by which British firms, though competitors at home, would cooperate with one another in foreign markets.[65] In one address requested by the British Engineers Association in 1917, L.A. Paish, a Board of Trade representative who would himself soon become

(there were major strikes led by miners and engineering unions through the war), the TUC was accorded government access and influence.

[63] See Robert J. Bennett, *Local Business Voice: The History of Chambers of Commerce in Britain, Ireland, and Revolutionary America, 1760-2011* (Oxford: Oxford University Press, 2011), 39-40.

[64] Turner, "The Politics of 'Organised Business'", 44-45; Middlemas, *Politics in Industrial Society,* 113-115.

[65] See Minutes of Meeting, December 3, 1917, TNA, BT 60/2/2.

a trade commissioner, made the case for such associations. Binding together would allow firms to economize on trade representation overseas and specialize in their products and manufacturing processes. The real competitor, the representative reminded his audience of engineers, was not the firm located in the adjoining county, but in Germany, or in America. German cartels had been taking advantage of efficiencies of cooperation for years and it was high time that British exporters adopted their methods. "It is not so much the absolute method by which we sell our goods that counts in the export trade as the comparative method. If we adopt a system which is less efficient than our competitors in the overseas markets we shall lose ground." The "we" here referred to the nation rather than the firm. The representative highlighted competition in China and Turkey, markets deemed vital for British commercial and geopolitical influence.[66]

Industrialists subscribed to the same logic. As a major industry report noted, "the elimination of competition between British Manufacturers will enable them to conduct their foreign trade with greater efficiency and profit."[67] Though export associations never took off (small firms were apprehensive of being swallowed by big ones), cooperation and support were watchwords of the day. The Board of Trade's Balfour of Burleigh Committee, which sat for two years between 1916 and 1918, concluded that it was "very desirable that in all important British industries there should exist strong, comprehensive and well organised associations" and that "every encouragement should be given by the Government to the formation of combinations of

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[66] Address by Mr. Paish to British Engineers Association, November 18, 1917, TNA, BT 60/2/2.

[67] Report of Committee on Commercial Efficiency, September 1918, Modern Records Centre, University of Warwick, Coventry, United Kingdom (hereafter MRC), Papers of the Federation of British Industries (hereafter FBI), MSS.200/F/1/1/149, f. 15.

manufacturers."[68] Such groups, among them the British Rubber Tyre Manufacturers' Association, the Cotton and Wool Dyers' Association, the Bedstead Manufacturers' Federation, and the Cast Iron Pipe Association, were increasingly powerful, and over a hundred became actively participating members of the Federation of British Industries.[69]

In this world of shifting and dissolving boundaries, the FBI's leaders sought to unite British industry and push the agenda of British business upon and within the British state. The Federation's leadership itself embodied the close connection desired between state and industry. Dudley Docker served on a host of government committees and commissions and the Federation's first president, Vickers's managing director, Vincent Caillard, worked daily not only with the Ministry of Munitions, but also with the Foreign Office.[70] In 1916, he helped orchestrate a meeting in Geneva between Vickers's most notorious arms dealer – the notorious Basil Zaharoff – and several discontented Turkish generals whom the British government (codenamed "moneybags") proposed to bribe with $10 million in gold in exchange for surrendering Istanbul.[71] Around the same time, Zaharoff congratulated Caillard on successfully organizing the Federation of British

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[68] Final Report of the Committee on Commercial and Industrial Policy after the War, (London: HMSO, 1918) [Cd. 9035], p. 62. The same committee, from which five members went on to serve in Lloyd George's government, even challenged the long-standing dominance of free trade in favor of protection for British industry. Ibid., 6, 63-64.

[69] The Federation of British Industries, List of Members to 5th December, 1916, TNA, FO 368/1672/252787.

[70] Caillard was not elected president of the FBI until 1919, when the position was created.

[71] See Caillard Papers, TNA, FO 1093/47-56, specifically, Caillard to David Lloyd George, January 1, 1918, TNA, FO 1093/54, f. 262. Officially, the British agreed to pay $10 million for permanent safe passage through the Dardanelles and the Sea of Marmora, the evacuation of forts and their occupation by British forces. See Revised Instructions, January 21, 1918, TNA, FO 1093/54, f. 287. On Basil Zaharoff, see Donald McCormick, *Peddler of Death* (New York: Holt, Rinehart and Winston, 1965); Mike Dash, "The Mysterious Mr. Zedzed: The Wickedest Man in the World," *Smithsonian Magazine*, February 16, 2012, accessed January 2, 2020, https://www.smithsonianmag.com/history/the-mysterious-mr-zedzed-the-wickedest-man-in-the-world-97435790/.

Industries. “You were wise to pull the strings, but to remain in the background, because you should not be suspected of plotting this very important question,” Zaharoff wrote.[72]

In fact, the Federation of British Industries and the Foreign Office were joined at the hip. Through 1917 and 1918, the FBI’s managing director, Roland Nugent, was still officially a Foreign Office employee. Nugent himself had become involved with the FBI through his work promoting British trade overseas. With the start of the war, the British government forbade British nationals from trading with firms or individuals based in enemy territory.[73] In late 1915, it extended such prohibitions to cover all “persons or bodies of persons…of enemy nationality or enemy association” and put German firms operating in the British Empire under “controllers”.[74] The legislation was meant to curb German business operating through shell companies (or “cloaks”) overseas, but such fronts were difficult for British traders to identify. For this reason, the government compiled a “Statutory Black List” of forbidden firms and a “white list” of sanctioned replacements.[75] Responsibilities for these lists – and for “the substitution of British for enemy trade” – fell to a new division within the Foreign Office, the Foreign Trade Department (FTD), run by a young civil servant, Roland Nugent.[76]

Nugent had been instrumental in setting up the FTD. Unlike the staid Victor Wellesley, the ambitious Nugent was keen to bring Britain’s commercial know-how into Foreign Office practice.

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[72] Basil Zaharoff to Vincent Caillard, July 27, 1916, TNA, FO 1093/50.

[73] See Memorandum on Departments Dealing with Trading with the Enemy, January 10, 1916, TNA, FO 833/16.

[74] Trading with the Enemy (Extension) Act, 5 & 6 George V, 1915; Nicholas Mulder, “The Trading with the Enemy Acts in an Age of Expropriation,” *Journal of Global History* 15, no. 1 (January 2020), 84. As Mulder explains, by confiscating enemy property, the law “effectively threw out any principled protection of property rights”.

[75] See L. Worthington Evans, Circular, July 1, 1916, TNA, FO 833/16.

[76] Foreign Office circular, January 6, 1916, TNA, FO 833/16.

In late 1915, he had pushed for an interdepartmental committee to deal with the blacklists. As Charles Tennyson, a Colonial Office official on the committee would write, Nugent “not only conceived the idea of the inter-departmental committee and got himself appointed secretary,” he also “knew exactly what the committee’s recommendations should be and was determined that his ideas should be carried through.” The result was “a new department, the Foreign Trade Department…with Nugent as its official head.”[77] For Nugent, crippling German trade was vital. “Every German business house in a foreign country,” he wrote, “is not merely a centre of German trade, but also a conscious centre for the dissemination of German political and social influence in peace, [and] the local headquarters and paymaster of the whole German propaganda and espionage system in war.”[78] The Trading with the Enemy Act, which Nugent would administer, was meant to cut off German trade, to force German businesses operating around the world to shutter or contract. It abruptly turned Britain from the most powerful advocate of free trade to among the most aggressive enforcers of trade prohibition.[79]

The Act was also meant to push British goods and British commercial enterprise into neutral territories through the creation of a whitelist. While the German “export organization” “enjoyed to an unusual degree the support and favour of the German Government,” British firms had gone it alone. “British merchants abroad, accustomed from long habit to consider their own countrymen as their most formidable rivals,” Nugent lamented, “regarded with greatest suspicion

[77] Charles Tennyson, *Stars and Markets* (London: Chatto and Windus, 1957), 119-120.

[78] Roland Nugent, Memorandum, October 18, 1915, TNA, FO 833/18. On German news networks and propaganda, see Heidi J.S. Tworek, *News from Germany: The Competition to Control World Communications, 1900-1945* (Cambridge: Harvard University Press, 2019).

[79] Mulder, “The Trading with the Enemy Acts.”

and hostility the attempts of any other British firms not previously engaged in it to enter the charmed circle." The War provided an opportunity to break this cycle.[80]

The Foreign Trade Department was an exercise in aggressive commercial imperialism and an early instantiation of the growing business-state. Blacklisted firms operated overwhelmingly in regions of contestation, particularly in South America. The blacklist's results were impressive. The Brazilian rubber trade provides a striking example. At the beginning of 1916, it was "almost entirely in the hands of the German firms", particularly the "syndicate known as the Pralow-Scholz Combine". According to a Foreign Office report, "the first direct result of action by the Foreign Trade Department was the rupture of this Combine, and in spite of the active efforts by Mr. Waldemar Scholz, the moving spirit, to form another combination, he discovered that the fear of the Statutory [black] List was so great that he was unable to find people willing to join him." The result was that "Bona Fide neutral firms…are now acting on their own behalf and establishing trade relations direct" with Britain.[81] Similar stories could be told elsewhere throughout the informal empire, especially in South America and Asia. In Shanghai, for instance, a British firm, J.P. Palmer, Jr. specializing in cotton spinning machinery found itself unable to continue selling through its customary (German) agent, J.J. Bucheister, when the latter was blacklisted. With the help of the commercial attaché in Shanghai, the Foreign Trade Department connected Palmer with a substitute British merchant (Calder, Marshall, and Co.), which subsequently built up a "thriving machinery branch" to "secure contracts and orders for their English connection."[82]

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[80] Ibid. See also Maisel, "The Formation of the Department of Overseas Trade." On German investment abroad, see Karl Christian Schaefer, *Deutsche Portfolioinvestitionen im Ausland 1870-1914* (Münster: Lit Verlag, 1995) and Niels P. Petersson, *Anarchie und Weltrecht: Das Deutsche Reich und die Institutionen der Weltwirtschaft 1890-1930* (Göttigen: Vandenhoeck & Ruprecht, 2009).

[81] Memorandum Dealing with the Work of the Foreign Trade Department, n.d. TNA, FO 833/16.

[82] Ibid.

Nugent was careful in drawing up the blacklist; he needed to balance cutting off Germany with hampering British trade; he noted that "the importance of maintaining British exports undiminished should cause any cases of doubt to be decided <u>against</u> immediate inclusion in the Statutory List."[83] In the Brazilian rubber trade, for instance, one of the "most powerful houses" was an English company (Heilbut, Symons, & Co.) that was closely allied with the major German firm Berringer and Ohlinger. To avoid blacklisting, Berringer and Ohlinger had set up a "cloak" company called Suter and Co., officially run by two Swiss employees. Though Nugent knew Suter to be a shell, he decided against blacklisting it outright as doing so would just have "had the effect of transferring the whole of Messrs. Heilbut Symons' imports of rubber – amounting, it is understood, to several millions sterling yearly – to the United States through their branch house in that country." Moreover, "Suter & Co. possessed valuable technical knowledge which was indispensable for the purchase of the rubber." Therefore, the Foreign Trade Department engineered a solution whereby Suter and Co., was liquidated, but its partners were absorbed into "a respectable British firm with a head office at Liverpool", allowing the firm to "continue to work in the furtherance of the business of this country."[84]

Unlike many of his older colleagues at the Foreign Office, Nugent was interested in forging close ties with British firms. For the young Nugent:

> it is clear that cooperation between British firms and British interests is essential to enable them to compete successfully against the German organization. The policy of leaving firms to fight for their own hands with little regard to anything but their immediate self-interest has not been successful in resisting German encroachment on our markets in the past.

[83] Roland Nugent, Rules for Drawing up Statutory List, March 29, 1916, TNA, FO 833/16.

[84] Memorandum Dealing with the Work of the Foreign Trade Department, n.d. TNA, FO 833/16.

Nugent was equally clear that the state was to take an active role in organizing British firms. "If co-operation in British commercial efforts is to be secured it seems absolutely necessary that a coherent scheme should be thought out under the direction and assistance of His Majesty's Government." More specifically, it was to be brought under the direction of the Foreign Office. "The Board of Trade with its immense staff and manifold activities could not produce the necessary close co-operation and personal touch between the different elements which would be essential in such a Department".[85] The Board of Trade, for example, had repeatedly declined to appoint a liaison officer to the FTD, with the result that, in Nugent's telling, the FTD "had to do all its own constructive work" in terms of determining which firms should be blacklisted and which should be whitelisted.[86] For this, it turned first to Foreign Office diplomats around the world, and then to "about 90 trade associations and many Chambers of Commerce representative of the greater part of the trade of the United Kingdom." That communication, the FTD noted, "met with a very favourable reception."[87]

The Federation of British Industries was particularly enthusiastic. In fact, Nugent and his Foreign Trade Department provided a major impetus for Dudley Docker and other industrialists to form the FBI in late 1916; the Federation was, in one telling, "the child of the alliance between the Foreign Office and Business."[88] When the FBI was formed, its organizers had Nugent seconded

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[85] Roland Nugent, Confidential Memorandum on Prohibition of Trade with the Enemy, n.d. [late 1915], TNA, FO 833/17.

[86] Roland Nugent to Trade Associations, October 18, 1916, TNA, FO 833/16; Memorandum on the Work of the Foreign Trade Department, December 18, 1916, TNA, FO 833/16. Nugent should not be taken at face value here; the Board of Trade's Commercial Department was in very close contact with the FTD. See Correspondence from Commercial Department to Foreign Trade Department, 1916, TNA, BT 12/122.

[87] Ibid. Notes on Procedure in Compiling Statutory List, June 30, 1917, TNA, FO 833/17.

[88] John Tilley and Stephen Gaslee, *The Foreign Office* (London: G.P. Putnam's Sons, 1933), 185, cited in Homer, *The Department of Overseas Trade,* 109.

from the Foreign Office to manage it. Simultaneously employed by the Foreign Office and the FBI, Nugent was a key link of the business-state. With his dual roles, he was able to direct an array of industrial interests through the corridors of power, suggesting industrialists apply for membership on key committees.[89] In doing so, he was acting both on behalf of British industry and the Foreign Office. In fact, in advance of the "joint committee" on which Clark and Wellesley butted heads, he coordinated with Wellesley to ensure that it was stacked with Foreign Office supporters.[90] Once the committee was underway, Nugent continued his intermediary role. "Wellesley rang me up yesterday," he noted, "and tells me that he is very suspicious of Lord Faringdon's attitude." Nugent wasted no time in passing this information directly to Docker, who sat on the same committee.[91]

MARRYING INDUSTRY and COMMERCE

Although Roland Nugent fostered close ties with big business, he was something of an exception at the Foreign Office, where men of Wellesley's orientation dominated. In general, the wartime government department that was arguably most supportive of British industry was the Board of Trade. As the war progressed, the Board reorganized itself so as to increasingly prioritize the active promotion of industry and trade over its traditional responsibilities as administrator of the merchant marine and as corporate regulator.[92] The priority of positive state support for

[89] He, for example, urged Algernon Firth, Docker's ally in the FBI, to apply for membership on a key government committee on consular services. Roland Nugent to Algernon Firth, December 29, 1916, FBI, MRC, MSS.200/F/3/D1/2/6.

[90] Roland Nugent to Victor Wellesley, January 9, 1917, FBI, MRC, MSS.200/F/3/D1/2/6.

[91] Roland Nugent to Dudley Docker, December 20, 1916, FBI, MRC, MSS.200/F/3/D1/1/18.

[92] It was proposed to split the Board into two divisions. One, tasked with "Commerce and Industry", would be positive in its outlook and handle the "development of trade, with vigilance, with suggestion, with information and with the duty of thinking out and assisting national economical and industrial policy." The other – the division of "Public

commerce and industry was encouraged by the influential Machinery of Government Committee, a group tasked with redesigning the entire British state for peacetime. In 1918, it proposed replacing the Board of Trade with a proactive "Ministry of Commerce and Industry", meant to aid British recovery.[93] Though this would considerably shrink the Board's ambit, Hubert Llewellyn Smith accepted "the main propositions" of the scheme, after discussing it with his friend – and Machinery of Government Committee member – Beatrice Webb.[94] Other Board officials were positively enthusiastic. "I would suggest," one official, S.W. Clark wrote, "that so far as the [future] Ministry of Commerce and Industry is concerned the definition should be 'the direct promotion of material productivity in the sense of the efficiency of all non-State enterprise in wealth productivity by handcraft or by manufacture together with whatever regulation of such enterprise may be found in the public interest.'"[95] Through "direct promotion," the proposed Ministry would formalize in peacetime the protective and cooperative spirit of the wartime Board of Trade; transforming the exception of the wartime state into the peacetime rule.

These wartime conversations over the function and priorities of the Board of Trade reflected a changing understanding of British prosperity. Since the 17th century, Britain had relied

Services Administration" would be regulatory and would deal with the merchant marine, railways, and bankruptcies. The first would officially take precedence Board of Trade, Memorandum with respect to the Re-Organisation of the Board of Trade, (London: HMSO, 1918) [Cd. 8912], 2-6

[93] See Beatrice Webb to Albert Stanley, July 25, 1918, TNA, BT 13/90 E 36451; Ministry of Reconstruction, Report of the Machinery of Government Committee (London: HMSO, 1918) [Cd. 9230], pp. 36-38, 40-41. The committee adopted the general principle that government departments across the civil service should be lumped together if they had similar remits. Under this plan, management of the mercantile marine would move from the Board of Trade to the Ministry of Employment.

[94] Hubert Llewellyn Smith, comments on report, August 8, 1918, TNA, BT 13/90 E 36451. One of the changes that *most* troubled Llewellyn Smith was renaming the Board of Trade the "Ministry of Commerce and Industry". Hubert Llewellyn Smith to Beatrice Webb, August 14, 1918, TNA, BT 13/90 E 36451.

[95] S.W. Clark to W.F. Marwood, August 11, 1918, TNA, BT 13/88 E 36451. Almost as an afterthought, he added: "as well as to regulate the safety of passengers by sea and land, and the supply of gas, light, and water."

economically, politically, and ideologically upon overseas trade.[96] The sales of physical goods – particularly textiles – had long undergirded British profits in the formal empire, but surging British prosperity in the mid and late 19th century had depended more on invisible exports. British capital supported an age of globalization; British ships, insured by British brokerages, carried a plurality of the world's trade. World War I broke the comfortable pre-war order. With the war, Britain could no longer rely upon its dominant position in a highly interconnected system of global commerce and finance.[97] Thus, manufacturing – especially for export – came to be seen as a vital component of economic recovery and essential for alleviating unemployment, key concerns of the British state. The paradigm of British prosperity after World War I focused less on British ships and British capital, and more on British exports of a more concrete material kind: guns, textiles, trains, watches.

This paradigm brought calls to encourage British *industry* in a fundamentally new way. It was in this context that S.W. Clark and the Machinery of Government Committee envisioned the proposed Ministry of Commerce and Industry. Leadership changes at the Board of Trade also reflected the increasingly central role that firms and industrial associations played in the Board's role. In 1919, Sydney Chapman, an economics lecturer recruited during the war to study industrial organization, replaced Hubert Llewellyn Smith as permanent secretary.[98] H.A. Payne, previously of the Companies department, was promoted to "joint permanent secretary". Two other former

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[96] David Armitage, *The Ideological Origins of the British Empire* (Cambridge: Cambridge University Press, 2000).

[97] See Tooze, *The Deluge*; Darwin, *The Empire Project,* 369-375; Eric Hobsbawm, *Industry and Empire* (New York: Penguin, 1969), chapter 11.

[98] Chapman taught at Owens College, Manchester before the war. He succeeded Hubert Llewellyn Smith as the government's Chief Economic Advisor in 1927. Keith Tribe, "Chapman, Sir Sydney John," *ODNB* (2004), accessed March 3, 2019, https://doi-org/10.1093/ref:odnb/32368.

staffers in the commercial and companies departments, Henry Fountain and Percy Ashley, were similarly promoted.[99]

The new emphasis on industry did not mean a slackening imperial spirit. Just as free trade of the late 19th century was an exercise in imperialism, so too was active state support for industry and exporters during and after World War I. Over the 1910s and 1920s, a vision of industrial-led imperialism gained traction at the Board of Trade. Officials, manufacturers, and new employers' organizations – particularly the Federation of British Industries – pushed hard both for the British Empire to become a unified trading bloc, and for British manufacturing to function as a tool of British foreign policy.[100] Indeed, in the decades after the end of World War I, Britain sought to expand its reach into markets that were newly vacated by a defeated Germany. The state offered British exporters a variety of new incentives to further this goal.

If Clark and others at the Board of Trade did not exactly predict this unfolding vision of the business-state, they were at least responsive to it in their advocacy of a streamlined Ministry of Commerce and Industry. Although the Board of Trade did not change its name, its focus shifted in the late 1910s. It shed responsibility for labor statistics and exchanges to the Ministry of Labour. This meant that whereas before the war, the Board was an arbitrator between organized labor and industrial management, after the war, it dealt only with management. And though it retained a statutory responsibility to regulate big business, in practice, the Board actively encouraged cartelization and the growth of employers' organizations.[101] As had been recommended, it split

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[99] There were to be two joint permanent secretaries, but Chapman would "rank as senior." See letter to Treasury, August 11, 1919, TNA, BT 13/92, E 38161.

[100] See, in particular, Davenport-Hines, *Dudley Docker*.

[101] On the period of state assistance to private industry, see S.H. Armitage, *The Politics of Decontrol of Industry: Britain and the United States* (London: Weidenfeld and Nicolson, 1969); Middlemas, *Politics in Industrial Society*;

into two divisions, the more important of which was "mainly concerned with the development of trade" and only secondarily concerned with "vigilance."[102] A section of the department was established to deal with "Industries and Manufactures", but its focus was not regulating industries, but instead ensuring "their development and stability, production, and the economic strength of the country generally."[103] The rationale for this growing emphasis on state-led business promotion was, again, economic reconstruction and competitiveness in a global market.

By the last year of the war, British policymakers were less concerned that big business would exploit British consumers than they were that business itself – and the (largely unionized) employment base it provided – was at risk. By 1918, British industry had converted to wartime production; it was producing shells, lorries, tanks, fighters, uniforms, and rations.[104] A return to peace would mean an urgent need to reconfigure factories. It would also mean reconfiguring labor. Millions of soldiers would soon be returning, desiring their old jobs – jobs which had changed because of the wartime economy and jobs which, in many cases, had been filled by women entering the workforce.[105] Adjusting to a peacetime economy would take time and resources that were in scarce supply. This, coupled with the major losses in British shipping, spelled danger for Britain's export trade; after all, American competitors – and the American merchant marine – were largely left undamaged by the war.

John Turner, ed., *Businessmen and Politics: Studies of Business Activity in British Politics, 1900-1945* (London: Heinemann, 1984).

[102] The two divisions were the Department of Commerce and Industry and the Department of Public Services Administration. Memorandum with respect to the Re-Organisation of the Board of Trade, 2

[103] Ibid., 3.

[104] On economic mobilization, see Broadberry and Howlett, 'The United Kingdom during World War I", 206-234; Ferguson, *The Pity of War*, chapter 9.

[105] Barbara Drake, *Women in Trade Unions* (London: G. Allen and Unwin, 1920).

In short, by the war's end, the Board was bound more closely to big business than ever before. In November 1918, with an eye to a postwar transition, the Board formally invited a group of financial and business leaders to sit on a "Provisional Advisory Council (on Commerce and Industry)."[106] The group represented some of the Empire's most powerful interests, many of them export-oriented (see table 1.1). As importantly, its membership was drawn largely from figures who had already entered the Board of Trade's orbit during the war. Lord Faringdon was on the council. There were businessmen and industrialists who headed the Board's Empire Cotton Growing Committee, its Shipping and Shipbuilding Committee, its Empire Flax Growing Committee. Similar representatives came from its committees on Non-Ferrous Metals and Electrical Trades Committee. Many – including Richard Vassar Smith, Vincent Caillard, and Algernon Firth – were active in the Federation of British Industries.[107]

[106] Minutes of First Meeting of the Provisional Advisory Council, October 9, 1919, TNA, BT 13/95, E 38715.

[107] Ibid.

Name	Role	Institution	Industry
Ashley, Percy	Civil Servant	Board of Trade	
Birchenough, Henry	Industrialist	John Birchenough & Sons	silk
Booth, Alfred	Shipowner	Alfred Booth and Company	shipping
Bowring, C.C.	Colonial Administrator	East Africa Protectorate Governor	
Caillard, Vincent	Industrialist	Vickers	arms/ engineering
Chapman, S.J.	Civil Servant	Board of Trade	
Firth, Algernon	Industrialist	T.F. Firth & Sons	textiles
Gosling, Harry	Labour	TUC	
Grindle, G.	Civil Servant	Colonial Office	
Huth Jackson, Frederick	Financier	Frederick Huth and Co.	
Kershaw, L.J.	Colonial Administrator	India Office	
Lord Colwyn	Industrialist / Financier	Martin's Bank	
Lord Faringdon	Industrialist / Financier	Witan Investment Trust; Great Central Railway	
Manville, E.	Industrialist	Daimler Corporation	
Moore, G.A.	Shipowner	Holt and Moore	
Muntz, Gerard A.	Industrialist	Muntz's Metal Company	iron and steel
Murray, J.W.	Merchant	Ker and Bolten	
Nimmo, Adam	Industrialist	James Nimmo and Co.	coal
Ogden, J.W.			
Parsons, C.A.	Industrialist	C.A. Parsons and Co.	engineering
Scoby Smith, G.	Industrialist	Bolckow Vaughan and Co.	iron and steel
Stanley, Albert	Minister	Board of Trade	
Vassar Smith, Richard	Financier	Lloyds	
Vickers, Douglas	Industrialist	Vickers	arms/ engineering
Walker, H.A.	Industrialist	London and South Western Railway	railway
Warner, Frank	Industrialist	Warner & Sons	textiles
Wellesley, Victor	Civil Servant	Foreign Office	

Table 1.1: Board of Trade Provisional Advisory Council, 1919. From TNA, BT 13/95, with government officials highlighted in blue, industrialists in orange, merchants in yellow, and financiers in green.

The Provisional Advisory Committee, which became permanent in 1920, was a prime example of the business-state and of the close alliance of industry and government forged by Lloyd George's leadership.[108] In its second meeting, two days after the Armistice, the assembled

[108] Minutes of Thirteenth Meeting of the Provisional Advisory Council, July 21, 1919, TNA, BT 13/99, E 40015. It was renamed the Development Board in 1930. See TNA, BT 59/1. The advisory committees and councils were sites

businessmen were asked to identify "pivotal men" who might be released early from military service.[109] This was the old boys' network at play. But it was also an example of the importance that both businessmen and administrators within the Board of Trade placed on the revival of the export trade. At the third meeting, in January 1919, the group broke into subcommittees: one for external commerce, one for internal commerce, and one for transport. The members of the external commerce sub-committee – many of them leaders within the Federation of British Industries - constituted, by far, the most powerful group.[110] It was out of this increasingly industrially-oriented Board of Trade that the Department of Overseas Trade (DOT) developed.

THE DEPARTMENT of OVERSEAS TRADE

The Department of Overseas Trade had emerged a little more than a year earlier in November 1917, from the joint Foreign Office-Board of Trade committee on trade representation, on which Clark and Wellesley confronted one another. After weeks of deliberation, the committee had concluded that it could not agree. It *did* agree that overseas representation "should be enlarged and improved," but split over which departments should take the lead. In a jointly authored memorandum, the two departments narrated their parallel quests for greater control over overseas trade representation. "Some difficulties," they asserted, "have arisen in defining and adjusting the limits of responsibility of the Foreign Office and the Board of Trade….Some inconvenience has

of what Richard Roberts called "Industrial Diplomacy". See, Richard Roberts, "The Administrative Origins of Industrial Diplomacy: an Aspect of Government-Industry Relations, 1929-1935", 92-104 in John Turner, ed., *Businessmen and Politics*.

[109] Minutes of Second Meeting of the Provisional Advisory Council, November 13, 1918, TNA, BT 13/95, E 38716.

[110] Minutes of Third Meeting of the Provisional Advisory Council, January 8, 1919, TNA, BT 13/95, E 38717.

been caused by the duality of direction thus involved."[111] Lord Faringdon and William Clark backed the Board; the FBI's Docker, Wellesley, and the Association of Chamber of Commerce's D.F Pennefather threw their weight behind the Foreign Office.

The result was a compromise measure that satisfied no one, but mollified business interests. Board of Trade President Albert Stanley and Foreign Secretary Edward Grey agreed to share responsibility for commercial policy. "An enlarged Commercial Intelligence Department will be created," their joint declaration read, "on a scale adequate to meet the reasonable requirements of British trade after the War." This body would be led by a "new Parliamentary Secretary" responsible both to the Board of Trade and to the Foreign Office. It would merge Clark's Commercial Intelligence unit and Nugent's Foreign Trade unit. It would also, importantly, have an advisory committee of "business men", a key step in finding a "satisfactory solution of a problem which for some years past has been urged…by the commercial and industrial community."[112]

It was thus that, in November of 1917, a new government department – the Department of Overseas Trade – was born to two squabbling parents.[113] William Clark drafted an announcement to be circulated, heralding the constitution of "the new Joint Department of the Board of Trade and the Foreign Office."[114] It would be led by the new parliamentary secretary, Arthur Steel-Maitland, former parliamentary undersecretary at the Colonial Office, and – as former private secretary to

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[111] "Memorandum by the Board of Trade and the Foreign Office with Respect to the Future Organisation of Commercial Intelligence," 2.

[112] Ibid., 3

[113] Arthur Steel-Maitland described the arguments as "indecent pre-matrimonial differences between my parents." *Hansard*, House of Commons Debates, 26th February 1918, 5th Series, volume 103, c. 1291.

[114] William Clark, Announcement, n.d. [May 1918], TNA, BT 13/84 E 35140.

Alfred Milner – an avid imperialist and tariff reformer.[115] William Clark himself was selected to serve as the chief administrator of the new department.

On the surface, the Department of Overseas Trade had the appearance of a real merger between the Board of Trade and the Foreign Office.[116] From the perspective of the Board of Trade, the promotion of British exports was a primary tool in facilitating British economic recovery in the postwar slump. This goal was tied with a more explicitly geopolitical one emanating from the Foreign Office, concerned about projecting British power through commercial prowess. But from the start, the DOT was more closely connected with the business-friendly Board than to the Foreign Office: an extension of the Board's sympathetic relationship with domestic industrial producers. When the DOT was set up, it was staffed by about 100 civil servants from the Board of Trade, and only about 20 from the Foreign Office. Moreover, Clark himself was the chief administrator, or "Controller-General" of the new department. And though the DOT's parliamentary secretary, Arthur Steel-Maitland, tried for two years to acquire offices next to the Foreign Office, the department remained housed in the old Board of Trade Commercial Intelligence Branch offices, two miles away in Basinghall Street, in the City of London.[117] The DOT was a commercial outpost, not a diplomatic one.

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[115] Steel-Maitland, had no connection either to the Board of Trade or to the Foreign Office. Steel-Maitland was born in India to a military family. After Oxford, he continued his studies at the LSE. E.H.H. Green, "Maitland, Sir Arthur Herbert Drummond Ramsay-Steel, first baronet," *ODNB* (2004), accessed January 24, 2020, https://doi-org.ezp/10.1093/ref:odnb/36263.

[116] This is how William Clark would later describe it. Clark, "Government and the Promotion of Trade," 30.

[117] File entitled "Trade Intelligence", TNA, FO 368/1855, file 2049. Homer, *The Department of Overseas Trade*, 141-150. In 1919, it moved closer, but not adjacent, to the Foreign Office, to 4 Queen Anne's Gate.

Steel-Maitland sought in vain to secure oversight of the Foreign Office's commercial attachés and consuls.[118] Facing intense opposition from Wellesley, Steel-Maitland pleaded for cooperation: "I should myself wish," he intoned, "to act as a Foreign Office official." But, as he complained to Clark: "there may have been a treaty of Union, yet feelings are still separatist."[119] The Foreign Office was reluctant to send officers to work in the DOT. Wellesley noted a "general impression" that once an officer moved to the DOT, "there may be no return."[120] In the end, only two members of the Foreign Office moved. One of these, Guy Locock, who had worked closely with Nugent, would play an important role in connecting the department with the FBI.[121] In light of wider historical developments, the Foreign Office's disengagement is understandable. While the DOT was central to the Board of Trade's new remit of industrial promotion, it was hardly the most pressing matter for the Foreign Office, much of whose staff was occupied with managing a very difficult peace.

The DOT grew quickly, from around 120 staff members at its 1917 founding to 400 by 1920. Though it is difficult to assess the success of the DOT, the new department likely contributed to the quick recovery of British postwar trade, which tripled between 1918 and 1920, according to the official statistics.[122] Whether or not it was successful in its aims, it represented a fundamental

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[118] Green, "Maitland, Sir Arthur Herbert Drummond Ramsay-Steel." Eventually, Steel-Maitland gained control of the FO's Commercial and Consular Department, but the unit would still answer to Wellesley and remain separate from the rest of the DOT.

[119] Arthur Steel-Maitland to William Clark, September 11, 1917, quoted in Homer, *The Department of Overseas Trade*, 143.Wellesley's superior was Eyre Crowe.

[120] Minute by Wellesley, October 13, 1917, quoted in ibid., 154.

[121] This meant that the Overseas division of the DOT was directed by one of Steel-Maitland's former Colonial Office colleagues, F.G.A. Butler.

[122] Exports went from £532 million to £1,557 million. *Statistical Abstract for the United Kingdom for Each of the Fifteen Years 1913 and 1918 to 1931* (London: HMSO, 1933) [Cmd. 4233], 316-317. But such rapid growth has been

expansion in the state's economic role; it reflected the increased attention high-ranking administrators paid to industrial assistance. When the Treasury sent a team to evaluate the department's work after a year of existence, the team's leader was bursting with compliments for Steel-Maitland. "Considering the lack of proper accommodation and staff," he wrote, "you have done wonders in setting on foot the organization for what is undoubtedly a most important departure in British commercial policy."[123]

The DOT's primary activity was information coordination. Consuls and commercial attachés collated information about trade openings which were processed by DOT officials. The department contacted individual firms with specific opportunities abroad with details of local trade and credit, customs, tariffs, and foreign competition; it sent out hundreds of thousands of these notices per year.[124] But the principal channel for disseminating trade information was through chambers of commerce and trade organizations. This was done through the "Key Forms" scheme, oddly abbreviated as "Form K", which provided exporters key information collecting in more than 600 consular districts. The institution of Form K was a result of lobbying by the Association of Chambers of Commerce, which prevailed upon Board of Trade leaders to provide the service to British business.[125] Each "form" corresponded to a foreign firm, which DOT staff either recommended as a potential partner for British businesses operating abroad, or as a competitor to British interests. Consular officers and commissioners around the world filled out a template of 13

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challenged by more recent accounting. See, e.g. G. Federico and A. Tena Junguito, "World Trade, 1800-1938: A New Dataset," EHES Working Papers in Economic History n. 93 (European Historical Economics Society, 2016).

[123] Bernard Mallet to Arthur Steel-Maitland, October 11, 1918, quoted in Homer, *The Department of Overseas Trade*, 181.

[124] Clark, "Government and the Promotion of Trade," 31.

[125] Bennett, *Local Business Voice,* 610-611. The FBI also strongly supported the Form K scheme. See Minutes of Consular Sub-Committee of the Executive Council, October 5, 1917, MRC, MSS.200/F/1/1/62, f. 30.

questions about each foreign firm, indicating, among other attributes "the commercial and financial status of the firms concerned, their local and European references, goods particularly required, terms of trading and language in which correspondence should be carried on".[126] These forms were sent back to London where they were collated into indexed registers at the DOT's headquarters. Until 1935, when the Form K Scheme ended, those registers were then distributed through the FBI, chambers of commerce, and other industry groups.[127]

From the department's birth, Steel-Maitland and others in the DOT pushed for funds to expand the Consular service. Steel-Maitland and Clark wanted over a hundred new positions with major salary bumps, initiatives that would cost over £1 million. But, as Steel-Maitland argued, "expensiveness is relative. The foreign trade of the United Kingdom bears a greater proportion of her total trade than does that of any of the great Powers….the estimated sum that the new scheme will cost, though it be great in itself, is not a farthing in the pound of our foreign trade." The Treasury was moved, somewhat. Where there were ten or so commercial attachés before the war, in April 1918, the Treasury approved the appointment of 28 new posts in a reformed commercial diplomatic service.[128] By the end of 1920, this new DOT service had grown to 50.

Not only was the DOT growing, it was also changing in shape. The 47 members of the DOT's new Commercial Diplomatic Service that were serving by November 1920 bore witness to the changing priorities of the administrators of Britain's official overseas trade network. Only five had been attachés "under the old scheme," though 16 others were formerly consular officers, one

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[126] "The Department of Overseas Trade (Development and Intelligence)", *The Board of Trade Journal* vol. C, no. 1106 (February 7, 1918), viii.

[127] Bennett, *Local Business Voice,* 610-611. The trade groups and chambers of commerce kept "export registers" for the consultation of their members.

[128] Memorandum by Steel-Maitland, May 8, 1919, TNA CAB 24/5/G243; Cabinet Meeting, May 30, 1919, TNA, CAB 23/10; Homer, *The Department of Overseas Trade,* 165, 173-174.

a diplomat, and three civil servants at the Board of Trade. Almost half of the officers, however, came from the ranks of "professional and business men."[129] New officers with these backgrounds were especially concentrated in geographic regions in which Britain hoped to expand its economic presence. Captain Eric Buxton, for example, newly appointed to Buenos Aires, had spent much of his career working as a broker and commercial agent there. Mr. E. Compton, a representative in Brazil, had spent twelve years in the rubber trade and had then worked on the Amazon River Steam Navigation Company. Mr. C.J. Kavanagh, posted to Germany, had been a "commercial advisory engineer" to Machinenfabrik Augsburg-Nürnberg (MAN). Even more striking was the fact that many of these new commercial secretaries, as they were called, had worked elsewhere in the British Empire. Captain C.H. Courthope-Munroe, appointed to Turkey, had been a traffic superintendent in India. Another captain, U. de B. Charles, serving in Spain, had worked on a rubber plantation in Malaya and then in Egypt. Mr. W.F.V. Scott, working in Chile, had worked in a trading house in Mombasa before becoming Newfoundland's Trade Commissioner at Gibraltar.[130]

No longer were commercial attachés gentleman amateurs, as Wellesley had been during his time in Madrid. Even the more prestigious and powerful Foreign Office commercial consuls – closer to diplomats than to industrial correspondents – were changing. The Foreign Office wanted their officers to have greater educational background in trade, banking, and "economic theory." They were to help "make the service a more efficient weapon for the furtherance of British trade interests."[131] On the one hand, this new consular officer was to be a continuation of the old Foreign

[129] Ibid., 4.

[130] Ibid., 5-6.

[131] Victor Wellesley to Treasury, July 15, 1919, TNA, BT 13/95, E 38556.

Office ideal: not a "technical expert", but rather someone who could "form a sound and intelligent judgment." But unlike before, the interplay of finance with trade was of paramount importance. The officer was to render a "judgment on the course of trade and finance and the feasibility of new commercial projects."[132]

This change reflected the values William Clark (himself fresh from India) and Hubert Llewellyn Smith had cultivated in the Board of Trade's Trade Commissioner Service. Commercial expertise was in, gentlemanly diplomacy out. In a very important sense, this meant that the qualities prized in Trade Commissioners – those representatives tasked with representing British interests in the colonial empire and the dominions – became the standards for the overseas trade service as a whole. Over the 1920s, the values that the Board had prized in agents operating in Canada, Australia, and South Africa slowly became the values sought in operatives in target markets: South America, the Middle East, and Southeastern Europe. These were the regions in which British informal empire would be pushed by commercial engagement.

The DOT made other, even more obvious, efforts to push British commercial interests abroad. It led trade missions; there was one to South America in 1918 and that same year, William Clark himself went to Russia where he promptly and unhelpfully contracted tuberculosis. The department also partnered with industry groups and trade organizations to co-sponsor trade missions to overseas markets. The first, in 1918, went to South America in collaboration with jewelers' associations to make inquiries about the market for jewelry and silver plate. Two years later, the department was organizing four of these missions per year, spending £12,000 annually. In addition to securing export licenses for various firms, Steel-Maitland's DOT also was an early advocate of state-sponsored insurance programs for British companies looking to export their

[132] Ibid. F.G.A Butler to H.A. Payne, November 4, 1919, TNA, BT 13/95, E 38556.

goods to troubled markets, particularly those formerly in the shadow of German economic might.[133] The DOT replaced the imperialism of free trade with an imperialism of assisted trade.

The initial impulse for the Department of Overseas Trade had come from wartime exigencies. Economic war with Germany led to agitation for state promotion of British trade that could push German interests out of overseas markets. But by early 1918, the Department of Overseas Trade had become a clear advocate for actively assisting British trade in parts of the world that might fall under American influence after the war. Reporting on "The Development of British Interests in South and Central America," the Department noted that there were plenty "really good opportunit[ies] of developing a purely British interest in such a direction as to maintain or increase British trade." The DOT therefore argued for giving "favourable consideration" to "applications for new issues or for permission to send capital abroad", which had previously been prohibited.[134]

The reason for such changes was concern about commercial competition with the United States, a worry that had intensified steadily over the late 19th and early 20th centuries.[135] "If Great Britain and the United States are to enter after the war upon a course of unrestricted commercial competition, the measures which we have been obliged to advocate in this country for the efficient conduct of the war might well be turned seriously to our detriment." Capital controls, in short, were sound policy while Britain recovered enough to return to the gold standard, but might be disastrous for commercial prosperity and imperial reach in the postwar years.[136] The Department

[133] Homer, *The Department of Overseas Trade*, 175-180.

[134] The memorandum had been jointly decided upon by the Foreign Trade Department, the DOT, and the Board of Trade. Memorandum, March 14, 1928, TNA, BT 13/85 E 35466.

[135] Beckert, "American Danger."

[136] Memorandum, March 14, 1928, TNA, BT 13/85 E 35466.

of Overseas Trade was quick to suggest actionable plans in South America as well. One Foreign Office official suggested effecting a covert take-over of the German Compania Alemana Transatlantica de Electricidad of Buenos Aires by British firms before American competitors could snatch it up. This would involve "a syndicate of British interests…formed to be ready at the psychological moment to take over the German Company's power stations and plant." To that end, the British minister at Buenos Aires had contacted several British electrical companies and the Anglo-Argentinian Tramways Co., a large local British concern. Another proposal, which was met with the approval at the Colonial Office, advocated for a joint Anglo-American takeover of German tin mines in Bolivia.[137] American firms in general were "co-operating in the policy of destroying German interests in South and Central America." But there was a danger in such cooperation: "American interests are at present likely to gain very largely, if not directly at our expense, at least by securing by far the larger share of the openings created." Therefore, "special attention" was needed "to maintaining and developing British interests."[138]

The DOT's interests dovetailed neatly with those of British business organizations, particularly the Federation of British Industries. The FBI was especially oriented toward cultivating export markets, a priority made clear by the organizational centrality of the Overseas Department and Committee in the FBI's directorate (see figure 1.3).[139] Before the DOT's creation,

[137] The Compania Alemana was a subsidiary of the Deutsche Uberseeische Electricitäts Gesellschaft. See William Spens, Memo A and Memo B, n.d. [March or April, 1918], TNA, BT 13/85 E 35466; F.G.A. Butler to William Spens, April 6, 1918, TNA, BT 13/85 E 35466.

[138] William Spens, Memorandum, n.d. [March, 1918], TNA, BT 13/85 E 35466.

[139] Report of Committee on Commercial Efficiency, September 1918, FBI, MRC, MSS.200/F/1/1/149. At the FBI, it was the "Overseas Trade Committee" that was tasked with liaising with the Department of Overseas Trade. At first, the Committee was controlled by Docker and his productioneer allies. Vincent Caillard was the committee's head and the body consistently supported the Foreign Office over the Board of Trade. However, some members of the Overseas Trade Committee had already worked with the Board of Trade. Algernon Firth was one of the industrialists who had authored the Board of Trade's report on Commercial Intelligence. Frank Gilbertson, another member, had managed Welsh steel orders for the government. Minutes of Consular Sub-Committee of the Executive Council, November 14, 1916, Papers of the Federation of British Industries, Modern Records Centre, University of Warwick,

FBI director Roland Nugent had urged Lloyd George to centralize and streamline state services related to overseas trade. The Germans, he noted, had "for a long period before and during the war" attended to such "economic objects", historically through the *Zollverein* and through new treaties. Nugent worried that after the war, Germany and its allies would be "in a state of advanced preparation to carry out a new practical scheme for the economic domination of Europe", while Britain lacked "the materials for framing and carrying into effect a policy designed to meet that of the Central Empires." It was therefore imperative that the British state centralize the various duties related to overseas trade, housed across the Foreign, Colonial, and India Offices, the Board of Trade, and the Treasury.[140] Moreover, any trade policy needed to be coordinated with the rest of the Empire.[141] The Department of Overseas Trade could do just that.

MSS.200/F/1/1/62, f. 1. The committee was renamed Overseas Trade (Consular) Committee the next near. Minutes of Consular Sub-Committee of the Executive Council, November 14, 1916, FBI Papers, MRC, MSS.200/F/1/1/62, f. 1.

[140] Roland Nugent to David Lloyd George, January 15, 1917, FBI, MRC, MSS.200/F/3/D1/2/19.

[141] Roland Nugent to David Lloyd George, March 6, 1917, FBI, MRC, MSS.200/F/3/D1/2/19.

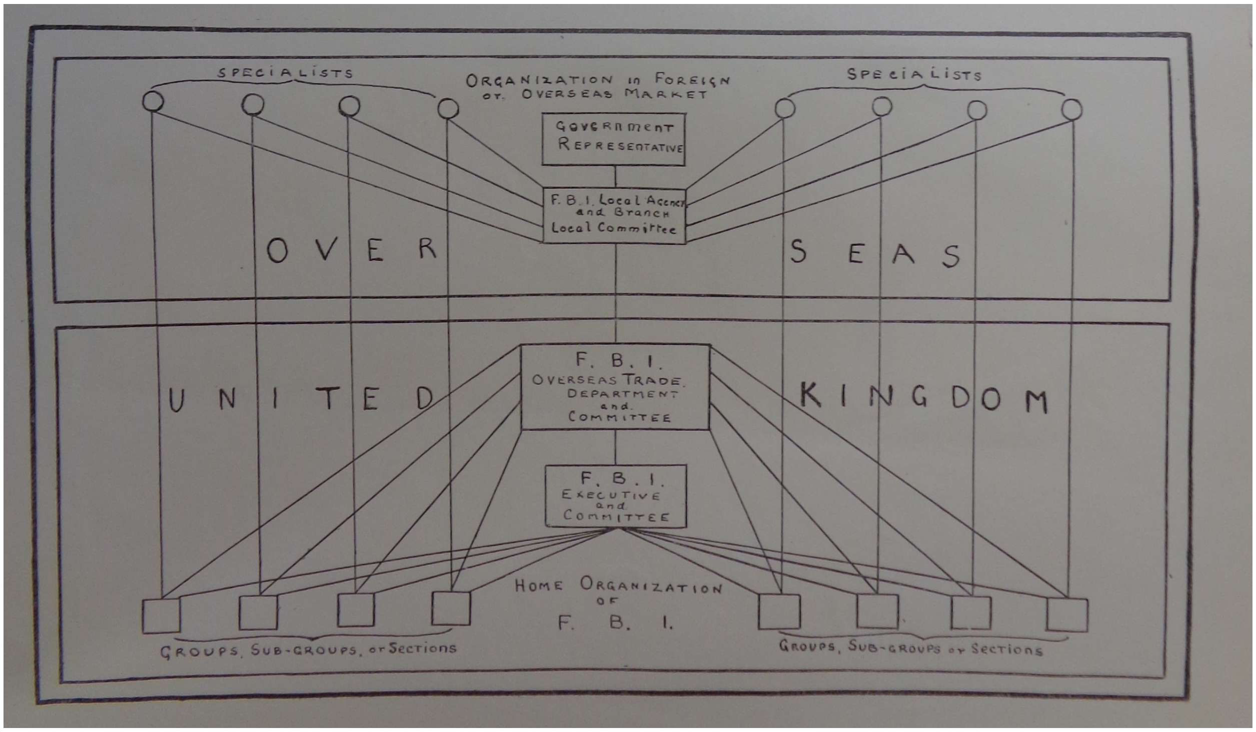

Figure 1.3: FBI Organizational Chart. From Report of Committee on Commercial Efficiency, September 1918, FBI, MRC, MSS.200/F/1/1/149, f. 145.

The FBI under Nugent was an organization of makers; its membership comprised tractor builders, shipbuilders, bicycle and train manufacturers, electrical goods producers, owners of textile mills, foundries, and massive assembly lines. As a group, it was firmly committed to the sort of export-led imperialism represented by the DOT. "Why should you interest yourself in export trade?" one FBI promotional pamphlet rhetorically asked. The answer was "national interest." The Federation had "received letters from correspondents abroad to the effect that members of the Federation have refused their orders, which have consequently gone to America." "Let there be no mistake," the pamphlet warned, "the material interests of the country depend almost entirely on our export trade. Our export trade is our life's blood." It was not just material prosperity at stake, but also geopolitical, imperial power. "Our competitors are up and doing; our pre-war markets are threatened, and in some cases won – let us hope only temporarily – by others. We must and shall recover these and by our workmanship and integrity extend our markets; but it is a case of every manufacturer, pre-war exporter or non-exporter, to the wheel."[142] Market extension was informal imperialism by another name.

The FBI greeted the Department of Overseas Trade as "a considerable step forward in the direction desired by the industrial and commercial community." In the early months of 1918, the FBI's Overseas Trade Committee met with the DOT's William Clark and Guy Locock.[143] Locock, a friend of Nugent's who had coordinated with the FBI since its inception, would soon leave the DOT to become the FBI's deputy director.[144] The cases of Locock and Nugent – who together with Charles Tennyson and Vincent Caillard's half-brother Maurice, constituted the FBI's "Director's Committee" – illustrate how the bond formed between business and the state during World War I persisted into the interwar.[145] Nugent had served the Foreign Office and the FBI (as director) simultaneously starting in 1916. Charles Tennyson was the Colonial Office official who had helped Nugent establish the Foreign Trade Department and was "something like the commercial expert of the [Colonial] office." Tennyson left state service to become Nugent's second-in-command at the FBI in 1917.[146] Both would receive £1,200 salaries, well above what they made working for the state.[147]

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[142] Pamphlet on the Overseas Service of the Federation of British Industries, 1920, FBI, MRC, MSS.200/F/4/35/3, pp. 31-33.

[143] Minutes of Overseas Trade (Consular) Committee, August 22, 1917, FBI, MRC, MSS.200/F/1/1/62, f. 20; Memo of Interview with Sir William Clark and Mr. Guy Locock, February 20, 1918, FBI, MRC, MSS.200/F/1/1/62, f. 78.

[144] Roland Nugent to Vincent Caillard, October 26, 1917, FBI, MRC, MSS.200/F/3/D1/2/2.

[145] On the Director's Committee, See FBI, MRC, MSS.200/F/3/D1/4/1.

[146] Tennyson had "the very flimsiest qualifications." Despite this, at the Colonial Office, he advised on "all questions which raised commercial issues." Tennyson, *Stars and Markets*, 116. See Roland Nugent to Richard Vassar Smith, October 26, 1917, FBI, MRC, MSS.200/F/3/D1/2/19. Tennyson was seconded "in order to act as an Assistant Director" in October 1917. See G.V. Fiddes to FBI, October 19, 1917, FBI, MRC, MSS.200/F/3/D1/7/6.

[147] Minutes of the Staff Committee, March 25, 1919, FBI, MRC, MSS.200/F/1/1/47, f. 21.

Relations between the DOT and FBI were close. Even before he joined the FBI full time, Locock regularly reported the DOT's plans to the FBI's Overseas Trade Committee. He also arranged for Sir Maurice de Bunsen, who had just completed an official government trade mission to South America, to report to the committee.[148] William Clark proposed that the DOT and the Federation jointly send representatives to Australia and New Zealand, Spain and Portugal.[149] There were formal agreements to share information about "statistics as to raw materials" and trade conditions.[150] In January 1919, Locock leveraged his contacts at the Foreign Office in a more direct way, prevailing upon them to speak with Romanians interested in contracts with FBI members during meetings in Paris.[151] One good turn deserved another. The FBI's Overseas Trade Committee pushed the Federation to "take a prominent and active part in insuring that the Treasury grant the necessary funds to the D.O.T."[152] "The Committee felt very strongly that the Federation should support by all means in its power the work of the Department of Overseas Trade."[153]

Despite industry's support, the DOT's position as a standalone agency was tenuous. While the Foreign Office kept it at arm's length, the Board of Trade was eager to subsume the DOT entirely, a desire that intensified when Auckland Geddes became the Board's president in 1919.[154]

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[148] Minutes of the Overseas Trade Committee, October 9, 1918, FBI, MRC, MSS.200/F/1/1/62, f. 118.

[149] Minutes of the Director's Committee, September 24, 1917, FBI, MRC, MSS.200/1/1/39; Minutes of Executive Council, February 2, 1917, FBI, MRC, MSS.200/F/1/1/5, f. 40.

[150] Minutes of the Director's Committee, May 27, 1918 and July 1, 1918, FBI, MRC, MSS.200/1/1/41, ff. 26-55.

[151] Minutes of the Overseas Trade Committee, January 24, 1919, FBI, MRC, MSS.200/F/1/1/63, f. 16.

[152] Memorandum, January 24, 1919, FBI, MRC, MSS.200.1/1/63, f. 23.

[153] Minutes of the Overseas Trade Committee, March 20, 1919, FBI, MRC, MSS.200/F/1/1/63, f. 34.

[154] The Machinery of Government Committee recommended the Board take over the DOT in 1918, a plan endorsed by then Minister of Reconstruction, Auckland Geddes. Report on Unemployment and the State of Trade, March 14, 1919, TNA, CAB 24/5/G237; Ministry of Reconstruction, *Report of the Machinery of Government Committee* [Cd. 9230], p. 37; Davenport-Hines, *Dudley Docker*, 136. Tensions bubbled over when yet another committee was constituted in 1919 to debate the status of the DOT. Wellesley, Geddes, and Hubert Llewellyn Smith appeared as

The Board of Trade ultimately prevailed. In 1921, Philip Lloyd-Graeme (later Philip Cunliffe-Lister, Earl of Swinton), who was committed to the ascendency of the Board of Trade, became leader of the DOT.[155] By the mid 1920s, the Department had become "completely an appendage" of the Board.[156]

By then, the Department of Overseas Trade had grown into a well-funded and widely lauded organ of the British state. By the early 1920s, Americans and Germans themselves had begun to take note of British state trade promotion schemes. One New York banker, P. Harvey Middleton, wrote in 1921 that "the British government, in conjunction within an ever-growing number of trading companies, industrial combinations and overseas banks," was engaged in "building up a colossal machine for the securing of trade in every part of the world."[157] The Department of Overseas Trade, in the American's description, "not only collects information but takes action in trade matters", and distributed information to British merchants and manufacturers. "Over twelve thousand British traders have already been brought into contact" through a system of confidential distribution.[158] The Department assembled massive reports on the trade and

witnesses, each arguing for the Foreign Office or Board of Trade's singular control of commercial policy. The committee recommended continued joint control, though the dispute pushed Steel-Maitland to resign. *Report of Committee to Examine the Question of Government Machinery for Dealing with Trade and Commerce* (London: HMSO, 1919) [Cmd. 319].

155 The Viscount Swinton, *I Remember* (London: Hutchinson & Co., 1946), 16. Steel-Maitland was replaced first by Hamar Greenwood, and then eight months later by Frank Kellaway, both of whom will appear in later chapters.

156 Homer, *The Department of Overseas Trade*, 204. On disputes, see Maisel, "The Department of Overseas Trade," 179-181.

157 P. Harvey Middleton was the assistant manager of the International Trade Department of the Guaranty Trust Company of New York. P. Harvey Middleton, "British Service for Trade Promotion and Information," *Proceedings of the Academy of Political Science in the City of New York* 9, no. 2 (February 1921), 147.

158 Ibid., 151.

commercial conditions of foreign markets.[159] As important, the Department had a "strong advisory council", with representatives of the major British industrial concerns. Certainly, manufactures "looking for fresh markets" were at the center of the DOT's commercial community.[160] The German *Weltwirtschaftliches Archiv* reported that the Federation of British Industries engaged in the "most intimate, fruitful relationships" with the DOT and wryly noted that British officials held up German cartels and trade associations as models to be imitated.[161]

The DOT's Advisory Committee – stacked with industrialists, many of whom were affiliated with the FBI – was firmly behind the work of the department. William Ellis, a director of John Brown and Co, a major shipbuilder and English Electric Co., "pointed out that the department had been formed in response to a continuous demand for Government assistance on the part of the British firms engaged in Overseas Trade." The department represented "a genuine attempt on the part of the Government to take an active interest in…overseas trade" and he felt that "there was a very considerable majority among the commercial community who would strongly support the continuance of the Department on its present lines."[162] The "present lines" amounted largely to a handout of free representation, information, and publicity. In 1919, the Department sent out almost 250,000 circulars to firms about trade openings.[163] It was promoting trade missions across Europe and South America, and its budget was growing. In 1920-1921, the

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[159] See, for instance, the country-level reports in Balfour Committee Minutes, 1924, The London School of Economics Special Collections, London, United Kingdom (hereafter LSE), COLL MISC 951/3.

[160] Middleton, "British Service for Trade Promotion," 155.

[161] "Die Bestrebungen der genannten „Federation" gehen...dahin, mit dem Oversea Trade Department in möglichst innige, fruchtbare Beziehungen zu treten". Siegmund Schilder, "Die amtliche Außungshandelsförderung seit dem Weltkrieg," *Weltwirtschaftliche Archiv* 16 (1920/1921), 259.

[162] Minutes of the 17th meeting, DOT Advisory Committee, April 20, 1921, TNA, BT 90/4.

[163] Minutes of 10th meeting, DOT Advisory Committee, December 5, 1919, TNA, BT 90/2.

Department spent £187,000 on administration, £150,000 on the commercial diplomatic service, and a further £55,000 on trade commissioners in imperial ports.[164] This was in addition to the millions of pounds of easy money that it administered as part of the export credit scheme, explored in the next chapter. There was a reason for all of this expansionary state involvement. Between 1919 and 1921, Britain saw 3,722 strikes, culminating in a major miner's strike in 1921, when unemployment crested above 12%. Widespread industrial unrest spoke to a more general economic and political uncertainty. And while government efforts to conciliate labor with capital through arbitration or formal bureaucratic mechanisms proved difficult and politically fraught, outright assistance to British industry's overseas position was uncontroversial.[165] By 1922, the DOT's London staff had grown to a peak figure of 626. The networked business-state, rendering active assistance to British industry, was on the rise.

Despite sweeping government cuts in the early 1920s, – which slashed the DOT's budget by 30% and cut staff in London by almost half – the Department came to occupy a well-appreciated role in the British economy over the decade.[166] It continued to connect British firms with commercial openings overseas; it advocated for British companies in the dominions, and it subsidized and organized a host of exhibitions and trade fairs, the most important of which was the annual British Industries Fair in London, a major gathering for overseas buyers. In a major 1929 report on Industry and Trade, the DOT received hearty praise. Thanks to the department, "British exporters have now at their disposal a means of obtaining from official sources information about foreign markets in a much more highly developed form than was the case a few

[164] Ibid.

[165] Middlemas, *Politics in Industrial Society*, chapter 5, particularly 162-163.

[166] Homer, *The Department of Overseas Trade*, 227-235.

years ago."[167] After examining "with particular care" "a large amount of evidence regarding the work of the department from the representatives of the most important industries and trade organizations", the report concluded "that the work performed by the Department of Overseas Trade has a great and recognised value to British trade and industry." The Association of British Chambers of Commerce avowed that the department had "rendered great services to the industry and commerce of the country. Such an organisation," they contended, "is an essential part of the Government service". The FBI, for its part, contended that "the cost to industry would be very much greater if the department did not exist." "The limit of the department's usefulness has not by any means been reached", the report concluded. Its authors were eager "to see its services further developed and much more widely utilised."[168] In short, by the end of the 1920s, the DOT's place in the British state was secure.

CONCLUSION

In J.A. Hobson's rendering, imperial rapaciousness was an outgrowth of surplus capacity. Industrial capitalism at home drove colonization and domination abroad. When Hobson first published his theory in 1902, he could look back over decades of formal imperial growth. But in the aftermath of World War I, formal colonial expansion was no longer politically feasible. The result was that Britain's state support for commercial imperialism took a different form: the active promotion of overseas trade.[169] And though Hobson may have objected to such a policy, for business leaders and civil servants, there was little moral ambiguity. The organized promotion of

[167] Final Report of the Committee on Industry and Trade (London: HMSO, 1929) [Cmd. 3282], 171-173.

[168] Ibid., 172-173.

[169] J.A. Hobson, *Imperialism: A Study* (New York: James Pott and Co., 1902).

overseas trade was an unobjectionable compromise between free traders and tariff advocates in the business community. It was a way to help British exporters without violating the sacred principles of Free Trade. Those principles – so far as they included open competition – may not have been crossed, but they were certainly bent. Through its Overseas Trade branch, the Federation of British Industries was taking on the German principles that had been so condemned before the war; inside Britain, British firms might compete with one another, but outside Britain, they were partners in a shared venture. More strikingly, the principles were being bent by the British state itself. For the state was an eager booster and facilitator of this cooperation. The Board of Trade and the Department of Overseas Trade called repeatedly for the formation of export associations by private firms; they sent trade missions abroad; and passed officially collected information to firms and industry groups. There was then, in the waning years of the 1910s and the early years of the 1920s, a profound and powerful transformation in the commercial role of the British state.

The state had, of course, long been responsible for negotiating and enforcing commercial treaties. Moreover, as legal scholars have noted, law had always implicated the state in business activities.[170] Through this lens, the state – even the laissez-faire British state of the 19th century – facilitated and maintained British trade. To many historians, this involvement amounted to support of British hegemony.[171] By other accounts, the commitment to free trade itself was a charade, an invention of politicians and political commentators that was, by turns, convenient and then essential to believe.[172]

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170 See, e.g. Curtis J. Milhaupt and Katharina Pistor, *Law and Capitalism: What Corporate Crises Reveal about Legal Systems and Economic Development around the World* (Chicago: University of Chicago Press, 2008); Christine Desan, *Making Money: Coin, Currency, and the Coming of Capitalism* (Oxford: Oxford University Press, 2015).

171 See, most famously, Gallagher and Robinson, "The Imperialism of Free Trade."

172 Nye, "The Myth of Free-Trade Britain and Fortress France."

But the state's involvement in the economic life of business fundamentally changed in 1917. For in 1917, when the Department of Overseas Trade was born, the state firmly and openly committed itself as a matter of policy to boosting British business over the business of other nations. 1917 was a turning point, though one that passed unnoticed by the vast majority of Britons, who were oblivious to the machinations of the British administrative state, and much more concerned with the more spectacular developments of the day. These were, after all, dramatic times. January 1917, when the Board of Trade-Foreign Office Joint Committee was appointed, was the month that the Zimmerman telegraph was intercepted and Woodrow Wilson gave his Peace Without Victory speech. In December, when the DOT was officially born, the offensive at Passchendaele had just ended, the Battle of Cambrai was underway, and the Russians signed an armistice with the central powers.

But not everyone missed the significance of 1917. William Clark, at least, certainly saw it as a turning point for the British state, if not for free trade. Writing six years later in *The Journal of Public Administration* – a publication targeted at civil servants – Clark noted that the DOT undertook an unusual function for a state: "the function merely of rendering assistance, by the supply of information and in other ways, to citizens of the State." Such a function was strange; it was "looked upon a little askance by other departments perhaps somewhat abnormal, something not wholly consistent with the soundest traditions of the public service." In fact, "the question whether assistance to trade is or is not a proper activity for a modern State" was a very real one to Clark. Was "such a department, a department whose sole function is to promote the development of trade, a luxury, something otiose in the body politic, or has it become an essential part of the administrative machine?"[173]

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[173] Clark, "Government and the Promotion of Trade," 22-23.

It was a question to which Clark, unsurprisingly, had an answer. The DOT was necessary, even if the sort of state activity in which it engaged was relatively new. After all, during the long 19th century, the British state had embraced an ideology of laissez-faire non-involvement, an approach that suited the time. In the Victorian period, Britain excelled; "Never had a nation had such an opportunity as fell to Great Britain in the nineteenth century; never had an opportunity been more magnificently seized." For Clark, British 19th century prosperity was not *due* to a laissez-faire state, rather it *enabled* the laissez-faire state. "Without in any sense undervaluing the service done to commercial enterprise by the removal of all restrictions on its liberty, that the extremer manifestations of the *laissez-faire* doctrine were a reflection of abnormal prosperity rather than its cause."[174] Times changed with the war. Britain confronted a new geopolitical reality and new state services were required. Some, Clark admitted, might worry that the passing of laissez-faire would entail a return to the mercantilism of old. Clark was more sanguine. "Recent experience, I think we may claim, has shown that the new policy need imply no impairment of self-reliance or interference in the private citizen's affairs." For Clark, "the change from the past age is simply this, that we recognize now a situation which requires the best efforts of individual and State alike, acting in closest co-operation, a situation in which the State can no longer refuse to take a hand."[175]

The Department of Overseas Trade tore down any pretense that the British state refrained from fixing the market, that it was neutral or disinterested. It was, in short, a clear instantiation of a burgeoning business-state. As Clark concluded in his essay, "the game has become one in which no points can be thrown away"; the state could not afford to let private industry limp along without

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[174] Ibid., 27-28.

[175] Ibid., 34.

assistance.[176] The wartime creation of the Department of Overseas Trade marked a fundamental change in the meaning of free trade. Whereas before the war, free trade connoted an official state commitment to stay out of the private market, afterwards it simply meant an absence of trade controls.[177] In this new regime, the state actively tempered competition between British firms in the same industry and honed the competitive edge of British businesses operating overseas.[178] The age of "imperialism of free trade" had passed. The state, turning from the imperialism of free trade, embraced an imperialism of supported trade.

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[176] Ibid.

[177] On this period, see Trentmann, *Free Trade Nation*, chapters 5 and 6, the latter of which is evocatively titled "Losing Interest." Trentmann chronicles the waning enthusiasm for free trade, noting that many liberals sought to extend the wartime system of inter-allied cooperation and international trade management. This trend was exacerbated by the split in the Liberal party. Howe, *Free Trade and Liberal England*, chapter 8.

[178] By the 1950s, the Foreign Office itself was "the front line of the Board of Trade in foreign lands" and about a third of Foreign Office work was "economic, commercial or financial in character". John Fisher, Effie G.H. Pedaliu, and Richard Smith, "Introduction", in Fisher, Pedaliu, and Smith, eds., *The Foreign Office,* 7; Lord Strang, *The Foreign Office* (London: George Allen & Unwin, 1955), 39.

Chapter 2

"A few millions were neither here nor there":
Credit, Exports, and an Empire of Commerce

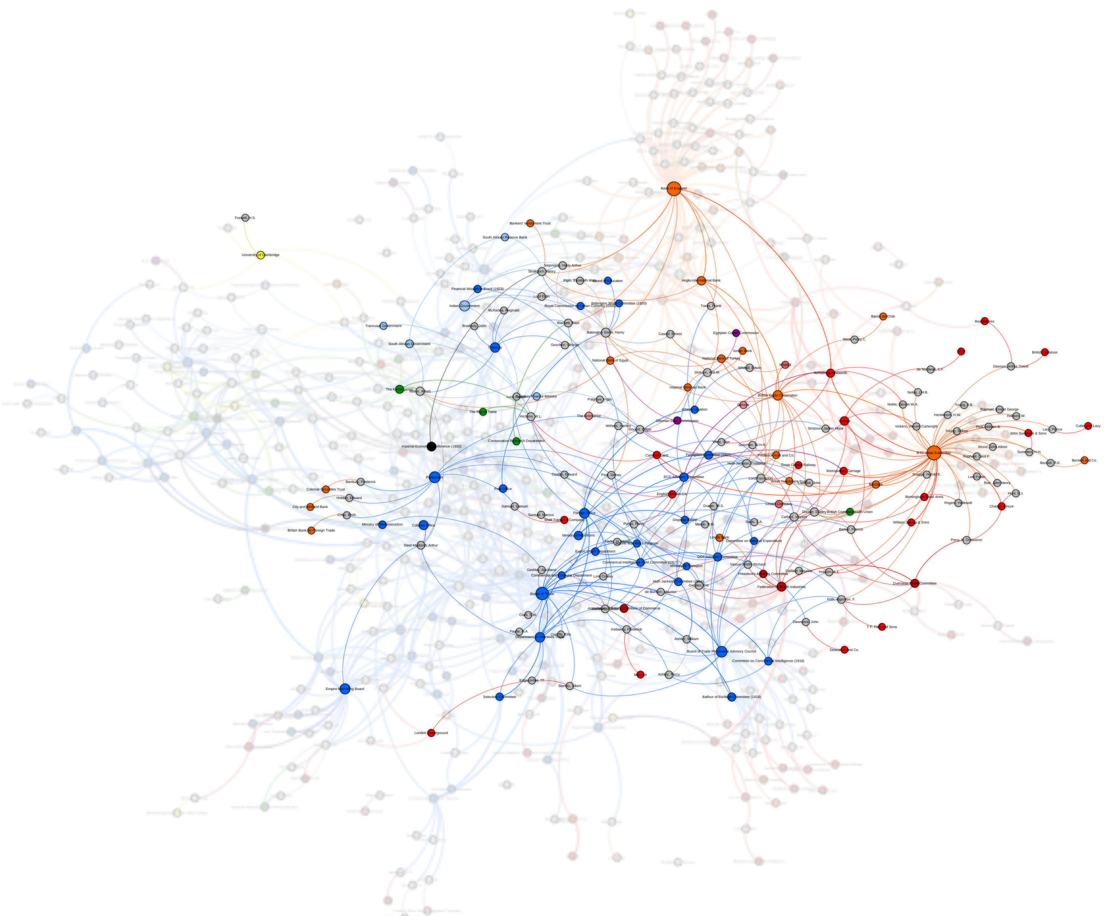

Figure 2.1: Network Visualization of the Business-State, Chapter 2. This graph features the 74 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In 1920, a batch of freshly manufactured railway wagons worth nearly half a million pounds left Birmingham for Central Europe. The buyer was the government of the newly-created Czechoslovakia. The seller was the Metropolitan Carriage Wagon and Finance Company, a firm run by Dudley Docker and mostly owned by the major armaments company Vickers.[1] A few months later, a different shipment, of 626 British "mechanical vehicles and £35,000 worth of Spare Parts" left for Serbia, this time from the British supply depot in Salonika, in Greece.[2] The buyer was again the government of a state emerging from German economic influence. The seller was another company closely involved with the arms trade, Vickers, and Docker.

The British state facilitated and financed both sales. The vehicles from Salonika were sold by the British Trade Corporation, a bank that had been orchestrated into existence by officials at the Board of Trade and furnished with the lucrative contract to dispose of millions of pounds worth of war materiel left by the army in Greece. The other sale, to the Czechoslovakians, depended even more directly on state assistance. To stimulate the export of British heavy manufactures, the Department of Overseas Trade (DOT), through a new "Export Credit Scheme", had authorized simply handing Metropolitan Carriage, Wagon, and Finance Company a cash advance worth hundreds of thousands of pounds to cover production and shipping costs.[3] These transactions relied on a network of industrialists, international arms dealers, and financiers who reaped material rewards from their friendships in Whitehall. More significantly, the transactions signaled a major

[1] Export Credits Advisory Committee, Minutes of 5th meeting, December 22, 1919, The National Archives, Kew, United Kingdom (hereafter TNA), ECG 1/1. Metropolitan Carriage had collaborated with Vickers in the acquisition of British Westinghouse in 1917 and was itself essentially taken over by Vickers in 1919. At this point, British Westinghouse was renamed Metropolitan-Vickers.

[2] Report on Salonica Area, June 22, 1920, TNA, MUN 4/5985.

[3] Export Credits Advisory Committee, Minutes of 1st meeting, September 23, 1919, TNA, ECG 1/1.

shift in the state's economic stance: from laissez-faire liberalism to active support of big business, especially export-oriented heavy industry.

In the late 1910s and early 1920s, because of transactions like this, the British state entered the world of finance in an unprecedented way. Though British overseas finance had long been understood as largely outside state oversight, the conditions of World War I gave rise to a bank explicitly modeled on German state-led public-private partnerships and to a large public fund that provided cheap credit to British exporters. In both projects, the state actively encouraged and subsidized the activities of British traders and industrial producers. These new experiments in finance were expansively imperial in their reach and ambition. They were designed to push British influence overseas, especially in parts of the informal empire: the Middle East, the Balkans, the Baltic, and South America. Moreover, they drew extensively on trading, financial, and managerial expertise gained in the Empire.

They were also evidence of a changing, growing domestic state. Both the British Trade Corporation and the Export Credit Scheme reflected concerted moves to overturn longstanding hierarchies in British society and the British state. Over the long 19th century, British manufacturing interests had received ever less attention from the civil servants and politicians determining British foreign policy. They had also received less interest from British financiers, who found more profitable investments overseas. In the boom years before World War I, Britain grew wealthy off *invisible* exports – shipping, communications, and financial services – and overseas investment. In the late 19th century, between 5 and 8% of Britain's GNP each year was invested overseas; an estimated one third of British wealth was in overseas assets at the outbreak of the war.[4] In the pre-war imperial world, "gentlemanly capitalism" reigned supreme; industrialists played second fiddle to bankers in power and prestige.[5]

By contrast, the British Trade Corporation (BTC) was an institution of manufacturers, especially armament-makers and other heavy industrialists: producers of real, physical goods.[6] Over the course of a war that depended on heavy machinery, British industry accumulated unprecedented political clout and influence, which drove the creation of the BTC over the loud objections of London's financial establishment. The BTC was thus a triumph of northern industrial lobbying, reflecting the new power of industry, both in London and in British society.[7] The durability of that power was confirmed by the Export Credit Scheme and the accompanying Trade Facilities Act in 1921. Together, the official trade promotion schemes firmly entrenched a wartime attitude within the postwar British state. The close wartime cooperation between industrialists – particularly arms producers – and the administrative state was calcified into new departments and initiatives that would far outlast the war, permanently joining public and private into the business-

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[4] John Darwin, *The Empire Project: The Rise and Fall of the British World System, 1830-1970* (Cambridge: Cambridge University Press, 2009), 370-373; Michael Edelstein, *Overseas Investment in the Age of High Imperialism: The United Kingdom, 1850-1914* (New York: Columbia University Press, 1982), especially chapters 1 and 13; Lance E. Davis and Robert A. Huttenback, *Mammon and the Pursuit of Empire: The Political Economy of British Imperialism, 1860–1912* (Cambridge: Cambridge University Press, 1986); Adam Tooze and Ted Fertik, "The World Economy and the Great War," *Geschichte und Gesellschaft* 40 (2014): 214-238.

[5] P.J. Cain and A.G. Hopkins, "Gentlemanly Capitalism and British Expansion Overseas II: New Imperialism, 1850-1945," *Economic History Review* 40, no. 1 (1987): 1-26; Martin Wiener, *English Culture and the Decline of the Industrial Spirit, 1850-1980* (Cambridge: Cambridge University Press, 2004).

[6] On the importance of arms manufacturers and the arms export business, see David Edgerton, *Warfare State: Britain, 1920-1970* (Cambridge: Cambridge University Press, 2006), chapter 1.

[7] C.f. P.J. Cain and A.G. Hopkins, *British Imperialism: Crisis and Deconstruction 1914-1990* (London: Longman, 1993), chapter 2; Robert W.D. Boyce, *British Capitalism at the Crossroads, 1919-1932* (Cambridge: Cambridge University Press, 1988). On industry, see Keith Middlemas, *Politics in Industrial Society: The Experience of Britain Since 1911* (New York: Harper Collins, 1979); S.H. Armitage, *The Politics of Decontrol of Industry: Britain and the United States* (London: Weidenfeld and Nicolson, 1969).

state. The drive for new markets ensured that after the war the state's economic role would remain permanently enlarged.

FOUNDING a BRITISH DEUTSCHE BANK

As with so many other state initiatives, the British Trade Corporation was born in committee.[8] In 1916, British trade was in crisis; exports had fallen by almost a third between 1913 and 1915.[9] In response the Board of Trade formed a committee, chaired by Frederick Huth Jackson, a prominent banker who had worked with the Board of Trade on wartime shipping insurance.[10] After twenty meetings and thirty witnesses, the committee concluded that British commerce had been in danger even before the war, falling prey to German competitive tactics and American persistence. The committee proposed state intervention, principally in the form of a revamped system of overseas commercial representation, which grew into the Department of Overseas Trade.[11] But the Huth Jackson Committee was even more adamant about another recommendation: the creation of a new institution to finance large overseas contracts. For trade required money, and though London was still the world's financial capital, British exporters frequently had trouble securing loans to pay for the shipment of their goods abroad. Either the profits involved were too small to interest big British banks, or the risks involved in exporting

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[8] On committees and the state, see Anthony Sampson, *Anatomy of Britain* (New York: Harper and Row, 1962), chapter 15.

[9] Werner Schlote, *British Overseas Trade from 1700 to the 1930s* (Oxford: Basil Blackwell, 1952), 134-135.

[10] Report of Sub-Committee of the Committee of Imperial Defence to deal with War Insurance, April 30, 1914, TNA, T 171/91; G. Barnes to John Bradbury, June 14, 1915, TNA, BT 13/64, E 28235; Departmental Committee on Trade Relations, First Report, April 20, 1916, TNA, BT 55/121. Notably, the most prominent economist on the committee, William Ashley, was the brother of Board of Trade official Percy Ashley.

[11] Departmental Committee on Trade Relations, Third Report, n.d., TNA, BT 55/121.

during the war, especially to volatile regions, were too great.[12] There was “urgent need for action”; the creation of a trade bank, the committee contended, “should be examined by a special expert committee” to be appointed immediately.[13]

This *new* committee, “Appointed to Investigate the Question of Financial Facilities for Trade”, was formed a month later and again, Board officials – particularly William Clark – turned to a trusted financier to lead it.[14] Lord Faringdon made his fortune in railroads, first in Argentina and Uruguay, then in Spain and Britain, and finally in Africa.[15] Through these ventures, he had become an ardent imperialist, committed to the state actively working to expand British commerce overseas. A fierce defender of imperial preference, Faringdon had also been a driving force behind the 1909 foundation of the National Bank of Turkey, whose aim was to extend British influence in the Middle East.[16] Clark rightly surmised that an imperial trade bank was sure to appeal to him. In selecting the other committee members, Faringdon and Clark chose people they knew to support British industry and those with whom they had previous dealings. To ensure continuity with the Huth Jackson Committee, they tapped Frederick Huth Jackson himself, along with James Hope Simpson, a Liverpool banker with experience in Egypt who had provided sympathetic testimony.

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[12] Geoffrey Jones, *British Multinational Banking, 1830-1990* (Oxford: Oxford University Press, 1995), 223; *Financial Facilities for Trade: Report to the Board of Trade* (London: HMSO, 1916), [Cd. 8346], 4. On the lack of investment in British industry, see Edelstein, *Overseas Investment*, who contends that “one of the important pressures impelling the high rate of foreign investment after 1870 was the slowing opportunities for domestic U.K. investment”, 310.

[13] Departmental Committee on Trade Relations, First Report, April 20, 1916, TNA, BT 55/121, pp. 7-8.

[14] Percy Ashley to Basil Blackett, June 7, 1916, TNA, T 1/12057/29783.

[15] David Wainwright, *Henderson: A History of the Life of Alexander Henderson, first Lord Faringdon, and of Henderson Administration* (London: Quiller Press, 1985), chapters 2 and 3.

[16] See Faringdon’s dissent, Final Report of the Committee on Commercial and Industrial Policy after the War, (London: HMSO, 1918) [Cd. 9035], pp. 67-68; Wainwright, *Henderson*, chapter 5.

Hartley Withers, the secretary of the first committee, reprised his role for the second.[17] Other members were ardent imperialists and enthusiasts for British business. Two – Richard Vassar-Smith, the director of Lloyd's bank, and his friend Dudley Docker – had been driving forces behind the 1916 establishment of the Federation of British Industries.[18]

At the committee's preliminary meeting, Faringdon rhapsodized about the Huth Jackson report and read four paragraphs of it into the record, setting the tone for a carefully selected group of men to affirm state support for overseas British business.[19] The spirit of wartime cooperation was pushing many in industry and in government toward a new model of industrial activity. Whereas laissez-faire competition had been the watchword of the *Pax Britannica* of the long 19th century, two years into war with Germany, industrialists were working together in the service of the wartime state, producing war materiel under the loose leadership of new Whitehall ministries: Munitions, Food, Supply, Shipping. They were also contemplating state-led cooperation abroad: Docker, for instance, was all in favor of "the elimination of excessive competition between British firms" operating overseas.[20] After all, there was a notable "decline of British firms abroad while the Germans seem to have increased everywhere." Even in Rio de Janeiro, there was "not a single English shop in the whole place."[21]

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[17] Financial Facilities for Trade (Faringdon) Committee, Minutes of Preliminary Meeting, June, 27, 1916, TNA, BT 55/32, FFT1. Withers would soon become the editor of the *Economist.* Ruth Dudley Edwards, *The Pursuit of Reason:* The Economist *1843-1993* (London: Hamish Hamilton, 1993), 568.

[18] See Richard Davenport-Hines, *Dudley Docker: The Life and Times of a Trade Warrior* (Cambridge: Cambridge University Press, 1984), chapter 7.

[19] Financial Facilities for Trade (Faringdon) Committee, Minutes of Preliminary Meeting, June 27, 1916, TNA, BT 55/32, FFT1.

[20] Dudley Docker's Speech at the General Meeting, March 2, 1917, Modern Records Centre, University of Warwick, Coventry, UK (hereafter MRC), MSS.200/F/6/1/6, p. 11.

[21] Financial Facilities for Trade (Faringdon) Committee, Minutes of Preliminary Meeting, June 27, 1916, TNA, BT 55/32, FFT1.

Ironically, much of the inspiration for state-led cooperation was Germany itself, whose state encouraged close cooperation between banks and industrial exporters.[22] Such cooperation was unheard of in Britain. In Britain, according to Faringdon, when the opportunity for a major trade deal arose:

> there is no financial institution…[that] would say, Here are a couple of millions of money for you in order that this contract may be placed with a British manufacturer. The Deutsche Bank and their friends did that operation in that way. They said, Give the order for the machinery to the Allgemeine Company and we will provide the money.[23]

What was needed was a British analog to the Deutsche Bank. The solution to shrinking British market share was to establish an institution on the German model, with extensive state support. "It was absolutely essential", for instance, that it should be in "close touch with an improved Consular Service."[24] Therefore, the committee sought witnesses to elucidate the operation of German overseas trade finance. Faringdon knew just whom to ask, having recently received a memo on German conglomerates by a former agent of the conglomerate Allgemeine Electricitäts Gesellschaft [AEG]. Faringdon's source for the memo was the agent's new employer: Vickers's managing director Vincent Caillard, himself an ardent imperialist and a founding figure of the

[22] See Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1969, 9; 56-58. On the German system, see Karl Christian Schaefer, *Deutsche Portfolioinvestitionen im Ausland 1870-1914* (Münster: Lit Verlag, 1995); Norbert Horn and Jürgen Kocka, eds., *Recht und Entwicklung der Großunternehmen im 19. und frühen 20. Jahrhundert* (Göttingen: Vandenhoeck & Ruprecht, 1979). On German state cooperation with private companies to distribute news overseas (for economic and geopolitical ends), see Heidi J.S. Tworek, *News from Germany: The Competition to Control World Communications, 1900-1945* (Cambridge: Harvard University Press, 2019), especially chapters 2 and 8.

[23] Financial Facilities for Trade (Faringdon) Committee, Minutes of Preliminary Meeting, June 27, 1916, TNA, BT 55/32, FFT1.

[24] Ibid. See also David Kynaston, *The City of London*, vol. III (London: Chatto and Windus, 1999), 40.

FBI.[25] On July 5th, Caillard and the agent, Baron C.F. de Nordwall, presented themselves as witnesses to the committee.[26]

But before Nordwall could get in a word, Caillard launched into a prepared statement, stressing "the immense importance of Government support abroad for foreign enterprise undertaken by British Industrials."[27] The British state had been frustratingly complacent in its laissez-faire attitude toward British enterprises competing in markets abroad. Like Faringdon, Caillard had come to this view earlier in his career, while in the Middle East, where he was involved in negotiations to build the Baghdad Railway, a "very important industrial enterprise" whose contract had been lost to German interests.[28] Caillard had been in the Ottoman Empire "to inspire the Government confidence" and secure official British support. But he was "met with blank refusal; they would give me no support whatever." Whitehall – specifically the Foreign Office – refused to get involved, claiming, "it was a question for British financiers to go into on its own merits". Caillard's plaints found a willing audience in Faringdon, who purportedly blamed the Foreign Office for the loss of £150,000 of his own money due to the latter's disregard for British interests in the Ottoman Empire.[29] Though it took place in the 1880s, the experience in the Middle East had stayed with Caillard. "I do not think," he noted, "the policy of the British Government had changed much before the War since that time." German policy, by contrast, "was

[25] Basil Zaharoff to Caillard, July 16, 1916, TNA, FO 1093/50, f. 151.

[26] Another key witness was the financier and Bank of England director Frank Tiarks.

[27] Evidence of Caillard and de Nordwall, July 5, 1916, TNA, BT 55/32, FFT1.

[28] Murat Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire: Industrialization, Imperial Germany and the Middle East* (London: I.B. Taurus, 2016). On Caillard, see pp. 11 and 27.

[29] Minute by Victor Wellesley, April 26, 1917, TNA, FO 368/1855/83820/f2049, cited in James Francis Xavier Homer, *Foreign Trade and Foreign Policy: The British Department of Overseas Trade, 1916-1922*, PhD Dissertation, University of Virginia, 1971, 120. The claim of "no" support was a stretch. See Özyüksel, *The Berlin-Baghdad Railway*, 36.

always exactly the opposite." In the case of the Baghdad Railway, Berlin was proactive in support of German interests. The Kaiser even telegraphed the Sultan about the matter, and the results were a major contract and geopolitical coup.[30]

Caillard sought a profound reorientation of the British state toward industry. He wanted the state to actively support British business, to move away from a doctrinaire commitment to laissez-faire, especially in overseas markets in which Britain sought to extend its influence. There, he imagined imperialism taking on a much more hard-headed, businesslike approach, one that as head of Vickers, he knew well. Caillard called, in short, for the British state to take the needs of British industry seriously. Caillard had a point. Before World War I, less than 10% of new issues in London went to finance British industry, the rest going to the rest of the world.[31] Caillard wanted "moral and technical support" of the sort that the German government habitually arranged for its companies. He wanted the state to forge connections between financiers and businessmen. Even beyond that, Caillard wanted to change a mindset endemic in London: one that prized finance over productive manufacturing.[32] Somewhat ironically, greater state support for industry would entail deeper involvement in finance. Caillard envisioned a London in the future – much like Berlin of the present – in which British capital gave British industry and British workers preferential treatment. "I remember a loan" to Argentina, Caillard declared, "on which I went to see a very first-rate British financier." "I put before him that it was very unfair that this money should be raised in England that the whole of it should be spent abroad." The response was predictable: "He

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[30] Evidence of Caillard and de Nordwall, July 5, 1916, TNA, BT 55/32, FFT1.

[31] See H.S. Foxwell, "The Financing of Industry and Trade," *The Economic Journal* 27, no. 108 (December 1917): 509.

[32] Cain and Hopkins, "Gentlemanly Capitalism and British Expansion Overseas II"; Wiener, *Decline of the Industrial Spirit*.

said, That does not matter to us; we make our commission, the British public gets a good investment, and we do not care about British industry. That," Caillard concluded, "is the spirit which I should like to see changed."[33]

Caillard's words would be heresy in the City, but they captured the feeling in the room. The wartime spirit was sufficiently powerful to subordinate the internationalism of London's financial might to the nationalism of the industrial north and midlands. As the supportive Cambridge economist H.S. Foxwell put it, "after all, the financing of industry and trade should be the main business of banking, using that term in its broader sense." The banking system's "chief care" was to place the "savings of the community…at the disposal of its own industry and trade."[34] The exigencies of war were also powerful enough to disrupt the long-standing tradition of non-interference by the British state. After all, the state had already crossed a hundred bright lines in its efforts to reorganize the British economy to serve the war effort. The boundary between private and public was dissolving by the day, as David Lloyd George continued to recruit scores of British industrialists to serve as administrators of the wartime state, not only in his own Ministry of Munitions, but also in the Ministries of Transport and Food and even the Board of Trade itself.[35] In the case of trade promotion, using the enemy's own tactics against it seemed highly appropriate. And the emergency of war made such an act necessary: laissez-faire informal empire was too informal for the circumstances.

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[33] Evidence of Caillard and de Nordwall, July 5, 1916, TNA, BT 55/32, FFT1; Kynaston, *The City of London,* vol. III, 40.

[34] Foxwell, "The Financing of Industry and Trade."

[35] Peter Hennessy, *Whitehall* (London: Secker and Warburg, 1989), chapter 2; Middlemas, *Politics in Industrial Society*; E.M.H. Lloyd, *Experiments in State Control* (Oxford: Clarendon, 1924); Roy Hattersley, *David Lloyd George: The Great Outsider* (London: Little, Brown, 2010), chapters 25 and 26.

Less than a month later, Basil Blackett, the Treasury's representative on the Faringdon Committee, "reported unofficially that the Committee would probably propose a British Trade Bank with [£]10,000,000 capital, somewhat on the lines of the Deutsche Bank."[36] The committee called for Britain to take a more active approach to the economic imperialism of the pre-war period, especially in contested regions. As its final report noted in September, "if industry is to be extended it is essential that British products should be *pushed,* and manufacturers, merchants and bankers must combine to push them."[37] The idea was that the bank, with state backing, would "coordinate the machinery" of overseas business. Moreover, it would be "an agent for carrying through foreign commercial and financial transactions" on behalf of the government.[38] The committee wanted "some very clear marks of Govt support + approval, + indeed something in the nature of a monopoly." There was talk of a royal charter.[39]

Blackett reluctantly endorsed this last plan. "The ordinary Treasury objections to new charters", he noted, were not "particularly strong in this case." Those objections were motivated by the tenets of laissez-faire liberalism. Chartering a bank amounted, in the so-called Treasury view, to interfering in an arena outside the legitimate sphere of state action. These objections were entrenched; the last time the state had approved a new banking charter was for the Imperial Bank of Persia in 1889 as a geopolitical tool. But times had changed. John Bradbury, the Treasury's permanent secretary and chief enforcer of the "Treasury view", wrote to the Chancellor of the

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[36] Memorandum on the British Trade Corporation, April 15, 1917, TNA, T 1/12057/29783.

[37] Emphasis original. Cited in Davenport-Hines, *Dudley Docker,* 137.

[38] Report to the Board of Trade by the Committee Appointed to Investigate the Question of Financial Facilities for Trade (London: HMSO, 1916), [Cd. 8346], p. 7.

[39] Blackett to Bradbury, August 4, 1916, TNA, T 1/12057/29783.

Exchequer to equally reluctantly endorse the plan. The old Treasury principles of non-interference, according to Bradbury, were:

> what I fear must now be regarded as the obsolete theory, that trade, industry and finance will be healthy and prosperous in direct proportion to the degree in which a fair field and no favour is offered to all adventurers and in inverse proportion to the degree in which the State interferes with their operations.[40]

Bradbury saw the horizon of a new era in British state relations with private enterprise, not yet the "nanny state", but the "grandmother state". "We are about to enter," he predicted, "an epoch of grandmotherly direction of commercial activity by Government Departments." And though Bradbury greeted this era through gritted teeth, he accepted it. "Public opinion is, at the moment, desperately in love with pre-war German ideals, and the only hope of securing the return to old-fashioned British sanity is a pretty free indulgence in experiments upon the other lines." For Bradbury, the semi-private British Trade Corporation was the best outcome in a difficult situation – far preferable to direct state control. "If there is to be [a] British 'Deutsche' Bank", he wrote, it was best to grant it a charter, as "in the present state of public opinion I am not sanguine as to the possibilities of strangling the infant at its birth – its proper fate".[41] The Chancellor duly agreed.

A royally chartered company was not a state agency, but granting a royal charter was itself a significant state action. It had been "many years since the Crown has been asked to exercise its Royal Prerogative of granting a Royal Charter to a Trading Corporation having objects so extensive and far-reaching," the Board of Trade's solicitor wrote, and the impacts of taking such an action required "<u>very serious consideration</u>."[42] A royal charter meant a clear connection with

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[40] Bradbury to Reginald McKenna, August 5, 1916, TNA, T 1/12057/29783.

[41] Ibid.

[42] Ellis Cunliffe, Memorandum, January 7, 1917, TNA, BT 13/83, E 34665, f. 174.

the state. Though Blackett, Hubert Llewellyn Smith, William Clark, and Victor Wellesley agreed that the government should not appoint the BTC's directors (doing so would "at once make the Institution a Government undertaking") senior civil servants were anxious to exert some formal control over the BTC.[43] They determined that the "Chairman and the first Board of Directors should be approved by His Majesty's Government, and that the Chairman should give his personal undertaking on behalf of the Bank to abstain from any operations that ran counter to Government policy."[44] Faringdon, who was to be the BTC's first chairman, readily concurred.[45]

Unlike their counterparts at the Treasury, Board of Trade officials were enthusiastic about German-style economic engagement. In drafting the memorandum of association of the BTC, the Board referred to the constitutions of the German D-Banks (Deutsche, Dresdner, and the Diskonto Gesellschaft).[46] For Board officials, a key deficiency of British banking, "as compared with the German is the lack of organized cooperation between finance and industry". As William Clark put it, there was "clearly room for a new institution in which co-operation between finance and industry will be a recognised feature from the start."[47] That institution was the BTC. Such an institution was demanded, according to the Board of Trade's new president, Albert Stanley, by the requirements of postwar economic recovery. The "Government had been engaged for long past [sic.] on reconstruction" and Stanley, though "strongly in favour of private enterprise", "was

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[43] William H. Clark, Memo on Interdepartmental Conference, November 16, 1916, TNA, T 1/12057/29783.

[44] Ibid.

[45] See Arthur Stanley to Lord Faringdon, January 4, 1917, TNA, BT 13/83, E 34665, f. 446; Lord Faringdon to Arthur Stanley, January 5, 1917, TNA, BT 13/83, E 34665, f. 452.

[46] Memorandum on BTC, May 30, 1917, TNA, BT 13/83, E 34664, f. 94.

[47] William H. Clark, "General Case for an Institution such as the British Trade Corporation," May 11, 1917, TNA, BT 13/83, E 34665, f. 119; Foxwell, "The Financing of Industry and Trade."

personally especially anxious about the position [of British industry] after the war."[48] By early 1917, Clark and other Board of Trade officials had gone through the BTC's draft charter with a fine-tooth comb.[49] Administrators from its permanent secretary down worked to clear the hurdles in the way of the BTC's formation, convincing their skeptical counterparts (particularly Victor Wellesley) at the Foreign Office, and on April 14th, the Royal Charter was finally secured.[50]

The action then shifted to bankers and businessmen, the proposed board of directors responsible for drumming up private investment to subscribe the £10 million in private investment the Huth Jackson and Faringdon Committees had recommended as capitalization. These men were Board of Trade allies. Lord Faringdon, the bank's chairman, would be joined by Docker, Huth Jackson, James Hope Simpson, and several others with longstanding relationships with the Board.[51] The new directors canvassed for the BTC in London, stressing that "the Corporation is not out to cut into anyone's business, but to push British trade."[52] But after several meetings, City opinion remained cold. Several bankers noted that it would have been better had private bankers themselves organized the BTC without state intrusion.[53] City interests, concerned about

[48] Minutes of Meeting with Clearing House Bankers, May 1, 1917, TNA, BT 13/83, E 34664, f. 423. See also Jones, *Multinational British Banking*, 226-227.

[49] William Clark, Notes on Draft Charter, February 14, 1917, TNA, BT 13/83, E 34665, f. 163.

[50] If Wellesley could be convinced of the Faringdon Committee's plan, Hubert Llewellyn Smith wrote to William Clark, "so much the better: if not it must be a matter for Ministers + and in the last resort the War Cabinet," Llewellyn Smith wrote. "But further hanging up is impossible." Hubert Llewellyn Smith to Clark, January 10, 1917, TNA, BT 13/83, E 34665, f. 167; Minutes of Meeting, February 12, 1917, TNA, BT 13/83, E 34665, f. 169. Royal Charter of the British Trade Corporation, April 14, 1917, TNA, BT 13/83, E 34665, f. 184; BTC Charter Materials, TNA, PC 8/816.

[51] BTC First Share Issue, n.d. [1917], TNA, BT 13/83, E 34664, f. 218.

[52] Memorandum, n.d. [1917], TNA, BT 13/83, E 34665.

[53] Lord Faringdon to bankers, n.d. [May 1917], TNA, BT 13/83, E 34664, f. 241; Lord Faringdon to Arthur Stanley, May 25, 1917, TNA, BT 13/83, E 34664, f. 240. Lord Inchcape to Turner, March 19, 1917, Caird Library, National Maritime Museum, Greenwich, United Kingdom, BIS/8/4, f. 143. Jones, *British Multinational Banking*, 224-226. A warmer picture emerges from Kynaston, *The City of London,* vol. III, 39-41.

government interference in their business, "sang a paean of the British system of banking." "We must be very careful," one bank chairman held, "to avoid grafting upon it anything that would impair the credit of our banks."[54] Samuel Samuel, a Baghdadi Jewish merchant and MP, complained to the Treasury that "to put it mildly, it is really a most criminal act of folly that the British Government should establish a Trading Corporation with privileges which have hitherto been denied to the commercial community." The Board of Trade had taken "advantage of the War to confer upon itself powers of patronage in the appointment of the directors and employees of this new company, for the sole purpose, not of assisting British firms in all parts of the world, but to establish themselves to compete with those traders." In another letter, Samuel noted that he would "do all I possibly can to show the matter up."[55] The threat carried weight; as founders of the Shell Transport and Trading Company (precursor to today's Royal Dutch Shell), Samuel and his brother Marcus were phenomenally wealthy and politically connected.[56]

On May 17, 1917 debate on the BTC erupted in the House of Commons over a motion to authorize the corporation to issue capital. Several MPs delivered stirring condemnations of state support for a private finance house. Some echoed bankers' concerns that unfair advantage was being given to a particular firm. Others worried that the BTC would serve as a vehicle for the state to privilege the friendly businessmen serving on its board; directors, "cannot in their dual capacity do justice both to the Country and to their own concerns."[57] One MP condemned the practice of

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[54] Minutes of Meeting with Clearing House Bankers, May 1, 1917, TNA, BT 13/83, E 34664, f. 423. See also H.H.S. to Lord Faringdon, May 1, 1917, TNA, BT 13/83, E 34664, f. 427. See also Charles Addis, "A British Trade Bank," *Economic Journal* 26, no. 104 (December 1916): 484-491.

[55] Samuel Samuel to Andrew Bonar Law, April 27 and May 3, 1917, TNA, T 1/12057/29783.

[56] Daniel Yergin, *The Prize: The Epic Quest for Oil, Money and Power* (New York: Simon and Schuster, 1991), 47-61.

[57] Summary of Objections in the House of Commons, May 17, 1917, TNA, BT 13/83, E 34664, f. 69.

directors holding founders' shares, despite the fact (as the Board of Trade pointed out) that the company that he chaired – Colonial Securities Trust – engaged in the same practice.[58] There were also objections to BTC directors doing business on their own behalf with the new corporation. But, as Board of Trade lawyers noted, this was common practice, particularly for firms operating in the Empire outside Britain. Lawyers found articles of incorporation that allowed such practices for a host of firms, many of them involved in colonial development: the Bengal Nagpur Railway, Taltal Railway, the Foreign, American & General Trust Company, Foreign & Colonial Trust Company, and the Bankers' Investment Trust.[59] They were especially glad to find such terms permitted in the City and Midland Bank in which "the opponents of the scheme" were centrally involved.[60]

Most fundamentally, parliamentary critics found the combination of finance and government itself viscerally objectionable. Samuel Samuel expostulated that enabling the BTC was "one of the most outrageous proposals that could ever be made by a Government Department or by a body of gentlemen of any kind" and "one of the greatest insults to the British mercantile community."[61] The BTC, in a different condemnation, would be nothing more than an "official bucket shop." In another, it would cheapen the institutions of state and the credit "of the British Empire." Put another way, "we should not lease the prestige of the Government to a group of

[58] The MP was Frederick Banbury. Memorandum by H.A. Payne, May 23, 1917, TNA, BT 13/83, E 34664, f. 86.

[59] Bankers' Investment Trust was run by Henry Strakosch, who features in the next chapter.

[60] Edward Holden was chairman of the City and Midland and also a keen opponent. Another opponent, Birch Crisp, was involved in another bank, the British Bank for Foreign Trade, which allowed the practice. Bernard Barrington to Ellis Cunliffe, June 6, 1917, TNA, BT 13/83, E 34664, f. 102.

[61] Hansard, Commons Sitting of 17th May 1917, Fifth Series, Volume 93, cc. 1857-1858.

financiers in the city." The voluble Samuel agreed: "the most objectionable question in this charter is the one which gives the right to this corporation to represent the government."[62]

Though the government had not prepared for such objections and withdrew the motion, there were plenty of rebuttals to these lines of thinking. The Board's president cast the BTC as consistent with other state-led efforts to resuscitate British business after the war.[63] More fundamentally, as Dudley Docker fumed, the BTC's critics were acting like "deluded…Little Englanders who before the war resisted any form of preparation."[64] The country was at war and overseas trade a key front, one that demanded state intervention. Moreover, private banks themselves were hardly the heroes their supporters made them out to be. One MP, echoing the words of Louis Brandeis, noted that banks "do not trade with their own, but with other people's money" and when it came to funding overseas exports, "that money is locked up."[65] This rhetoric appealed to the public interest, but there were also powerful parties more directly interested in the ready availability of finance for British industry. In the days after merchants and bankers challenged the BTC in Parliament, renewed statements of support streamed in from chambers of commerce and industrial organizations around Britain.[66]

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[62] Summary of Objections in the House of Commons, May 17, 1917, TNA, BT 13/83, E 34664, f. 70; Hansard, Commons Sitting of 17th May 1917, Fifth Series, Volume 93, c. 1856.

[63] Minutes of Meeting with Clearing House Bankers, May 1, 1917, TNA, BT 13/83, E 34664, f. 423. See also Jones, *Multinational British Banking*, 226-227.

[64] Cited in Davenport-Hines, *Dudley Docker,* 141.

[65] Draft Speech to Parliament, n.d. [June 1917], TNA, BT 13/83, E 34664, f. 41.

[66] See letters from the Association of Chambers of Commerce of the United Kingdom and from the Edinburgh, Leeds, Sheffield, Liverpool, and London Chambers of Commerce, June 1917, TNA, BT 13/83, E 34664, ff. 20-25.

There were two other brief parliamentary debates on the BTC in June 1917 at which the new corporation was again subjected to grumblings of bankers and merchants.[67] But the company had already been formed and the government had already lent its support; in the words of one parliamentary critic, it would be "impossible for us at this moment to make any alteration" to the BTC's constitution. "It has already been sanctioned. Money has been raised on the faith of the promise."[68] And so, Parliament sanctioned the BTC, honoring the promise that the state had implicitly made to investors. British industrialists had won a momentous victory over finance and trade. But the parliamentary debate was only the tip of the iceberg. The real debate had been within the elite echelons of the British administrative state itself; once the Board of Trade had prevailed upon the laissez-faire Treasury, the matter had been decided. Business interests had emerged on top; the epoch of the grandmotherly state had arrived.

THE BRITISH TRADE CORPORATION and the BUSINESS-STATE

Through the parliamentary debates, the BTC's directors had made assurances that the corporation would not receive undue advantages from the state.[69] Nevertheless, there was something to the underlying suspicion that the BTC was the product of cronyism. The Board of Trade had worked with a select group of financiers and businessmen to launch the British Trade Corporation. Those individuals were prominent among the 50 names of people and firms that collectively subscribed £1 million in advance of a general stock issue, thus becoming owners of

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[67] Hansard, Commons Sittings of 13th June and 14th June 1917, Fifth Series, Volume 94, cc. 939-941; c. 1128.

[68] Hansard, Commons Sitting of 17th May 1917, Fifth Series, Volume 93, c. 1833.

[69] British Trade Corporation, Form of Declaration, (London: HMSO, June 8, 1917) [Cd. 8607]. J. Austen-Cartmell, Responses to Objections, May 31, 1917, TNA, BT 13/83, E 34664, f. 73.

Founders' Shares. They were prominent too on the list of directors of the BTC. This was significant because the directors would be entitled to a share in the company's profits, rather than receiving a fixed fee, a principal sticking point for some critics.[70] The Prime Minister was asked in parliament whether there was any precedent for the government agreeing to the board of directors "of any banking institution already trading under special charter taking a share of the profits of the business." The reply was that there would be inquiries. The real answer was no.[71] The directors' bonuses were hefty: 20% of all surplus net profits up to £100,000, 10% up to £200,000 and 5% beyond that.[72] With such generous terms, it was little wonder that the top figures behind the BTC had put up capital.

Such incentives were justified, at the time, in terms of national need. Moreover, time was of the essence. Two similarly sized American ventures, the New York City Bank Trust Company and a venture "formed by Browns and Seligmans of New York" were "now pushing its way into former British fields of activity in South America" and "actively canvassing for Russian and other foreign trade."[73] Even in the midst of war with Germany, the subscribers to the BTC's initial £1,000,000 funding effort were keenly interested in beating out American competition.

In late May, the Board could note that "the whole of the million asked for is assured," and "considerable subscriptions are forthcoming from some of the principal Manufacturing concerns." Of the initial subscribers (see table 2.1), there were a few big financial interests: in addition to

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[70] This was common practice in private banks, but then again, it was rare that the Government issued special banking charters. Otto Niemeyer to Coombs, July 4, 1917, TNA, BT 58/54/COS/56664, f. 14.

[71] Parliamentary Question, June 26, 1917, TNA, BT 58/54/COS/56664; Hansard, Commons Sitting of Thursday 28th June 1917, Fifth Series, Volume 95, c. 522; Otto Niemeyer to Coombs, July 4, 1917, TNA, BT 58/54/COS/56664, f. 14.

[72] Hansard, Commons Sitting of 17th May 1917, Fifth Series, Volume 93, c. 1820.

[73] Memorandum, n.d. [May 1917], TNA, BT 13/83, E 34664, f. 115.

Lloyds, which Vassar-Smith had already pledged for £100,000, Barclays and Glyn, Mills applied for shares.[74] But most of the banks that pledged were northern ventures deeply connected to manufacturing.[75] The majority of initial subscribers were industrial interests or industrialists themselves, whose exports had been hit hard during the war. The value of manufactured exports as a whole had decreased by over a third between 1913 and 1917; exports of steel and iron goods as well as machinery had fallen off by more than half.[76]

Subscriber	**Description**
Barclays	bank
Barker, Francis Henry	director of Vickers
Beckett, R.E.	Northern banker (Beckett and Co)
Birmingham Small Arms Company	arms
British & Argentine Meat Co.	worked with Board of Trade during WWI
British Bank of Northern Commerce	bank
Caillard, Vincent	managing director of Vickers
Cammell Laird & Co.	heavy engineering
Chance & Hunt	chemicals
Dawson, Arthur Trevor	founder, British Cellulose
Docker, Dudley	managing director, Metropolitan Carriage
Firth, Algernon	president, T.F. Firth and Co.
Gloucester Railway Carriage & Wagon	heavy engineering
Glyn Mills Currie & Co.	bank
Goschen, W.H.N.	banker
Henderson, H.W.	
Hobson, A.J.	chairman, William Jessop and Sons
Hobson, W.	

Table 2.1: Initial Subscribers to BTC (holders of founders' shares), TNA, BT 13/83. Industrial concerns and industrialists are colored orange; banks and bankers are colored green.

[74] Minutes of Meeting with Bankers, April 24, 1917, TNA, BT 13/83, E 34664, f. 429. Lloyds was not on the list, but it did invest £100,000. Jones, *British Multinational Banking,* 146.

[75] Examples include the British Bank of Northern Commerce, the Bradford District Bank, the Manchester & County Bank, the Sheffield Banking Company, and the Bank of Liverpool. Two partners of Beckett's Bank, based in Leeds and York, Lord Faber and R.E. Beckett, individually subscribed.

[76] The value of total manufactured exports fell from nearly £400 million to about £250 million between 1913 and 1917; iron and steel goods for export fell from £55,328,000 to £21,091, and machinery fell from £33,670,000 to £11,119,000 over the same period. Schlote, *British Overseas Trade,* 154.

Table 2.1 (Continued)

Subscriber	**Description**
Hunt, E.J.	director, Chance & Hunt
Huth Jackson, Frederick	banker
John Summers & Sons	steel and iron
Lacy, Pierce	director, Cutler and Lacy
Lord Faber	banker
Lord Faringdon	financier
Metropolitan Carriage and Wagon	heavy engineering
National Bank of South Africa	bank
Noble, J.H.B.	director, Armstrong Whitworth
Noble, Saxton W.A.	director, Armstrong Whitworth
Ogilvy Gillanders & Co.	merchants
Peat, William B.	
Perry, R. Grosvenor	director, Chance & Hunt
Raphael, Cecil F.	banker
Raphael, Ernest George	banker
Roe, John Henry	
Rogers, Hallewell	managing director, Birmingham Small Arms
Simpson, James Hope	banker
Snagge, Harold E.	director of Barclays
Standard Bank of South Africa	bank
Summers, H.H.	director, John Summers and Sons
The Bank of Liverpool	bank
The Bradford District Bank	bank
The London and River Plate Bank	bank
The Manchester & County Bank	bank
The Sheffield Banking Co.	bank
Union of London & Smiths Bank	bank
Vickers	arms
Vickers, Vincent Cartwright	director of Vickers
W.G. Armstrong Whitworth & Co.	arms
William Jessop & Sons	steel and iron
Wood, John Alfred	
Young, J.B.	
Young, Sidney	

Table 2.1: Initial Subscribers to BTC (holders of founders' shares), TNA, BT 13/83. Industrial concerns and industrialists are colored orange; banks and bankers are colored green.

It was thus that the majority of initial subscribers were industrial interests or industrialists themselves. Personal connections mattered a great deal. Significant contributions came from businesses related to members and witnesses of the Huth Jackson and Faringdon committees, including Huth Jackson, Faringdon and James Hope Simpson. Dudley Docker subscribed, as did the Birmingham Small Arms Company and Metropolitan Carriage and Wagon both of which he was a director. Vincent Caillard pledged funds, as did Vickers itself, along with several other Vickers directors and a member of the Vickers family. The other major British armaments maker, Armstrong Whitworth, and its directors similarly subscribed.[77] Industrialists, far more than financiers, were benefitting from the shifting culture of the British state.

Support for the BTC was especially concentrated at the Federation of British Industries. Between Docker, Caillard, Vassar-Smith, and others, there was significant overlap in personnel involved in establishing the BTC and the FBI. More generally, both organizations were set up to support and advocate on behalf of industrial producers. Both were to be instruments of cooperation between firms, and between industry and the state. Both organizations were also dominated by heavy export industries. In this way the FBI, like the BTC, was manifestly a tool of informal empire, facilitating the flow of British exports to contested markets overseas: South America, the Balkans, and the Middle East. For the British manufacturers composing its membership, the development of overseas markets made good business sense.[78]

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[77] List of Subscribers, n.d., [1917], TNA, BT 13/83, E 34664, f. 7; on the importance of the arms industry, see Edgerton, *Warfare State*, 42-48.

[78] Vincent Caillard to Walter Long, August 28, 1916, TNA, FO 10933/50, f. 175; Robert J. Bennett, *Local Business Voice: The History of Chambers of Commerce in Britain, Ireland, and Revolutionary America, 1760-2011* (Oxford: Oxford University Press, 2011), 39-40.

The BTC was intended to be the vector of state assistance to industry. The FBI recognized this and quickly sought to leverage collaboration. On June 29, 1917, the FBI's executive committee agreed to distribute the BTC's prospectus to Federation members.[79] At meetings of the FBI's Overseas Trade Committee, the British Trade Corporation was repeatedly identified as a shining example of industry-oriented finance and as a potential partner. When the Committee hosted Lord Faringdon in October, it offered to circulate information about the BTC's "financial facilities" to the FBI's membership.[80] With its royal charter, the BTC was more than just a private bank. But it was also *less* than a private bank; as a semi-official branch of the state, the BTC carried a patina of neutrality. The FBI was an organization of organizations; its hundreds of members each had distinct interests and distinct, often long-standing relationships with financial institutions and overseas partners. In order to avoid stepping on toes, the FBI leadership agreed that "it was undesirable for the Federation to co-operate in Overseas matters with any bodies except the Government and the British Trade Corporation."[81] There were further proposals that the two organizations coordinate all their overseas commercial intelligence work, and that BTC branch managers "act as unofficial correspondents of the F.B.I."[82] The BTC was considered so useful to the FBI that a Vickers director proposed that the Federation subscribe half a million pounds to the BTC in return for two seats on the board.[83] Vincent Caillard found a much cheaper way to bring

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[79] Organization and Management Committee, Meeting Minutes, June 29, 1917, FBI, MRC, MSS.200/F/1/1/21, f. 174.

[80] Overseas Trade and Consular Committee, Meeting Minutes, October 5, 1917, FBI, MRC, MSS.200/F/1/1/62, f. 28.

[81] Interim Overseas Trade Committee, Meeting Minutes, December 18, 1918, FBI, MRC, MSS.200/F/1/1/62, f. 153.

[82] Interim Overseas Trade Committee, Meeting Minutes, January 24, 1919, FBI, MRC, MSS.200/F/1/1/63, f. 24; Commissioner Service Sub-Committee, Meeting Minutes, October 27, 1927, FBI, MRC, MSS.200/F/1/1/69, f. 108.

[83] The director was Francis Barker. Finance Sub-Committee, Meeting Minutes, December 9, 1918, MRC, MSS.200/F/1/1/150.

the two organizations together. "Sir Vincent reminded the Committee that the Federation already had a majority on the Board of the British Trade Corporation." He suggested that FBI members simply "vote for and thus obtain Federation representation on the [BTC] executive."[84]

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Ultimately, whether for the FBI, the British state, or Britain as a whole, the British Trade Corporation was an instrument of extending British power overseas. It was a tool of imperial rapaciousness, with branches in Poland, the Baltic States, Czechoslovakia, Georgia, Turkey, and Yugoslavia.[85] In this, the BTC was consistent with decades of British efforts to expand its informal empire. The last royally chartered bank was to extend British influence in Persia; this one would extend its influence in newly independent European states. But the BTC nevertheless represented a departure. In the years leading up to World War I, British economic power, especially outside of the formal empire, relied on financial, rather than industrial exports. The BTC emerged from a period during which this existing system came under severe strain, when industrialists had access to an unprecedented degree of leverage in London.

One of the first things that the BTC did, in early 1918, was to form the Trade Indemnity Company, which offered foreign credit insurance to British exporters. This was exactly the "financial facility for trade" that the Faringdon Committee had in mind when recommending the BTC's formation.[86] Key to the Trade Indemnity Company's model was the use of credit information garnered by the Board of Trade's intelligence department, on whose basis loans would

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[84] Interim Overseas Trade Committee, Meeting Minutes, December 19, 1918 and January 8, 1919, MRC, MSS.200/F/1/1/63, ff. 1; 57.

[85] A.G.M. Dickson, Curriculum Vitae, December 1962, Middle East Centre Archive, St. Antony's College, Oxford [hereafter MEC], GB165-0084.

[86] See "Credit Insurance," *The Economist*, February 2, 1918, 156.

be offered, and rates set.[87] The BTC was to coordinate a circuit wherein state-gathered trade information would feed more efficient exports, which in turn would increase British influence overseas. It was to connect London with the north, thereby making British business a more powerful and competitive tool overseas. From the perspective of foreign and imperial policy, the state had an interest in this venture succeeding.

The political economy of Britain's empire, informal and formal, in 1917 meant that when the organizers of the British Trade Corporation sought managers with overseas business experience, they gravitated toward men who had worked in finance in the informal empire. The London manager of the new BTC was previously a sub-manager of the Banco de Chile.[88] The BTC's general manager, A.G.M. Dickson, was also an overseas banker. After Oxford, Dickson had spent eighteen years working for the Imperial Ottoman Bank, a joint British and French outpost in Asia Minor. For the next two decades, Dickson then moved between private and public roles in the Middle East, making friends with British and Ottoman officials. Fluent in Turkish and Greek, he had been a financial controller in the British Administration of Crete, a manager of the Ionian Bank; a sub-governor of the National Bank of Egypt, a member of the Egyptian government's Cotton Commission; and finally a temporary employee of the British legation in Athens, where he regulated imports to Balkan states.[89]

The old Ottoman Empire figured prominently in the creation of the BTC. Faringdon had come to endorse state support for overseas ventures by his experience with the National Bank of

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[87] Henry F. Grady, *British War Finance, 1914-1919* (New York: Columbia University Press, 1927). 235.

[88] The London manager was Percy C. West. R.H. Inglis Palgrave, "The British Trade Corporation", *The Quarterly Review* 229, no. 454 (January 1918), p. 148-149.

[89] A.G.M. Dickson, Curriculum Vitae, December 1962, MEC, GB165-0084; Information on A.G.M. Dickson, TNA, BT 13/83, E 34664, f. 109; André Autheman, *La Banque Impériale Ottomane* (Paris: Ministère de l'économie et des finances, 1996). Jones, *British Multinational Banking*, 111-112.

Turkey, and Caillard by his own bitterness over the Foreign Office's handling of the Berlin-Baghdad Railway. Caillard had also served as the British representative on the Council of the Ottoman Public Debt in the 1880s. His predecessor on the council, Edgar Vincent (Lord d'Abernon), was another Vickers director who had led the Imperial Ottoman Bank for much of Dickson's time there and who was friends with Dickson's father.[90] Henry Babington Smith, soon to be the BTC's deputy governor under Faringdon, had spent much of his career in Constantinople administering the Ottoman debt to foreign lenders and directing the National Bank of Turkey, which Faringdon had helped found.[91] James Hope Simpson, a BTC board member, had, like Dickson, previously worked as a banker in Egypt.[92] The network of British financiers working in the Middle East and Eastern Mediterranean was not large, and many of its nodes ended up in the BTC's orbit. Not coincidentally, the Eastern Mediterranean was also one of the principal sites of the BTC's early activities. And here, again, armaments played a key role in the state's facilitation of trade.

GUNS to BUTTER

Before the war's end, the Ministry of Munitions began planning for the disposal of surplus British property "of all kinds". The question of disposal was especially acute in Greece, from

[90] This was Edgar Vincent, Lord D'Abernon, who had also been financial adviser to the Egyptian government and administered Ottoman debt. He would later become ambassador to Germany. Richard Davenport-Hines, "Vincent, Edgar, Viscount d'Abernon," *ODNB* (January 2008), accessed February 18, 2020, https://doi-org/10.1093/ref:odnb/36661. Dickson, Curriculum Vitae, December 1962, MEC, GB165-0084. See also P.J. Cain and A.G. Hopkins, *British Imperialism, 1688-2015*, 3rd ed. (London: Routledge, 2016), pp. 347-349.

[91] Babington Smith had worked in the Treasury and in India and Natal. His brother was the consul-general at Barcelona. William C. Lubenow, "Smith, Sir Henry Babington," *ODNB* (September 2011), accessed February 18, 2020, https://doi-org /10.1093/ref:odnb/36144. See also Trinity College Archives, Cambridge, United Kingdom (hereafter TCA), Henry Babington Smith Papers, HBS, Box 27.

[92] Davenport-Hines, *Dudley Docker*, 142.

which transport to the United Kingdom was costly. Salonika, present day Thessaloniki, had been the principal supply depot and staging point for the Macedonian Front since 1915, and by 1918, tens of thousands of guns, trains, lorries, tents, and uniforms had accumulated there from the Balkan and Black Sea areas. In September 1918, the Ministry of Munitions estimated that "the value of the stores and materials involved might well run into millions."[93] The Ministry itself had few contacts in the region and was ill-positioned to manage the disposal. But there was an organization that seemed ideally suited: a company with a royal charter and links to many of the northern manufacturers with whom the Ministry – led largely by seconded industrialists – had daily dealings. Glyn West, for instance, was both a "man of push and go" at the ministry and the managing director of Armstrong Whitworth, one of the BTC's principal investors. At a time when the line between public and private had all but disappeared, the BTC's murky status was an asset and it was soon "asked whether it would be disposed to take the lead in the creation of a Syndicate or Company" to dispose of surplus material.[94] The decision to work with the BTC had been urged along at the ministerial level. Lord Faringdon had talked to Arthur Steel-Maitland, head of the Department of Overseas Trade, about the BTC handling disposal of war surplus "as bearing on the promotion of British Trade in the Levant."[95] Representatives from the BTC met with officials from the Ministry of Munitions in December and agreed to handle sales in Egypt, Greece, Turkey, Serbia, and Romania.[96] In the contract that followed, it was agreed that the BTC would receive a

[93] Memorandum, September 24, 1918, TNA, MUN 4/5739.

[94] Ibid. A.G.M. Dickson was identified as "well fitted to give advice".

[95] P. Keith Lang to the Ministry of Munitions, November 22, 1918, TNA, MUN 4/5739.

[96] A.G.M. Dickson to P. Keith Lang, November 25, 1918, TNA, MUN 4/5739. Minutes of Meeting between BTC and Ministry of Munitions, December 7, 1918, TNA, MUN 4/5739; Francis Tudsbery to Foreign Office, April 11, 1919, TNA, MUN 4/5723.

2.5% fee on sales up to £2 million, 2% on sales of between £2 and 4 million, and 1.5% on sales greater than £4 million.[97] It was signed by Dickson and Frank Kellaway, chairman of the Ministry of Munitions disposal board who would come to lead the Department of Overseas Trade only a year later.

At the time of the signing in March 1919, there was already significant demand for surplus goods. Though the Arms Traffic Convention under negotiation in Paris made sales of excess weaponry difficult, especially in areas of colonial interest such as the Eastern Mediterranean, the British were already negotiating the sale of 14,000 howitzer shells to the Greek government, which it sought to back.[98] Balkan states were interested in trucks and railway equipment, there was local demand for uniforms, and Greek authorities were eager to purchase military huts to house refugees arriving daily from Eastern Macedonia.[99] The British were attuned to geopolitics, but also interested in profits; they had intended to put the huts up for auction and the Greeks were proposing to pay far under market value. Delays ensued, despite a "shocking" humanitarian crisis with "over sixty thousand people homeless and crowded in towns and villages," in which "disease [was] rampant."[100] The Ministry man on the ground in Salonika found the situation "very urgent", though for different reasons. "It is quite possible," he wrote, "that the Greek Government will commandeer

[97] Draft Contract, March 25, 1919, TNA, MUN 4/5739.

[98] Francis Tudsbery to War Office, July 4, 1919; Minute by Major A.D. Watts, June 27, 1919, TNA, MUN 4/5776.

[99] Greek Legation to Lord Curzon, March 24, 1919, TNA, MUN 4/5739. See Jozef Goldblat, *Arms Control: The New Guide to Negotiations and Agreements* (London: Sage, 2002), 22; Priya Satia *Empire of Guns: The Violent Making of the Industrial Revolution* (New York: Penguin, 2018), 389-390.

[100] Thomas Mawson to Minister of Supplies, April 19, 1919, TNA, MUN 4/5776.

building materials if we sell to [a] third party locally."[101] He telegraphed the Federation of British Industries to ask what British industrial needs were at home.

There were other unexpected hurdles complicating selloffs. The War Office requested a large portion of the materiel in Salonika to be shipped home, but the agents on the ground did "not know what will be surplus and what is to be sent home."[102] Security also became "a more and more serious problem from day to day." As a BTC report noted, "there are a great number of outlying buildings and structures…which become the prey of thieves and marauders with which this country abounds." The army was nominally in charge of security, but "the men who are awaiting demobilization do not care what becomes of anything." By March 1920, labor was so scarce that Disposal Board agreed to dump 3,000 tons of surplus ammunition into the sea off the Greek coast, as "expert labour is no longer available to handle it."[103]

Still, there was considerable money to be made. In May, it was reported that "during the past two months sales have proceeded briskly, the material being sold quicker than the Army can throw it up."[104] A principal beneficiary was the Levant Company, which bought surplus – hutting and bedding, plant machinery, ordnance, railway material, and motor vehicles – at Salonika at a great discount.[105] But the Levant Company, though a longstanding British trading firm led by a former diplomat, was just the BTC in disguise. The BTC was the Levant Company's principal

[101] R.M. Meikle to Ministry of Munitions, n.d. [1919], TNA, MUN 4/5776.

[102] Ministry of Munitions to R.M. Meikle, April 30, 1919, TNA, MUN 4/5776; A.A. McHardy to Disposal Board, June 21, 1919, TNA, MUN 4/5667. Disposals Salonika to Ministry of Munitions, June 18, 1919, TNA, MUN 4/5667.

[103] BTC to Ministry of Munitions, July 7, 1919, TNA, MUN 4/5667; R.J. Findlay to Disposal Board, February 13, 1920, TNA, MUN 4/5947; H. Claughton to Surplus Stores and Salvage, War Office, March 17, 1920, TNA, MUN 4/5947.

[104] D.K.E. Hall to Disposals Board, April 3, TNA, MUN 4/5985.

[105] Levant Company (for the BTC) to Disposal Board, May 10, 1920, TNA, MUN 4/5985, f. 14c.

stakeholder and had recently invested £200,000 in the firm.[106] By that summer, the British Trade Corporation had negotiated over 40 contracts. By December, it had sold over £1 million worth of government surplus.[107] The Department of Overseas Trade complained that the BTC was "apt rather inconveniently to insist" that it merited special consideration for government favors.[108] Nonetheless, those favors were forthcoming.

Though founded as a bank, by 1920, the BTC had morphed into a more general overseas agent, an extension of the private-public British state. This itself represented an expansion of British state capacity and scope. The Board of Trade had, through a shadowy agreement with industrialists, sponsored an extension of its overseas presence. More significantly, it had devised a new way to materially assist British industry, by funneling information and favors from state organs to private enterprise, specifically firms run by politically powerful industrialists. In 1919, industry's boosters in government found another, more direct, way for the state to help. Again, it would involve positive state intervention and an expansion of the domestic state's responsibilities.

EXPORT CREDITS and TRADE FINANCING

In the summer of 1919, with British trade slowly recovering, the government took a significantly more proactive and direct role in encouraging British exports by providing cash advances and financial guarantees.[109] With the end of the war, efforts to rehabilitate trade took on

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[106] The diplomat was Maurice de Bunsen, who had recently returned from a DOT mission to South America. John Fisher, *Outskirts of Empire: Studies in British Power Projection* (London: Routledge, 2019), chapter 5.

[107] Report on British Trade Corporation, June 16, 1920, TNA, MUN 4/5985; Salonika Sales, November 30, 1920, TNA, MUN 4/5985.

[108] Clark to Arthur Steel-Maitland, August 23, 1918, cited in Davenport-Hines, *Dudley Docker*, 144.

[109] "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2.

more immediate importance, both to policymakers and to their friends in business. Britain was in rapid transition. Millions of soldiers were returning home, rationing and other restrictions were being lifted, and businesses were reconverting to peacetime production. The government was increasingly worried about future unemployment and competition to British exports.[110] At the Board of Trade's "Provisional Advisory Council", an influential body stacked with industrialists and FBI grandees, there was widespread concern about the return to normal economic conditions. Business leaders recognized a "danger of neglecting all Export Trade for temporarily very profitable Home Market", stimulated by consumers eager for long unavailable goods. The Advisory Committee considered "that it might be a good thing" for the Board of Trade to publicly urge manufacturers "to pay attention to Export Trade in preference to" the booming domestic market, which was "based on extravagance" and thus "temporary" and unstable.[111] Besides, there were new markets to win, markets exposed by the collapse of German power at economic borderlands of empire. That was in May 1919. By the next meeting, in July, the manufacturers' concerns had developed into a "scheme for assisting the exportation of goods to certain States."[112] The council recommended that the program be run by a government-sanctioned committee consisting of representatives from business and banking groups, including the Federation of British

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[110] "The prime motive behind the new venture," a 1948 official history of the Export Credit scheme explained, "was the Government's anxiety about unemployment." "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2. But this explanation was only a part of the picture in 1919, when unemployment was still relatively low, and the so-called slump still months away. W.R. Garside, *British Unemployment 1919-1939: A Study in Public Policy* (Cambridge: Cambridge University Press, 1990); Boyce, *British Capitalism at the Crossroads*, chapter 2. Worries about German competition were also important, as Board of Trade president Auckland Geddes argued to Lloyd George. See Anne Orde, *British Policy and European Reconstruction after the First World War* (Cambridge: Cambridge University Press, 1990), 67.

[111] Provisional Advisory Council, Minutes of 5th Meeting, May 14, 1919, TNA, BT 13/95, E 38719.

[112] Provisional Advisory Council, Minutes of 6th Meeting, July 9, 1919, TNA, BT 13/95, E 38720.

Industries and the Associated British Chambers of Commerce. This became the Export Credit Scheme.

In 1919, there were two models for public-private partnerships to insure overseas trade. The first was the BTC's export insurance branch, the Trade Indemnity Company; the other was the Board of Trade's War Risks Insurance branch. During the war, with the increased danger to shipping due to German U-Boat activity, the Board of Trade undertook to insure British merchant ships and their cargoes.[113] The insurance schemes (there was also one for bombing damage) were classic examples of the way the British state worked with big business during the war. Advised by bankers and businessmen like Frederick Huth Jackson, the state partnered with existing shipowners' "clubs" to form "War Risks Associations", private entities that coordinated mandatory insurance for ships and cargoes against war risks. The associations collected premiums and handled disbursement of claims, but they could (and did) reinsure the policies at 80% of face value with the state. The scheme was vitally important. Shipping kept the Empire together; it was the physical link that bound the metropole to its millions of shadow acres, the human and natural resources around the globe that powered the British war machine.[114] By 1919, the British state had collected almost £198 million in premiums for over two dozen wartime risk insurance schemes,

[113] Overseas Trade (Credits and Insurance) (London: HMSO, 1920) [Cmd. 620], 1.

[114] Andrew Tait Jarboe and Richard S. Fogarty, eds. *Empires in World War I: Shifting Frontiers and Imperial Dynamics in a Global Conflict* (London: I.B. Tauris, 2014); on shipping, see Nicholas Lambert, *Planning Armageddon: British Economic Warfare and the First World War* (Cambridge: Harvard University Press, 2012).

and paid out nearly £172 million in claims.[115] The £26 million remaining surplus went straight into funding the Export Credit scheme, which settled in the Department of Overseas Trade.[116]

It is difficult to overstate the interconnections between official state organs like the Board of Trade, the Department of Overseas Trade, and the Export Credit Department on the one hand, and private industrial interests, notably huge multinationals like Vickers and organizations like the Federation of British Industries, on the other (see figure 2.1). Industrialists staffed key committees like Faringdon's and were seconded for work in ministries. Like the Board of Trade, the DOT had an advisory council stacked with influential businessmen. These councils were set up to have representatives from large firms and employers' and trade organizations. "The F.B.I., the Association of British Chambers of Commerce, the Bankers, and the Accepting Houses should always have a nominee on the Committee", one DOT memo noted.[117] The DOT contemplated setting term limits for the members of its advisory committee, but decided against the plan. Instead, it would simply keep adding members to the committee. In this way, "we should have brought in sufficient new blood without parting with our old friends."[118] These old friends zealously solicited official support for their economic interests, especially in opening up new markets in Eastern Europe. "A few millions were neither here nor there," W.L. Hichens, an Advisory Committee member (and chair of engineering giant Cammell Laird) noted about developing connections in

[115] By 1918, the Marine War Risks insurance program was collecting about £37 million per year and paying out about the same. Deloitte Report on War Risks Insurance Office, May 2, 1918, TNA, BT 13/88, E 36097; *Report on the Insurance of British Shipping in Time of War* (London: HMSO, 1914) [Cd. 7560]; *Government War Insurance Schemes, Preliminary Statement of* Results (London: HMSO, 1919) [Cmd. 98], 1. See also TNA, T 171/91.

[116] "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2.

[117] Memo on the reorganization of the DOT Advisory Committee, September 14, 1920, TNA, BT 60/2/5, f. 369. On the importance of committees, see also Sampson, *Anatomy of Britain,* chapter 15.

[118] William Clark, Memorandum, January 9, 1923, TNA, BT 60/2/5, f. 282. The proposal was approved.

the Baltic, "in comparison with the risk we were running of being excluded from these markets to the benefit of American and other competitors."[119] Hichens spoke from imperial experience: he had been the Colonial Treasurer of the Transvaal and worked for the Egyptian finance minister.[120] Czechoslovakia was also a priority, and the DOT's advisory committee urged the department to send a trade mission.[121]

The DOT's Export Credit Department (ECD), which began handing out cash advances in 1919, was a response to these pressures. Though officially pitched as "assist[ing] in the economic restoration" of the "smaller states in Central and South Eastern Europe", what sounded like altruism was really an exercise in commercial imperialism.[122] The new states that emerged after World War I – especially in the Baltic and in the Balkans – had been carved out of Germany and Austria-Hungary.[123] The people who lived there had long been firmly within Germany's economic orbit. But the German collapse at end of the war opened new doors for British commercial and financial ventures in these regions, opportunities both for Britain to gain geopolitical influence and for Britain's industrialists to make major inroads.[124] Such inroads required state assistance. Government and private buyers in Europe were often eager to purchase heavy exports from British

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[119] DOT Advisory Committee, Minutes of 6th Meeting, April 2, 1919, TNA, BT 90/2.

[120] "W.L. Hichens Dies in Raid," *New York Times*, October 17, 1940, p. 4. See also Hichens papers at the Bodleian Libraries, Oxford.

[121] DOT Advisory Committee, Minutes of the 9th Meeting, October 15, 1919, TNA, BT 90/2.

[122] *Export Credits: Revised Conditions* (London: HMSO, 1920), [Cmd. 732], 1. On the scheme in the context of European reconstruction, see Orde, *British Policy and European Reconstruction*, 54-55.The Treasury had already backed away from an earlier plan to finance the reconstruction of central Europe "out of British Government credits." Treasury to Board of Trade, November 21, 1918, quoted in ibid., 29.

[123] The initial list of approved countries was Finland, Latvia, Estonia, Lithuania, Poland, Czecho-Slovakia, Serb-Croat-Slovene State, Rumania, Georgia, and Armenia. *Export Credits: Revised Conditions* [Cmd. 732], 1.

[124] Trade relations with small countries were determinants of geopolitical power. Hirschman, *National Power and the Structure of Foreign Trade*, chapter 5.

firms, but all too often they lacked hard currency and credit. If the British state were interested in British firms landing big foreign contacts, it would need to step in.

The solution was for the state to guarantee such contracts by loaning British exporters funds on the promise of the contract paying off. The terms of the loans the Department offered to exporters were, on their face, almost incredibly favorable. So long as the goods to be exported were produced in the United Kingdom by a company listed in the United Kingdom, the exporters could request a low-interest ("1% above the English Bank Rate") cash advance from the state of up to 80% of the goods' value – the same percentage the state had covered for war risks insurance.[125]

Remarkably, the City raised no objection to the ECD. The program's first director was formerly the foreign manager of Barclays Bank, one of the institutions most opposed to the BTC.[126] Times had changed in the two years since the pitched battle over the BTC. Though the creation of the Export Credit Department was a much more significant expansion of state power in financial markets than was the creation of the BTC, expectations of the responsibilities of the state had stretched considerably.[127] Rather than chartering a bank, the state would instead become a trade bank. In so doing, it would also partner with private banks. In fact, private banks were to determine whether or not foreign buyers were creditworthy – to act, in the ECD's pitch, as "our Agents in

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[125] *Overseas Trade (Credits and Insurance),* [Cmd. 620], 1; Minutes of Preliminary Meeting, September 12, 1919, TNA, ECG 1/1.

[126] The director was L.A. Davis. Correspondence relative to Export Credit Scheme, TNA, BT 13/94, E 38233.

[127] Private bankers themselves had massive liabilities and the financing of the export trade – especially to new markets on long credits – was not a priority. In 1919, credit was relatively easy, but speculation on more profitable ventures within Britain was rampant; by spring 1920, the Bank of England's leaders had raised interest rates from 5 to 7%. And the export credit scheme was, at first, limited to a select set of destination countries, which eased bankers' concerns about competition. Auckland Geddes promised the Provisional Advisory Council of the Board of Trade in July 1919 that the ECD would present "no competition with Banks." Huth Jackson concurred. Provisional Advisory Council, Minutes of 6th Meeting, July 9, 1919, TNA, BT 13/95, E 38720. Kynaston, *The City of London*, vol. III, 62-63.

this business."[128] One bank that did a great deal of business with the Export Credit committee was the British Trade Corporation, whose director, A.G.M. Dickson, sat on the ECD's advisory committee.[129] The BTC's Trade Indemnity Company was, in Dickson's words, "the forerunner" of the department and helped the ECD set its lending terms.[130]

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In the three years since its founding, the BTC had been busy, though not terribly successful. Because of skepticism in the City, it had only raised about £4 million out of the authorized capital of £10 million. Still £4 million pounds was enough to make the BTC a good-sized overseas bank. The company's strategy was to move into formerly German spheres of influence and set up shop; hence its ill-fated decision in 1918 to establish a branch in Petrograd and, later, branches in Danzig and Belgrade.[131] This strategy mirrored that of several of its investors, especially Vickers, a company firmly committed to export-led imperialism.[132] The British Trade Corporation's activities in Greece and Turkey fell into this pattern as well; the Eastern Mediterranean was a site of imperial commercial contestation and the BTC's 1919 decision to buy the Levant Company spoke directly to renewed imperial ambitions. It was meant to evoke, in the words of the *Economist*, now edited by Faringdon Committee secretary Hartley Withers, the "old Levant Company famous during the sixteenth and seventeenth centuries as the representative of British

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[128] Export Credit Department to Bankers, n.d. [September 1919], TNA, ECG 5/1.

[129] The BTC became the department's agent in Poland and Serbia. Export Credits Advisory Committee, Minutes of 1st Meeting, September 23, 1919, TNA, ECG 1/1.

[130] Export Credits Committee, Minutes of 162nd Meeting, November 25, 1924, TNA, ECG 1/4. Dickson, Curriculum Vitae, December 1962, MEC, GB165-0084.

[131] Grady, *British War Finance,* 234-239; Jones, *British Multinational Banking*, 227.

[132] J.D. Scott, *Vickers: A History* (London: Weidenfeld and Nicolson, 1962), chapter 14.

influence in the Near East."[133] Britain might again extend its influence; its new mandates in Palestine and Iraq made its presence stronger than ever. The BTC purchased the merchant house of Whittall, which had branches in Constantinople and Salonika, and whose director, Edwin Whittall, had worked with Dickson in Athens during the war.[134] And it bought the clear majority of shares in the struggling National Bank of Turkey for close to a quarter million pounds in April 1919. This last purchase was slightly suspect; Lord Faringdon, still the BTC's president, had by this point bought out his fellow investors and owned a controlling interest in the National Bank. But the sale was pitched as an imperial necessity.[135]

The National Bank of Turkey itself had received semi-official (and lukewarm) support from the Foreign Office when Faringdon set it up with the financier Ernest Cassel in 1909.[136] Like Caillard before him, Faringdon and the administrators of the National Bank were left feeling as though the government abandoned them, especially in negotiations over the Berlin-Baghdad railway. As the bank's director (and future deputy governor of the BTC) Henry Babington Smith, wrote to the Foreign Office, the bank had "every reason to believe that we should possess" "the confidence and support of the British Government." But, "to our great regret, this expectation has not been fully realized."[137] The Bank was, in fact, one of a series of soft-imperial efforts of the long 19th century, through which financiers and the Foreign Office worked in loose partnership,

[133] "British Trade Corporation: Activities of the Corporation," *The Economist,* February 8, 1919, 191.

[134] A.G.M. Dickson, Curriculum Vitae, December 1962, MEC, GB165-0084, p. 4. John Fisher, *Outskirts of Empire: Studies in British Power Projection* (Abingdon: Routledge, 2019), chapter 5.

[135] Wainwright, *Henderson,* 57-58; A.G.M. Dickson to Foreign Office, April 8, 1919, TNA, FO 371/4140. Grady, *British War Finance,* 236-237.

[136] Marian Kent, "Agent of Empire? The National Bank of Turkey and British Foreign Policy," *The Historical Journal* 18, no. 2 (June 1975): 367-389; Jones, *British Multinational Banking*, 111-112.

[137] Henry Babington Smith to Edward Grey, June 11, 1913, TNA, FO 371/1826.

especially in Persia, Turkey, and the Far East.[138] The British Trade Corporation itself was continuous with this legacy. The difference was that while the National Bank of Turkey, or the National Bank of Egypt, or the Anglo-Persian Oil Company were set up to operate in a particular geographic theatre, the BTC was to serve imperial commercial interest around the world. Its purpose was to help British exporters writ large; its remit was global.

The exercise in Salonika was one obvious instance in which the British Trade Corporation benefited from its official status and its government contacts. There were others. In addition to the Levant Company, it formed other subsidiaries, the Anglo-Brazilian Commercial Agency and the Portuguese Trade Corporation, with state approval and after reviewing state-collected trade information. In 1919, the Foreign Secretary, Lord Curzon insisted that the BTC serve as a member of the "Four Power Consortium" responsible for loans to China, against the wishes of the five existing British banks represented on the Consortium, particularly HSBC. Curzon's support was symbolically powerful, but ultimately empty; the Consortium had ceased to be an important body and as the BTC did not pursue business in China, membership yielded no material benefit.[139]

In fact, the BTC's close relationship with the government was a double-edged sword. In 1919, as Bolshevik troops retreated in the Caucasus, the BTC was asked by the commander of the military administration around the Black Sea to establish a branch in Batum (Batumi), center of the Russian oil industry, to "promote British interests."[140] Similar requests for branches in Baku and Tiflis (Tblisi) were made by the British High Commissioner at Tiflis, and given the "approval

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[138] D.C.M. Platt, *Finance, Trade and Politics in British Foreign Policy, 1815-1914* (Oxford: Clarendon Press, 1968), especially part III, chapter 2, on Turkey.

[139] Jones, *British Overseas Banking*, 228. See also Roberta Allbert Dayer, *Finance and Empire: Sir Charles Addis, 1861-1945* (London: Macmillan, 1988), 123; Frank H. H. King, *The History of the Hongkong and Shanghai Banking Corporation,* vol. III (Cambridge: Cambridge University Press, 1988), 96-97.

[140] Lord Faringdon to Lord Curzon, August 6, 1920, TNA, FO 371/4973.

+ support" of the Foreign Office.[141] These ventures were of dubious commercial value. Manganese exports from Georgia, funded by the BTC, started in 1919, but as Faringdon subsequently wrote to Curzon, "the risks were evidently great, and the prospects of commercial profits exceedingly doubtful; but our action was guided by the belief that we were carrying out the objects for which the British Trade Corporation was created." The connection with the state went deep; at Baku, the BTC's representative was a British vice-consul and even as Batum was evacuated in advance of Soviet forces in July 1920, the Foreign Office was urging the BTC to reopen their branch.[142] Other state-urged endeavors were similarly ill fated. Arthur Steel-Maitland, head of the Department of Overseas Trade, requested that the BTC invest in the Portuguese Trade Corporation, formed to replace German interests in Portugal. This project proved unprofitable. So too did the National Bank of Turkey.

Overall, then, Whitehall's influence on the BTC was not salutary. Insofar as the British Trade Corporation was an instrument of informal empire, it might have done well to study the lessons of its corporate forebears, many of which struggled during the long 19th century. Like them, the BTC had trouble balancing political with economic priorities. Without friends in the City, the BTC paid out dividends for the last time in 1920 and then languished in the ongoing postwar slump. Half of its capital was written off in 1922, and it was further reduced year after year until, finally, the Anglo-Austrian Bank took over its operations in 1926. There was a cruel irony in the BTC's fate; within a decade, the royally-chartered experiment to beat the Germans at their own

[141] Henry Babington Smith to Foreign Office, March 23, 1920, TNA, FO 371/4973. For context, see Michael Kettle, *Churchill and the Archangel Fiasco* (London: Routledge, 1992). J.A.C. Tilley, Minute, March 27, 1920, TNA, FO 371/4973.

[142] Lord Faringdon to Lord Curzon, August 6, 1920, TNA, FO 371/4973; J.A.C. Tiley to Lord Faringdon, August 12, 1920, TNA, FO 371/4973. See also Fisher, *Outskirts of Empire*, 112-115.

game had failed so thoroughly that it was taken over by a bank linked to Austria. But in this irony, there was nested an even deeper one. As will be explored in the next chapter, by 1926, the Anglo-Austrian Bank was almost entirely controlled by the Bank of England, whose leadership was full of the bankers who had so objected to the BTC's formation.[143] The Bank had taken over the BTC in full cooperation with the Treasury. Even in its demise, the British Trade Corporation heralded the state's deepening involvement with overseas trade and finance.

That deepening involvement was to become a permanent fixture of the business-state. For as the BTC was failing, the official government program for encouraging exports – the Export Credit Guarantee Scheme – was still alive and well. It survived because, as a state body, it did not need to turn a profit, and because it was formed at a moment when bankers were more open to state intervention. In a way, the BTC cleared the way for the ECD. The Export Credit Department was composed of two distinct bodies. The first, run by the former Barclays banker, was administrative. It handled the logistics of providing advances and guarantees to exporting companies and of collecting payments. The other body, the "Advisory Committee", was comprised of experts in overseas markets and rendered judgment on each application for capital submitted to the department. That is, it determined which British exporters would receive government assistance, as well as the terms and extent of that assistance. Importantly, because the people who were thought to know overseas markets were businessmen and bankers, the Advisory Committee was comprised principally of men from the private sector. When it met for the first time in Lloyds Bank, only two (William Clark of the DOT and H. Mead Taylor of the Board of Trade) of its seven

[143] Jones, *British Multinational Banking*, 226-229; R.S. Sayers, *The Bank of England, 1891-1944* (Cambridge: Cambridge University Press, 1976), 163-182; Valerio Cerretano, "The Treasury, Britain's Postwar Reconstruction, and the Industrial Intervention of the Bank of England, 1921-9," *The Economic History Review* 62, no. S1 (August 2009): 80-100.

members were civil servants.[144] The others were A.G.M. Dickson, the BTC's managing director; Sidney Peel of the National Bank of Egypt; an MP and financier; and bankers from Barclays and Lloyds.[145] It was these men who would determine which firms received state funds, and on what terms.

In October 1920, as a result of successful lobbying by the Federation of British Industries, the government agreed to advance 100% of the export costs, rather than 80% as before.[146] The next year, the DOT expanded the scheme so that it covered all exports except those destined for British India, Ceylon, and other colonies in Asia.[147] As importantly, the ECD phased out cash advances and transitioned to guaranteeing "bills drawn by traders in respect of exports". That is, the Department essentially would lend the creditworthiness of the British state to less rock-solid purchasers: the Romanian government, or the "Municipality of Bagdad" for example.[148] With this change, the Department was rebranded as the Export Credits Guarantee Department (ECGD).[149]

Many of the early firms to avail themselves of the Export Credit Guarantee Department were closely involved with the FBI (see table 2.2). The driving forces behind the Federation had been heavy industries, industries for which export contracts were capital intensive and thus in

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[144] Export Credits Advisory Committee, Minutes of Preliminary Meeting, September 12, 1919, TNA, ECG 1/1.

[145] The MP was Edward Coates; the two bankers John Caulcutt of Barclays and W.S. Draper of Lloyds. Members of Advisory Committee, March 5, 1921, TNA, ECG 5/1.

[146] The FBI's Overseas Trade Committee was proud of "the concession which the Federation had obtained." Overseas Trade Committee, Minutes of Meetings, October 28, 1920 and November 25, 1920, FBI Papers, MRC, MSS.200/F/1/1/64, ff. 69-82.

[147] "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2.

[148] Export Credits Advisory Committee, Minutes of 70th Meeting, June 13, 1922, TNA, ECG 1/1.

[149] The department issued guarantees in two ways. Either it guaranteed bills for about 57% of the amount on credits for less than a year, or up to 85% cover with recourse to 42.5%. Derek H. Aldcroft, "The Early History of Export Credit Insurance in Great Britain, 1919-1939," *The Manchester School of Economic and Social Studies* 30, no. 1 (January 1962), 70-71.

particular need of financing. The largest of the early advances was made to Dudley Docker's firm, the Metropolitan Carriage, Wagon and Finance Company, for £600,000 "for the supply of wagons to the Czechoslovakian Government."[150] Armstrong Whitworth, another manufacturer close to the Federation's leadership, asked for an advance of £450,000 to sell locomotives to the Yugoslav

Company	Amount (£)	Destination	Good
English Electric Co.	2,125,000	Brazil	electrical goods
Cravens Ltd	1,224,000	Chile	railway
Sir William Arrol	1,000,000	Argentina	bridgeworks
J. Whittall and Co	640,000	Argentina	rails
R and W Hawthorn Leslie Co	616,250	Chile	railway
Metropolitan Carriage, Wagon and Finance	600,000	Czechoslovakia	wagons
Cammell Laird	600,000	Canada / USA	ships
Dorman Long	588,750	Chile	railway
Cravens Railway Carriage and Wagon	562,500	Argentina	railway wagons
Cammell Laird	545,445	France	ships
The Saunderson Tractor Co.	500,000	Poland	tractor
Armstrong Whitworth	450,000	Yugoslavia	locomotives
Cammell Laird	400,000	Argentina	railway wagons
Dobson and Barlow	400,000	Poland	machinery
Robert Hudson	390,000	Portugal	locomotives

Table 2.2: 15 largest guarantees offered by the Export Credit Guarantee Department, 1919-1925. Compiled from TNA, ECG 1/1 – ECG 1/5.

government and was "favourably considered."[151] Internal documents from Armstrong Whitworth show how important the export credit scheme was; a contract for exporting 66 locomotives to Romania hinged on it.[152] Significant credit was later extended to Marconi Wireless Telegraph and

[150] Export Credits Committee, Minutes of 5th Meeting, December 22, 1919, TNA, ECG 1/1.

[151] Export Credits Committee, Minutes of 3rd Meeting, November 12, 1919, TNA, ECG 1/1.

[152] Armstrong Whitworth Board of Directors, Minutes of Meetings, May 22 and August 4, 1919, Armstrong Whitworth Papers, Tyne and Wear Archive Centre, Newcastle-upon-Tyne, United Kingdom (TWA), DS.VA/1/12/4.

J. Mandleberg, both firms with managing directors on the FBI's Overseas Trade Committee.[153] These were huge sums – the average yearly wage of a factory worker in an engineering firm in 1920 was less than £200.[154] After six months, the committee had yet to reject an application.

Commercial assistance to firms went hand in hand with imperial geopolitics. When Saunderson Tractor Company, a member of the Federation of British Industries, applied for an advance of £500,000 to export their products to Poland, the Advisory Board member from Barclays lent enthusiastic support. He noted "how desirable it was, in view of American competition, to get a British made tractor established in Poland."[155] The application of the major manufacturer English Electric Co. for a guarantee of £2,215,000 for electrical goods for Brazilian railways was similarly approved with geopolitics in mind. "Mr Edgecombe (DOT) stated inter alia that if the English Elec Co obtained this contract it would be at the expense of the U.S.A.…[and would also] lead to further business in the matter of repairs and renewals". It would also "do much for British commercial prestige in Brazil".[156] Of course, English Electric's joint managing director, Percy Pybus, was himself on the DOT advisory committee. So too was John Dewrance, whose company received a nearly £75,000 guarantee for constructing sugar mills in Poland.[157] Another committee member, W.L. Hichens – the adviser for whom "a few millions were neither here nor there" – was the chief of Cammell Laird, which received a guarantee of over half a million pounds

[153] Export Credits Committee, Minutes of 50th and 108th Meetings January 3, 1922 and March 27, 1923, TNA, ECG 1/1 and 1/2.

[154] House of Commons Sitting, *Hansard*, 30th July 1925, Fifth Series, volume 187, cc. 671-673.

[155] Export Credits Committee, Minutes of 15th Meeting, December 20, 1920, TNA, ECG 1/1.

[156] Exports Credit Committee, Minutes of 67th Meeting May 16, 1922, TNA, ECG 1/1. English Electric had been founded in 1918 as a public company. It immediately took over the Coventry Ordnance Works, which had been owned by John Brown and Cammell Laird.

[157] The company was Dewrance and Co. Exports Credit Committee, Minutes of 158th Meeting, October 7, 1924, TNA, ECG 1/3.

for the sale of a steamer to France and a provisional guarantee of £600,000 for ships bound for Canada.[158] These state commitments were significant; the equivalent of hundreds of millions of pounds today.

But by 1921, the scheme was under siege. The so-called "Great Slump" had hit Britain as the country tried to reinsert returning workers and adjust to peacetime production. Wholesale prices fell by over 35% between 1920 and 1921 and unemployment spiked from under 4% to nearly 15%.[159] In the face of economic cataclysm, the Lloyd George government sought to economize in any way it could. There were calls to put the ECGD "on a better footing," or to make the department self-funding, even in the face of industrial unrest. In response to the shifting political climate, the justifications for the Export Credit Scheme shifted away from geopolitics to increasingly center on the alleviation of unemployment; after all, the export trade was "intimately connected" with the "acute problem of unemployment".[160] The new justification of unemployment relief proved a powerful reason for the conservative government to support the program. It was a much more crowd-pleasing explanation for tying up £26 million than helping Lithuanians or, indeed, helping large corporations. DOT leadership was eager that "all possible publicity should be given to the manner in which the scheme, as now extended, could be of assistance to British manufacturers and merchants."[161] The rhetorical shift only entrenched the existing pattern of support for heavy industry. The department approved a guarantee on £350,000

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[158] Exports Credit Committee, Minutes of 115th and 174th Meetings, May 22, 1923 and March 17, 1925, TNA, ECG 1/2 and 1/4.

[159] Garside, *British Unemployment,* 4-5; 8. See also, ibid., chapter 8; Boyce, *British Capitalism*, chapters 2 and 3; D.E. Moggridge, *British Monetary Policy 1924-1931: The Norman Conquest of $4.86* (Cambridge: Cambridge University Press, 1972), chapter 2.

[160] DOT Advisory Committee, Minutes of 16th and 19th Meetings, February 9 and October 19, 1921, TNA, BT 90/4.

[161] DOT Advisory Committee, Minutes of 19th Meeting, October 19, 1921, TNA, BT 90/4.

to Armstrong Whitworth for motor boats destined for Chile; and almost a million pounds for Cammell Laird, Cravens, and Nasmyth to export railway wagons to Argentina.[162] The ECGD announced that it would offer even longer credits and the Board of Trade began canvassing overseas British banks for potential contracts for British firms.[163]

Justifying the ECGD in terms of unemployment also responded to a new program, ushered in by the Trade Facilities Act (TFA) in late 1921. From the perspective of industrialists – or unemployed workers – the two programs looked similar. Like the Export Credit Scheme, the TFA would give low-interest loans to spur economic activity. Like the Export Credit Scheme, it was administered by a small "independent" panel drawn largely from private enterprise: a Bank of England director, an accountant with close ties to the Board of Trade, and a representative from the League of Nations. They were tasked with selecting projects that would reduce unemployment, urged to give preference to those "which ensure the immediate placing and execution of orders for exported manufactures".[164] The difference was that the TFA was under the control of a reluctant Treasury, while the ECGD remained housed in the business-friendly Department of Overseas Trade. Since 1920, David Lloyd George's government had searched for a way to alleviate unemployment and by late 1921, there was radical talk of spending £250 million on public works. The idea was quashed, but a compromise measure was reached, whereby the Treasury pledged £25 million to guarantee the payment of interest and principal on loans for major industrial

[162] DOT Advisory Committee, Minutes of 56th and 65th Meetings, February 21, 1922; May 2, 1922, TNA, ECG 1/1.

[163] DOT Advisory Committee, Minutes of 20th Meeting December 7, 1921, TNA, BT 90/4; "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2; H.F. Carlill to Treasury, October 29, 1921, TNA, T 160/637/8.

[164] See Memorandum on TFA Advisory Committee, November 10, 1921, TNA, T 160/783/1; Lewis Johnman and Hugh Murphy, "Subsidy and Treasury: the Trade Facilities Act and the UK Shipbuilding Industry in the 1920s," *Contemporary British History* 22, no. 1 (March 2008), 94; House of Commons Sitting, *Hansard,* 19th December 1921, Fifth Series, volume 149, cc. 383-385.

infrastructure projects that were anticipated to employ Britons.[165] This guarantee was codified in the Trade Facilities Act, signed in November 1921.

Though not designed exclusively to facilitate British overseas commerce, like the export credit scheme, the TFA was meant to assist heavy industry in underemployed regions. This goal motivated several revisions of the Act, by which the authorized capital grew threefold to £75 million and by which the Treasury came to authorize guarantees on foreign purchases of British capital goods. The results were striking. Over the first four years of the Act, over a quarter of the authorized guarantees – some £16 million – went to projects that involved exports overseas.[166] There was a million pound guarantee for the Lithuanian government to buy locomotives, £1,250,000 for railway stock for Angola, £300,000 for electrical equipment to go to Japan, £2 million for infrastructure in Bengal, and £1,250,000 for a hydroelectric station in Malaya.[167] Like those of the Export Credit Scheme, many guarantees issued by the TFA advisory committee – collectively worth millions of pounds – served to grease the wheels of British overseas and imperial commerce. Guarantees like those to Jamaica Sugar Estates, Ltd (£115,000) or "a company to be formed by the Sudanese Government" to build a railway (£500,000) or the Kakabi & Lake Taupo Railway Co. of New Zealand (£250,000) were exercises in market-making, predicated on the assumption that capital investment abroad would stimulate demand for British goods.[168]

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[165] G.C. Peden, *The Treasury and British Public Policy, 1906-1959* (Oxford: Oxford University Press, 2000), 177-181.

[166] Ibid., 184; Cerretano, "The Treasury," 86-88, particularly table 3, which is drawn from "Co-Operation in financial Assistance to Imperial Development," April 9, 1926, TNA, T 160/184.

[167] "Co-Operation in financial Assistance to Imperial Development," April 9, 1926, TNA, T 160/184.

[168] Even more than the export credit scheme, a high proportion of the funds guaranteed by the Treasury went to making markets for British exports in the formal empire. Trade Facilities Acts, 1921-1924, Statement of Guarantees, July 9, 1924 (London: HMSO, 1924).

It was the internal politics of Whitehall that differentiated the functioning of the TFA and the ECGD. The TFA was in the hands of the Treasury, a guardian hostile to the expansion of the business-state. "Our object always has been," one Treasury official noted, "to keep as far as possible out of management."[169] The ECGD, by contrast, was controlled by the Department of Overseas Trade (and its parent, the Board of Trade), departments with closer connections to individual industrialists and industrial interests in Great Britain. Not coincidentally, whereas the TFA lapsed in 1927, the Export Credit Guarantee Department lived on and thrived for decades. By 1924, business representatives were clamoring for the government to "render greater assistance than it has ever done before to the development and maintenance of our export trade."[170] There were calls from chambers of commerce for loosening both credit and bureaucratic controls at the ECGD and TFA. In Hull, for instance, "it is considered that this [export credit] scheme is bound round with so much red tape that it has not been of much value to Exporters." The chambers of commerce in Derby and Aberdeen expressed a similar view. But heavy industrialists were more sanguine. Locomotive builders in Leeds noted that two programs "proved advantageous", and could be "extended at the present time with good results." In Newcastle, one industrialist contended that "there is no doubt as to the benefit of the…Export Credits Scheme, but in my opinion, on non-consumable articles only." From Sheffield, there was agreement that the arrangements under the Trade Facilities Act were "of great assistance in enabling capital to be raised on reasonable terms."[171]

[169] Otto Niemeyer to Basil Blackett, April 3, 1922, TNA, T 160/637/8.

[170] Committee on Industry and Trade, Proof of Evidence to be submitted by Mr. H.C. Field, 1924, London School of Economics Special Collections, London, United Kingdom (LSE), Coll Misc 951/6.

[171] Committee on Industry and Trade, Evidence of Mr. H.C. Field, Appendix 3, 1924, LSE, Coll Misc 951/6.

By the time it was phased out in 1927, the Trade Facilities Act had been used to guarantee £75 million in loans.[172] The Export Credit Guarantee Department remained smaller. According to official published statistics, from 1921 to 1926, the Department never guaranteed more than £2 million at any given time and in June 1926, an official report indicated that only £6,305,629 had been guaranteed in total.[173] But these figures do not square with the much larger sums the department actually sanctioned: well over £19 million by the end of 1922, over £30 million by 1924.[174] Still, in retrospect, in its early years the scheme was limited (British exports climbed to over £700 million per year during the 1920s).[175] Nevertheless, the department continued to grow. A new scheme, with new terms, was started in 1926 and proved more successful. The amount guaranteed rose in 1930 to over £5.5 million, a figure that compared well with those of large private banks.[176] By the outbreak of the Second World War, the Export Credit Guarantee Department had insured well in excess of £200 million and had become one of the chief ways the state secured the export of heavy machinery to the Soviet Union and much of Eastern Europe, an increasingly important political project, as described in chapter 6. In the year before the outbreak of war alone,

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[172] As of March 31, 1927, £74,251,780 had been guaranteed. *Trade Facilities Acts, 1921-1926, April 28, 1927* (London: HMSO, 1927). Cerretano, "The Treasury," 87; Johnman and Murphy, "Subsidy and Treasury", 102.

[173] Aldcroft, "Export Credit Insurance in Great Britain," 71.

[174] The difference in figures may refer to sums that were authorized but never actually paid out. Such sums were still *guarantees,* by which commercial firms leveraged the British state's credit. Author's calculations based on Minutes of the Export Credit Advisory Committee, TNA, ECG 1/1 and 1/2.

[175] Schlote, *British Overseas Trade*, 136.

[176] Report of the Credit Insurance Committee, 1925-1926 (London: HMSO, 1926) [Cmd. 2619]; Reports on the Export Credits Guarantee Scheme, (London: HMSO, 1929) [Cmd. 3450]. C.f. Garside, *British Unemployment,* 147-148, who cites a 1921 Board of Trade Memorandum that recommended allowing British export prices to fall to "rock bottom" in order to compete with other countries. This view, however, was totally consistent with support for the Export Credit Scheme, which would affect the cost of trade financing rather than the price of the British good itself.

it had guaranteed nearly £20 million. It had become, in the words of one parliamentarian, "an integral and indispensable part of the whole of our export machinery."[177]

CONCLUSION

In the 19th century, the British state valorized laissez-faire as a policy that neatly satisfied pretentions to fair play while disproportionately benefitting British interests. By contrast, starting in World War I, the state pursued a much more direct effort to prop up British industrial exporters, to actively support British commercial power overseas. This attention to exports during and after World War I came not from a position of strength, but from a position of feared weakness, especially relative to Germany and the United States. As the Cambridge economist Herbert Foxwell put it in 1917, "if we are going to abandon adventure to the United States and Germany we may look forward confidently to the decline of our commercial supremacy."[178] By 1917, British shipping was suffering enormous monthly losses, British capital was increasingly scarce, and there was widespread concern that New York was overtaking London as the world's financial center.[179] The old model of Britain profiting off its overseas investments and shipping fleet – the model that Vincent Caillard critiqued in the Faringdon Committee – was under siege. Global trade fell by a quarter because of the war and Britain's share of world shipping tonnage would slowly decrease from 40% in 1913 to 30% by 1930. Over the same period, the national debt, negligible

[177] Aldcroft, "Export Credit Insurance in Great Britain," 73; 80-82.

[178] Foxwell, "The Financing of Industry and Trade," 504.

[179] On European anxieties about American capitalism, see Sven Beckert, "American Danger: United States Empire, Eurafrica, and the Territorialization of Industrial Capitalism, 1870-1950" *The American Historical Review* 122, no. 4 (October 2017): 1137-1170. The United States did not definitively surpass Britain in foreign asset holdings until 1945. Maurice Obstfeld and Alan M. Taylor, *Global Capital Markets: Integration, Crisis, and Growth* (Cambridge: Cambridge University Press, 2004), 126-136; Adam Tooze, *The Deluge: The Great War, America and the Remaking of the Global Order, 1916-1931* (New York: Penguin, 2015).

before the war, rose to almost £7.5 billion. Overseas investment fell off as well. Before the war, it had accounted for some 8% of British national income; in 1925, that figure was just 2.5%.[180] Against this backdrop, material goods took on new importance. As a Liberal MP noted in 1921, "28,000,000 [of] the people of this country, more than half the population, live and have their being in the export trade of this country." Over 80% (some £582 million) of those exports were manufactured.[181] No wonder there was widespread support for assisting manufacturers. In 1918, even Inglis Palgrave, the staunchly liberal former editor of the *Economist*, thought that the British Trade Corporation would be "of great service." "A century ago, and even more recently," Palgrave noted, the BTC was not needed. But "we are now passing into a different stage of both mental and business activity; and it lies with us either to meet and overcome the difficulties which confront us, or else be surpassed by other nations."[182]

For historians emphasizing the strength of Britain's financial establishment, the BTC was an anomaly, one that ended when the Bank of England subsumed it in 1926. By this account, the BTC was a failed experiment in circumventing the City of London, born during a brief moment when industrial interests were on the rise and financial ones on the wane. By 1926, with Britain back on the gold standard and the Conservatives back in power, this window of industrial predominance was closing, if not already closed. Gentlemanly capitalism, in this telling, emerged back on top after the brief caesura of the war, and export-led imperialism was quietly displaced by

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[180] Giovanni Federico and Antonio Tena-Junguito, "A Tale of Two Globalizations: Gains from Trade and Openness, 1800-2010," Instituto Figuerola Working Paper in Economic History WP 16-02 (Madrid, Spain: Instituto Figuerola de Historia y Ciencias Sociales, Universidad Carlos III, February 2016), 12; Ronald Hope, *A New History of British Shipping* (London: John Murray, 1990), 358. The Treasury discouraged overseas investment except to sterling countries, to keep interest rates down to ease a return to the gold standard. Darwin, *The Empire Project*, 372-373.

[181] House of Commons Sitting, *Hansard*, 15th June 1921, Fifth Series, volume 143, cc. 476-477; Scholte, *British Overseas Trade,* 126.

[182] Palgrave, "The British Trade Corporation", 151-153.

a return to the financial imperialism of the long 19th century.[183] This narrative of restored financial orthodoxy fits neatly with another: that while the domestic state grew rapidly during World War I, it quickly shrank back to its pre-war dimensions after demobilization.[184] Wartime ministries folded, the statist plans to keep and adapt wartime administration for peace shriveled amidst a widespread desire to return to the status quo ante.

But the continued existence of the Trade Facilities Act and the longer-lived Export Credit Guarantee Department belies such narratives. Through the influence of private industry, the scourge of unemployment, and an ongoing urge to control new geopolitical spheres, the British business-state not only thrived, but also grew in scope and ambition, long after the war's end. The interwar British state did not simply return to antebellum laissez-faire, but instead was permanently altered by the war. The stories of Britain's official trade finance schemes demonstrate how the war permanently changed the state itself, pushing it to assume a new active, interventionist economic role. By the mid 1920s, the state was firmly in the business of trade promotion and trade finance. More importantly, its participation as an active booster of British business in these fields had been entirely normalized.

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[183] Cain and Hopkins, *British Imperialism: Crisis and Deconstruction*, chapters 1 and 2. For a critique, see David Cannadine, "The Empire Strikes Back," *Past and Present* 147, no. 1 (May 1995): 180-194.

[184] To quote Middlemas, who critiques the view, according to fashionable interpretation, "British governments of the inter-war years were slothful in planning or weak in the execution of policies which were, in any case, futile in the face of great problems of economic decline." Middlemas, *Politics in Industrial Society,* 18. Middlemas himself suggests that the state worked with employers' organizations and unions to guarantee political stability. Garside, *British Unemployment,* 146-148; Hennessy, *Whitehall*, chapter 2; Peden, *The Treasury,* chapter 4; Moses Abramovitz and Vera F. Eliasberg, *The Growth of Public Employment in Great Britain* (Princeton: Princeton University Press, 1957), 39-50. As David Edgerton notes, military spending also remained high throughout the interwar period. Edgerton, *Warfare State*, chapter 1.

Chapter 3

Leveraging Empire:
Industrial Stabilization at the Bank of England

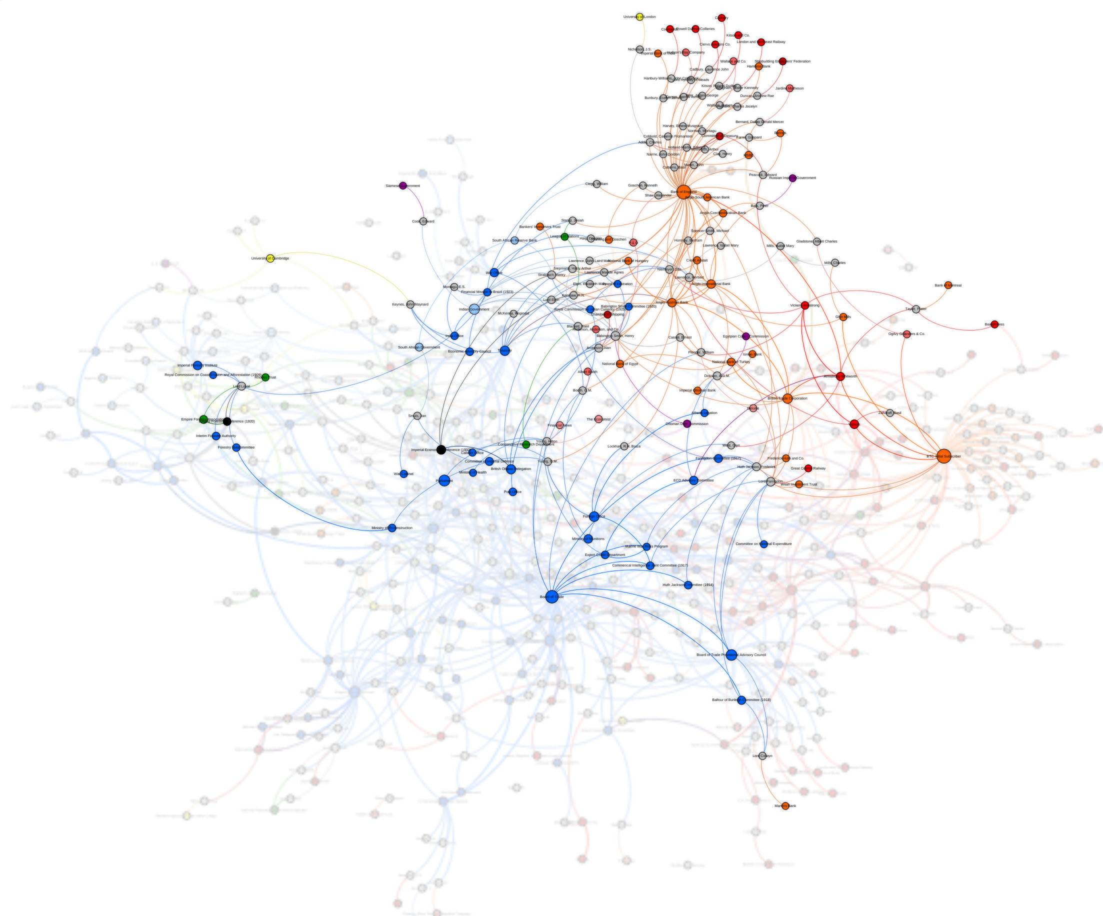

Figure 3.1: Network Visualization of the Business-State, Chapter 3. This graph features the 68 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In late 1926, Herbert Lawrence was managing two very different companies. The first was Vickers, Britain's largest armaments firm and a thriving multinational. The second was a struggling bank, Anglo-International, formed that year through a merger of an Austrian commercial bank and the British Trade Corporation. In both roles, Lawrence was working closely with the Bank of England. As chairman of Anglo-International, Lawrence answered directly to Bank leaders; the Bank of England owned Anglo-International. As the head of Vickers, he and the same Bank leaders would, within months, be negotiating a merger of Britain's two largest arms companies, Vickers and Armstrong Whitworth, the latter of which was also owned by the Bank.

Lawrence – a financier and industrialist – was also a retired major general who had risen through the ranks to become the Chief of General Staff for the British forces in France by the end of World War I. With his social connections (he had married into a banking dynasty), and overlapping roles, he was a clear instantiation of the business-state. But Lawrence's activities at the end of 1926 and beginning of 1927 also illustrate the extent to which the Bank of England itself was a central node in the network of the business-state. As the owner of both the British Trade Corporation and several major industrial concerns, the Bank of England was tied up in industrial firms and industrial policy as never before. Representatives from the Bank attended regular Armstrong Whitworth board and executive committee meetings dealing with factory closures, wages, rationalization programs, and the sales of munitions, machine tools, and locomotives abroad, to Bengal, Spain, Russia, Nigeria, and Trinidad.[1] Though its involvement with Armstrong Whitworth was among the most dramatic, after World War I, the Bank came to manage a large

[1] See, e.g. Armstrong Whitworth Executive Committee, Minutes, February 4, 1927 and March 5, 1928, Armstrong Whitworth Papers, Tyne and Wear Archives, Newcastle-upon-Tyne, United Kingdom (hereafter TWA), DS.VA/1/21/9.

portfolio – nearly £10 million by 1920 – of industrial equity in many of Britain's major firms.[2] Moreover, through ownership of the British Trade Corporation and other British financial institutions operating abroad, the Bank of England sought to foster a salubrious and stable overseas environment for British business.

By the mid 1920s, the Bank of England had committed to actively resuscitating British overseas trade and industrial exports. The vision of state-supported trade and industry, fostered at the Board of Trade and Department of Overseas Trade (DOT), had penetrated even the bastion of financial orthodoxy: the Old Lady of Threadneedle Street, as the Bank of England was affectionately known. This went beyond the Bank's efforts to re-establish global order at international conferences in the wake of World War I; in the years after the war, the Bank of England assumed a new, expanded industrial role, in its increasingly bold efforts to stabilize Britain's economic landscape.

Scholars have long recognized that the Bank grew in size and scope in the years between World War I and World War II, but attention has usually focused on the Bank's efforts to restore the antebellum international monetary order and more proactively manage Britain's currency.[3] Significantly less work attends to the other, ill fated, ways in which the Bank of England sought

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[2] R.S. Sayers, *The Bank of England, 1891-1944* (Cambridge: Cambridge University Press, 1976), 327. In addition to holding significant assets of Armstrong Whitworth's, the Bank managed nearly £2 million through the Securities Trust. See Valerio Cerretano, "The Treasury, Britain's Postwar Reconstruction, and the Industrial Intervention of the Bank of England, 1921-9," *The Economic History Review* 62, no. S1 (August 2009), 91.

[3] Take, for example, D.E. Moggridge, *British Monetary Policy 1924-1931: The Norman Conquest of $4.86* (Cambridge: Cambridge University Press, 1972); Robert W.D. Boyce, *British Capitalism at the Crossroads, 1919-1932: A Study in Politics, Economics, and International Relations* (Cambridge: Cambridge University Press, 1987); Anne Orde, *British Policy and European Reconstruction After the First World War* (Cambridge: Cambridge University Press, 1990); Liaquat Ahamed, *Lords of Finance: The Bankers who Broke the World* (New York: Penguin, 2009); Charles P. Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin, 1984), chapter 18; Barry Eichengreen, *Golden Fetters: The Gold Standard and the Great Depression, 1919-1939* (Oxford: Oxford University Press, 1992); Stephen V.O. Clarke, *Central Bank Cooperation, 1924-31* (New York: Federal Reserve Bank of New York, 1967); Henry Clay, *Lord Norman* (London: Macmillan, 1957).

to prop up national and international economic stability. This chapter addresses three of these efforts: engagement with overseas banks, industrial firms, and imperial central banking networks, each of which entailed a significant expansion of the Bank's role within the British imperial economy and its status as a key part of the new British business-state.

Until 1946, the Bank of England was not a state organ like the American Federal Reserve banks or the Banque de France. It was, instead, a private entity with unique national responsibilities. Established in 1694 to finance British war debt, the Bank of England was originally a consortium of state creditors with a monopoly on printing banknotes. Through the 18th and 19th centuries, the Bank became the center of the City of London's financial establishment: the lender of last resort and the guarantor of financial stability. Its board of directors, called the General Court, was drawn from the leading banking families and houses. The most prominent directors sat on a small committee, the Committee of Treasury, which determined the Bank's policy; the role of its Governor was semi-ceremonial and rotated every two years.[4]

A principal reason that the Bank's management was not composed of a professional cadre was that in the two decades before World War I, the Bank of England's responsibilities were relatively easy to fulfill. It presided over an age of imperial expansion and globalization, undergirded by British imperial hegemony and a stable monetary order: the gold standard. The standard enabled global trade, which helped British exporters and British shippers, who owned about 40% of the world's shipping tonnage at the outbreak of the war.[5] It was also uniquely

[4] On the Bank of England, see the two official histories written by J.H. Clapham and R.S. Sayers. J.H. Clapham, *The Bank of England* (Cambridge: Cambridge University Press, 1944); Sayers, *The Bank of England, 1891-1944*. See also David Kynaston, *Till Time's Last Sand; A History of the Bank of England, 1694-2013* (London: Bloomsbury, 2017). For an overview of London's elite bankers, see Youssef Cassis, *City Bankers, 1890-1914*, translated by Margaret Rocques (Cambridge: Cambridge University Press, 1994).

[5] Ronald Hope, *A New History of British Shipping* (London: John Murray, 1990), 358.

profitable for bankers in the City of London. London was not just the hub of Britain's economic empire, it was also the financial capital of the world.[6] In the half century leading up to the outbreak of World War I, over £4 billion moved from Britain to the rest of the world. Britain was the world's creditor and London its bond market.[7] London was firmly at the center of an imperial financial network; not just an imperial capital, but also the hub of a capital empire.[8] Sterling was as good as gold, and since Britain was the world's creditor, the Bank of England was the global monetary backstop.

World War I and the concomitant collapse of the global monetary order upended the Bank of England's traditional role. During the war, the Bank closely cooperated with the Treasury in managing Britain's money supply and exchange rate.[9] In the interwar years, the Bank of England became a recognizably modern central bank, responsible for actively managing the country's currency and exchange rates. Starting in 1920, it was led by the shrewd and eccentric Montagu Norman who, more than any other governor in the Bank's history, was able to exercise personal

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[6] David Kynaston, *The City of London* (London: Chatto and Windus, (1994-2001); Michael D. Bordo, Barry Eichengreen, and Douglas A. Irwin, "Is Globalization Today Really Different than Globalization a Hundred Years Ago?" NBER Working Paper 7195 (Cambridge, MA: NBER, June 1999); Marc Flandreau and Frédéric Zumer, *The Making of Global Finance, 1880-1913* (Paris: OECD, 2004); Michael Bordo, Alan M. Taylor, and Jeffrey G. Williamson, eds., *Globalization in Historical Perspective* (Chicago: University of Chicago Press, 2003).

[7] Cain and Hopkins, *British Imperialism,* 161-163. Davis and Huttenback, *Mammon and the Pursuit of Empire*, 46.

[8] Being inside the formal empire provided access to easier financial capital on the outbreak of World War I. Niall Ferguson and Moritz Schularick, "The Empire Effect," *The Journal of Economic History* 66, no. 2 (June 2006): 283-312; Moritz Schularick, *Finazielle Globalisierung in historischer Perspektive* (Tübingen: Mohr Siebeck, 2006), chapter 7. See also Marcello de Cecco, *Money and Empire: The International Gold Standard, 1890-1914* (Totowa, New Jersey: Rowman and Littlefield, 1975).

[9] David Kynaston, "The Bank of England and the Government," in Richard Roberts and David Kynaston, eds., *The Bank of England: Money, Power and Influence 1694-1994* (Oxford: Clarendon Press, 1995), 28-29; Kynaston, *Till Time's Last Sand,* chapter 10; G.C. Peden, *The Treasury and the British Public, 1906-1959* (Oxford: Oxford University Press, 2000), 75-80.

control over Bank policy and culture.[10] Norman pushed the Bank to launch bold new initiatives, to be more proactive in its management of the London money market, and more professional in its administrative and hiring practices. He also oversaw its rapid growth. In 1920, when Norman took over, the Bank employed 1,038 men and 460 women. By 1931, those figures had more than doubled to 2,061 and 1,259.[11]

Like other senior Bank leaders, Norman was principally motivated by a desire to restore a golden age that had been lost. In the words of the Bank's official chronicler, R.S. Sayers, "the men of 1919 believed that the best monetary system was that of 1913: a world gold standard centred on London, with the Bank of England controlling the system."[12] The vision of restoring the antebellum status quo persisted right up until the financial crises of 1931, when the Great Depression arrived in Britain. But though restoration of the status quo ante was the Bank's ultimate goal in the 1920s, its proximate goal was stability. In a post gold standard world, beset by financial shocks, volatile politics, and industrial action, the Bank was a bulwark against instability, not just of financial markets, but also of domestic industry and the global economy itself.[13] During the interwar years, the Bank had to navigate debt, uncertainty, and crisis at a time when the traditional rules of financial orthodoxy seemed hopelessly out of date. To do so, it did not rely on a single,

[10] Henry Clay provides a sympathetic and detailed account of Norman in Clay, *Lord Norman*; Liaquat Ahamed provides a more journalistic portrait in *Lords of Finance.* See also Sayers, *The Bank of England* and Kynaston, *Till Time's Last Sand*, Part 3.

[11] Joan Bridges, "Totals of Staff Employed," March 30, 1971, Bank of England Archives, London, United Kingdom (hereafter BOE), ADM 33/13.

[12] Sayers, *The Bank of England*, 111; Moggridge, *British Monetary Policy*, 229.

[13] On the importance of stability in the 20th century, see Charles S. Maier, *In Search of Stability: Explorations in Historical Political Economy* (Cambridge: Cambridge University Press, 1987).

overarching strategy, but instead launched a range of initiatives aimed at guaranteeing stability in different ways.

Despite the Bank's diverse responses to crises, most of the canonical literature in financial history has focused on one kind of Bank action: its efforts to build a new global monetary regime in which Central Banks cooperated to manage exchange rates and currency flows. The literature has concentrated on how the Bank forged a new interwar order by working as an extension of the British government at conferences in Brussels (1920) and Genoa (1922), and by establishing the Bank of International Settlements (BIS) in 1930.[14] International initiatives, including the BIS and efforts to stabilize Germany such as the Dawes and Young Plans, have received extensive scholarly attention, but represented just one type of the Bank's many responses to interwar instability.

This chapter takes a different approach, highlighting underexplored ways in which the Bank expanded its reach in the 1920s and 1930s. This was a period of profound experimentation. Ensuring stability entailed managing foreign exchange and money supply in a fundamentally new way, but also participating in British industry and overseas banking. These experiments in central bank expansion – like the expansions of the formal state treated in the previous two chapters – were both driven by domestic economic interests and enabled by imperial experience and resources. They also dovetailed neatly with the schemes carried out by the Board of Trade, DOT, and Foreign Office. In 1926, for instance, the Bank of England assumed control of the British Trade Corporation. For like these other entities, the Bank of England was a central hub in the expanding industrial business-state.

[14] Ibid., chapter 8; see also Ahamed, *Lords of Finance*; Moggridge, *British Monetary Policy*; Kindleberger, *A Financial History of Western Europe*; Eichengreen, *Golden Fetters;* Ben Bernanke, *Essays on the Great Depression* (Princeton: Princeton University Press, 2004), especially chapter 3; Harold James, *The End of Globalization: Lessons from the Great Depression* (Cambridge: Harvard University Press, 2002).

FROM the BTC to ANGLO-INTERNATIONAL

The Bank of England came to take over the BTC by a circuitous path, one that snaked through Middle Europe. Like the businessmen and trade administrators covered in the previous chapters, Bank of England officials sought to capitalize on the collapse of German power.[15] Like the officials at the DOT, Bank leaders understood Central Europe as an area of great economic opportunity, capitalizing on which required decisive action.[16] Not only were there inroads to make, but there also were existing debts to collect. Austrian and German banks owed significant sums to the British state and to the Bank of England itself from before the war. British officials keen to collect on reparations from Germany understood that German repayment required German economic stability. In a broad sense, British financial solvency depended on Central Europe; if Germany collapsed, hundreds of millions of pounds of German debts to Britain would go unpaid. If this happened, British finance would have to face down its own American creditors.[17] No wonder, then, that Montagu Norman understood stabilizing Central European financial markets as a key priority. The conventional way to do so was to extend credit, which the Bank did, in conjunction with a wider effort coordinated by the League of Nations to provide large loans to

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[15] Sayers, *The Bank of England*, 156. Per Sayers, Norman's efforts to effect "the financial reconstruction of Europe was to bear fruit most abundantly in Austria, Hungary and Germany." P.L. Cottrell, "Aspects of Western Equity Investment in the Banking Systems of East Central Europe," in Alice Teichova and P.L. Cottrell, eds., *International Business and Central Europe, 1918-1939* (Leicester: Leicester University Press, 198), 311-316. On the Bank's activities in Hungary (where it controlled the financial system through the League of Nations Financial Committee), Czechoslovakia, and Poland, see Miklós Lojkó, *Meddling in Middle Europe: Britain and the Lands Between, 1919-1925* (Budapest: CEU Press, 2006), particularly chapters 2, 4, and 6. See also Orde, *British Policy and European Reconstruction*, chapter 8.

[16] France, for instance, quickly took over the distressed Austrian Länderbank. Cottrell, "Aspects of Western Equity Investment."

[17] See Orde, *British Policy and European Reconstruction*, especially chapters 3 and 4; Boyce, *British Capitalism*, chapter 3; Clay, *Lord Norman*, 179-185.

Central European governments.[18] But Norman was also ready to intervene more directly. In 1921, he took over a major Austrian bank.

During World War I, the British state froze the assets of enemy banks and put them into receiverships. One of the largest was the Anglo-Austrian Bank, put under the control of a favorite Board of Trade fixer and friend of Lord Faringdon's, the accountant William Plender.[19] Anglo-Austrian was founded in 1863 by British investors but control over the bank gradually shifted to Vienna.[20] Nevertheless, on the outbreak of World War I, the bank maintained a substantial British presence, with a major London branch. When Austrian assets were unfrozen at the end of the war, Anglo-Austrian was "a debtor in Sterling to various concerns to the extent of considerably over £2,000,000."[21] The largest creditor by far was the Bank of England itself, which was owed over £1.6 million. Anglo-Austrian had few assets in Britain and Austria, like the rest of Central and Eastern Europe, was in total crisis, dependent on foreign assistance and relief shipments.[22]

[18] Nathan Marcus, *Austrian Reconstruction and the Collapse of Global Finance, 1921-1931* (Cambridge: Harvard University Press, 2018), chapters 2 and 3.

[19] Sir William Plender was a partner at Deloitte. Plender had audited and advised the Board as it grew during the war and Hubert Llewellyn Smith appointed him honorary financial advisor in 1918. At the war's end Plender was hired by the British state to help clear enemy debts in Britain. Report on Accounts of the Finance Department and Subsidiary Offices, May 1918, The National Archives, Kew, United Kingdom (hereafter TNA), BT 13/88, E 36095; Appointment of Sir William Plender as honorary financial advisory, 1918, TNA, BT 13/91, E 36790. Plender and Faringdon started their careers as clerks at the same accountancy in their early 20s. Faringdon left to make his fortune as a stockbroker and Plender stayed, eventually becoming partner. David Wainwright, *Henderson: A History of the Life of Alexander Henderson, first Lord Faringdon, and of Henderson Administration* (London: Quiller Press, 1985), 15.

[20] The most comprehensive work on Anglo-Austrian is Charlotte Natmeßnig, *Britische Finanzinteressen in Österreich: Die Anglo-Oesterreischische Bank* (Vienna: Böhlau, 1998). See also Alice Teichova, "Versailles and the Expansion of the Bank of England into Central Europe," in Norbert Horn and Jürgen Kocka, eds., *Recht und Entwicklung der Großunternehmen im 19. und frühen 20. Jahrhundert* (Göttingen: Vandenhoeck & Ruprecht, 1979): 366-387; P.L. Cottrell, "London Financiers and Austria, 1863-1975: The Anglo-Austrian Bank", *Business History* 11 (1969): 106-119; Cottrell, "Aspects of Western Equity Investment," 330-334. Geoffrey Jones, *British Multinational Banking 1830-1990* (Oxford: Clarendon Press, 1993), 228-229.

[21] Memorandum from the Bank of England with reference to the proposed re-organisation of the Anglo-Austrian Bank", n.d. [April 1921], TNA, T 160/91/1.

[22] Orde, *British Policy and European Reconstruction,* chapter 4.

Moreover, because hyperinflation had rendered the Austrian crown worthless, the bank's sterling debts would remain unpaid. "Failing some scheme of re-organisation," the Bank of England noted, "there seems to be little probability of sterling creditors recovering any reasonable portion of their debts for many years to come."[23] But Montagu Norman saw an opportunity to make lemonade from Austrian lemons.

The Bank of England's interest in Anglo-Austrian was two-fold. First and foremost, it sought to recover its £1.6 million.[24] But it also sought to extend influence and power in Central Europe. Anglo-Austrian was a major presence in Central and Southeastern Europe, with 33 branches in Austria, 29 in the newly independent Czechoslovakia, and a smattering of other outposts in Hungary, Romania, Italy, and Yugoslavia.[25] As such, it was an ideal vehicle for a new ambition nurtured by Montagu Norman: for the Bank of England to resuscitate the entire region and gain footholds in the small new countries that emerged out of the German and Austro-Hungarian Empires. Because of Anglo-Austrian's unpayable debt to the Bank of England, the latter simply assumed control of Anglo-Austrian and restructured it as a British-held company.[26] This reorganization, in Norman's words, provided for "the general improvement of trade and economic conditions in Austria and the surrounding countries."[27] Such an improvement, in turn,

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[23] Ibid.; Jones, *British Multinational Banking*, 228.

[24] See Cerretano, "The Treasury," 95.

[25] Jones, *British Multinational Banking*, 228. The Bank of England appointed six of the 11 directors on Anglo-Austrian's board.

[26] Montagu Norman to Basil Blackett, April 13, 1921, TNA, T 160/91/1.

[27] Ibid. The plan met with swift approval from the Treasury. "The plan appears to us to be a desirable one," Basil Blackett to Montagu Norman, April 21, 1921, TNA, T 160/91/1.

would help stabilize the local financial system, which collectively owed millions to British lenders. As the commercial secretary at Prague summarized:

> Although the primary cause of the Bank of England's interest...was the recovery of the moneys owed to it, I believe I am correct in stating that the Governor of the Bank of England holds views of a more far-reaching character than this and that…he would not be averse to building out of the ruins of the Anglo-Austrian Bank a new bank which would be supported by the Bank of England and which would play an important role in restoring the economic life of the Central European states.[28]

In so doing, the Old Lady of Threadneedle Street stepped well beyond its traditional role of presiding over London's banks; it sought to establish itself as a major player in Vienna and, thence, across Central Europe. For not only did Anglo-Austrian boast scores of international branches, it was also was actively involved in 84 joint stock companies (*Aktiengesellschaften*), a plurality of which operated in machine, metal, and chemical works.[29] In the name of guaranteeing the stability of British finance, the Bank of England was prepared to justify a major expansion of its own role, far from its base of power.

Such sweeping transnational ambitions quickly ran into roadblocks. Austria was in total crisis in 1921; hyperinflation was rampant, and legislators were physically attacking each other in the national assembly. The conservative government was convinced that the most immediate solution to the spiral of inflation was to secure foreign loans.[30] Doing so meant placating a number of foreign powers and Austrian authorities worried about French diplomatic repercussions if they appeared too friendly toward British financial interests. It was therefore only with considerable

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[28] R.H. Bruce Lockhart, memorandum, August 18, 1921, TNA, T 160/91/1, f. 52.

[29] Natmeßnig, *Britische Finanzinteressen*, 239.

[30] Marcus, *Austrian Reconstruction*, chapter 1, especially 37-45. The Austrians eventually secured loans from foreign powers when the League of Nations agreed to take over the financial administration of the country. See ibid., chapter 2.

difficulty (and with the help of the Foreign Office) that the Bank of England secured permission to take over Anglo-Austrian's Austrian business, in October 1921.[31] In Prague, the situation was even more tenuous.[32] Nationalist Czechoslovakian leaders were loath to allow an old Austrian imperial bank, even if only a shell for the Bank of England, to operate in the new country.

To smooth over the situation, the Bank of England dispatched a director, Michael Spencer-Smith, to Central Europe.[33] Spencer-Smith was the youngest member of the Bank's General Court, a dashing figure who would die young, only seven years later, in a motorcar accident while driving from Cambridge to London.[34] In negotiations in Vienna and Prague, he was joined by even more colorful characters, along with a host of weary Austrian bankers. Perhaps the most important was a displaced White Russian, one Peter (Pyotr) Bark, hired by the Bank of England to navigate the intricacies of Central European finance. Bark was a longstanding state official, who had ended up becoming Russian Imperial Finance Minister at an unfortunate time: February 1914. Sidelined by the empress and actively challenged by Rasputin, Bark managed to stay in office until the end of the Empire, but decamped hastily thereafter and, finding himself in need of new employment, signed with the Bank of England.[35] On the ground in Prague, Bark and Spencer-Smith worked

[31] George R. Clark to Lord Curzon, October 14, 1921, TNA, T 160/91/1, f. 92. For the politics surrounding the bank in Austria, see the memorandum by Dr. Rosenberg of Anglo-Austrian, enclosed in the letter from Montagu Norman to Basil Blackett, July 18, 1921, TNA, T 160/91/1, ff. 48-49; Memorandum, September 23, 1921, TNA, T 160/91/1, f. 71; Natmeßnig, *Britische Finanzinteressen*, 231-235.

[32] For a detailed description, see Lojkó, *Meddling in Middle Europe*, 216-222.

[33] See R.H. Bruce Lockhart, *British Agent* (New York: G.P. Putnam's Sons, 1933). Spencer-Smith was also tasked with negotiating the terms of a loan to Austria. Sayers, *Bank of England*, 166; Telegram from Bruce Lockhart to M.S. Spencer Smith, September 27, 1921, TNA, T 160/91/1, f. 67; George R. Clark to Lord Curzon, July 30, 1921, TNA, T 160/91/1, f. 87; Treasury to S.P. Waterlow, April 6, 1921, TNA, T 160/91/1. The Anglo-Czechoslovakian Bank is treated in detail in Natmeßnig, *Britische Finanzinteressen,* 205-230; 246-249.

[34] "Mr. M.S. Spencer-Smith," *The Times*, January 21, 1928, 12.

[35] Bernard Pares, "Sir Peter Bark," *The Slavonic and East European Review* 16, no. 46 (July 1937): 189-193.

closely with Foreign Officers and DOT representatives, particularly the commercial secretary Bruce Lockhart, who himself had been in Russia as consul general and would-be spymaster in Moscow until the Bolshevik revolution, which he had attempted to prevent. Lockhart was eager to assist; "strengthening our own financial position in this country," he wrote, was "the surest guarantee against German attempts to build up a Mittel-Europa again."[36] In any case, considering Spencer-Smith's mission to set up an outpost of the Bank of England in Czechoslovakia, Lockhart was optimistic: "there are good reasons for believing that the Czecho-Slovak Government are not likely to throw away the opportunity…of establishing their credit in the eyes of the financial world abroad." Prague needed a loan, so the Bank of England held a good bargaining hand.[37]

Michael Spencer-Smith ultimately arranged for Anglo-Austrian to spin off its branches in Czechoslovak territory into a new Anglo-Czechoslovak Bank, formed under the auspices of the Bank of England. This would bring Czech finance "into direct connection with the best and most solid financial interest in the City of London", benefitting both the new country and Britain. Despite close relations between Czechoslovakia and France, "the Czecho-Slovak Government attached far more real weight to its financial relations with Great Britain…it feels very strongly that the only hope of real freedom from German economic domination lies in close relationship with English finance."[38] When Prague reached an agreement with Spencer-Smith in March, it was in no small part to secure access to British capital; "negotiations…had, in spite of all statements to the contrary, a direct connection with the Czech loan in London which is being negotiated with

[36] Quoted in Anne Orde, "Baring Brothers, the Bank of England, the British Government and the Czechoslovak State Loan of 1922," *The English Historical Review* 106, no. 418 (January 1991), 29. See also Orde, *British Policy and European Reconstruction*, 138-140.

[37] R.H. Bruce Lockhart, memorandum, August 18, 1921, TNA, T 160/91/1, f. 52.

[38] George R. Clark to Lord Curzon, July 30, 1921, T 160/91/1, f. 87.

Messrs. Baring." Prague may have wanted the loan, but it was obvious that the establishment of Anglo Czechoslovakian would promote British interests as well. As Lockhart noted, "the establishment of a genuinely English bank in Prague should do much to improve British prospects in this country both politically and economically."[39]

Like the Anglo-Czechoslovakian Bank, the Anglo-Austrian, which Lockhart himself joined the next year, helped provide for the economic rehabilitation of Central Europe, especially before the Dawes Plan revised the program for German reparations in 1924.[40] The registration of Anglo-Austrian as a British bank meant that, unlike other German or Austrian banks at the time, it could conduct business in London. This position made it the main dealer of Austrian crowns, allowing it to make "a handsome profit on commissions." It also enabled the bank to become a key player in floating Austrian and Hungarian Reconstruction Loans, working with the Bank of England to issue £14 million of Austrian Government bonds in 1923 and £4 million of Hungarian bonds the next year.[41] Its Czechoslovakian counterpart did the same for Prague.[42] In providing for the economies of Central Europe, the Bank of England was not acting primarily for Central Europeans. Instead, it was motivated by impulses similar to those driving the activities of the DOT and those that had been behind the creation of the BTC. Establishing British banking facilities in

[39] R.H. Bruce Lockhart to Foreign Office, March 24, 1922, TNA, T 160/91/2, f. 69.

[40] R.H. Bruce Lockhart, *Your England* (London: Putnam, 1955), 102. Natmeßnig attributes the bank's role as "broker of English capital between London and the lands of the Danube / Vermittlerin englischen Kapitals zwischen London und dem Donauraum" to the presence of Sir Henry Strakosch. Natmeßnig, *Britische Finanzinteressen*,249-251 On this period, see Kindleberger, *A Financial History of Western Europe,* chapter 16. On the orthodox view of reparations, see Gerald D. Feldman, *The Great Disorder: Politics, Economics, and Society in the German Inflation, 1914-1924* (Oxford: Oxford University Press, 1997); for a revisionist account, see Stephen A. Schuker, *American Reparations to Germany, 1919-1933: Implications for the Third World Debt Crisis* (Princeton: Princeton University Press, 1988).

[41] Marcus, *Austrian Reconstruction,* 172 and chapter 4; Sayers, *Bank of England*, 169, 173; Lojkó, *Meddling in Middle Europe*, 105-114.

[42] See A.S.J. Baster, *The International Banks* (London: P.S. King and Son, 1935), 200-201; Orde, *British Policy and European Reconstruction*, 138-140.

Central and Eastern Europe would both bring British soft power to bear on local governments and forge economic relationships that would benefit British financiers and exporters.

To gain a foothold in Central Europe, the semi-state Bank worked closely with the state itself, particularly with the Treasury's Otto Niemeyer, the only person to outscore John Maynard Keynes on the 1906 Civil Service Examination.[43] Niemeyer followed the developments in Austria and Prague with keen interest, not least because in 1922, the Treasury had advanced £250,000 to Anglo-Austrian to be used for loans to the Austrian government and had thus been granted shares in the bank.[44] Like other Treasury officials, Niemeyer was interested in the Bank of England's efforts to make good on Anglo-Austrian's debts, and was also committed to Montagu Norman's plans on the continent.

Government connections ran deep and proved vital. They meant that despite tightening fiscal austerity at home, the Bank and the Treasury continued to engage in expansionary ventures abroad. Working through the Foreign Office, the Bank secured permission for Anglo-Austrian to continue conducting business in Yugoslavia and the newly independent Slovenia. One of Anglo-Austrian's English directors, George M. Young, was a former cabinet office official and joint secretary of the Ministry of Reconstruction and was able to leverage his government connections. On one occasion, he asked Niemeyer for an "unofficial" favor, to nudge Romanian officials to authorize Anglo-Austrian's two branches in that country.[45] In August 1922, the Treasury signaled

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[43] Susan Howson, "Niemeyer, Sir Otto Ernst," *ODNB* (2008), accessed online December 18, 2019, https://doi-org/10.1093/ref:odnb/31501.

[44] Clay, *Lord Norman,* 184-185.

[45] Application to Work in Serbia, April 8, 1922, TNA, T 160/91/2, ff. 77-78; Application to Work in Slovenia, April 3, 1922, TNA, T 160/91/2, f. 81; G.M. Young to Otto Niemeyer, January 6, 1925, TNA, T 160/91/3, f. 41. Niemeyer obliged, raising the issue informally when he met with Romanian officials in Paris. After the war, Young became a professional historian. L.E. Jones and E.T. Williams, "Young, George Malcolm," *ODNB* (September 2004), accessed online January 20, 2020, https://doi-org/10.1093/ref:odnb/37076.

its support for the Bank in a more material way, agreeing to pay the over £50,000 in taxes on the transfer of assets from the old Austrian to the new English company.[46]

By late 1923, Norman's hopes for the Anglo-Austrian were high. He had set the bank under the direction of General Herbert Lawrence, a rising financial star and the former chief of general staff from a powerful imperial family (his father was a viceroy of India; his sister managed women in the civil service for the Treasury). But Lawrence was equally a financier. His wife, Isabel Mary Mills, was the daughter of a partner in a large bank, Glyn, Mills, Currie, and Co., and through family connections, Lawrence entered the upper echelons of London's financial establishment. By 1923, he had become Norman's friend and confidant.[47] That fall, Norman demonstrated just how committed he was to maintaining the Bank of England's expanded role as guarantor of industrial stability overseas. Approached by a group of Austrian financiers with an offer to buy Anglo-Austrian outright, Norman had the opportunity to recoup much of Anglo-Austrian's original debt to the Bank of England. But his sweeping plans for Central Europe precluded such an out. As he wrote to Niemeyer, "you will doubtless agree…[that] it would be improper for us now to dispose of these shares." "We have borne the burden and heat of the day," he wrote, "and if in the long run there is to be a satisfactory outcome of the reconstruction of this bank, I think it should be for the benefit of this country and not for the benefit of these various Jews!" The upshot of Norman's anti-Semitic imperialism was that the Bank was to "sit tight for a long time to come," a prediction he backed up with £750,000 of additional credit.[48] At the Treasury, Niemeyer hardly broke stride. "I

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[46] Basil Blackett to the Board of Inland Revenue, August 24, 1922, TNA, T 160/91/2, f. 104.

[47] J.M. Bourne, "Lawrence, Sir Herbert Alexander," *ODNB* (September 2004), accessed online February 8, 2020, https://doi-org/10.1093/ref:odnb/34438; Elaine Harrison, "Lawrence, Dame Maude Agnes," *ODNB* (September 2004), accessed February 8, 2020, https://doi-org/10.1093/ref:odnb/48588. Mills's father was Charles Mills.

[48] Montagu Norman to Otto Niemeyer, October 12, 1923, TNA, T 160/91/2, f. 109. Natmeßnig, *Britische Finanzinteressen*, 258. See also ibid, 256-257 on the 1923 offer.

quite agree in your answer," he replied, though he was keen for the Bank to take the Anglo-Austrian shares held by the Treasury "off my hands before very long!"[49]

But those shares were going nowhere. By May of the following year, the Treasury was still "in effect the principal Shareholder in the Anglo-Austrian Bank" and, furthermore, Anglo-Austrian was in trouble. Its bankers, of which the Bank of England was by far the largest, had advanced a million pounds "to help avert fears of insolvency."[50] Meanwhile, from Austria, a DOT commercial secretary reported that left-leaning politicians were roiled over Anglo-Austrian's efforts to break a bank clerk strike and that a government report had scathingly attacked Anglo-Austrian's British ownership.[51]

By 1926, Anglo-Austrian was unambiguously in trouble. Managing an Austrian Bank as an English one presented major difficulties. As a subsequent analysis concluded, "it was impossible to run the enormous Austrian establishment, which at one time had a staff of 2,200, as a mere deposit bank on British lines since the necessary amount of deposits were lacking."[52] Cultural differences between Austrian and British banking cultures also took their toll. Through the six directors – including Peter Bark– that it appointed, the Bank of England called the shots in Vienna. But though it maintained a local director (the future historian George M. Young, formerly of the British Legation), the other directors lived in London and resisted the longstanding Austrian practice of granting long-term credits to manufacturers.[53] In short, when managing an Austrian

[49] Otto Niemeyer to Montagu Norman, October 15, 1923, TNA, T 160/91/2, f. 112.

[50] Montagu Norman to Otto Niemeyer, May 20, 1924, TNA 160/91/3, f. 7.

[51] O.S. Phillpotts, Report No. 28 (Department of Overseas Trade), June 7, 1924, TNA, T 160/91/3, f. 35.

[52] Dispatch from FO (Vienna) to Austen Chamberlain, June 17, 1926, TNA, T 160/91/3, f. 48.

[53] Ibid. Henry Strakosch was also a director.

bank, the Bank of England applied the same British banking practices that Lord Faringdon and the rest of the BTC's founders criticized during World War I. Whereas BTC boosters and officials at the Board of Trade and DOT had favored bringing German-style financial conglomerations that partnered directly with industry to Britain, the Bank of England had instead brought British banking to Austria, with unfortunate results.[54]

In 1926, Norman and Niemeyer asked the accountant William Plender to evaluate Anglo-Austrian's position, which Plender quickly deemed untenable. As Norman wrote to Niemeyer in June 1926, "you will not forget that for years past, as so far as can be foreseen for years to come, the Anglo Bank…has made or would be making a large annual loss on its business in Austria."[55] With this in mind, Norman spun off the Austrian branches – the core of the old Anglo-Austrian – in a complicated and costly set of transactions to a private Austrian bank, Credit Anstalt. Much to the consternation of Austrian financial authorities, 700 employees were laid off in the process.[56] Nevertheless, most of the investments and, importantly, the debt of Anglo-Austrian remained in the hands of the Bank of England. These remnants now presented an opportunity; as a Bank memorandum put it, "having disposed of its Austrian Branches, the Anglo-Austrian bank was free to consider its position in London and if possible to effect an amalgamation."[57]

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[54] The Bank was also constrained by Austrian law, which stipulated life contracts for a bloated staff, as well as "extremely heavy pension liabilities, and crushing taxation". Baster, *The International Banks*, 201-202.

[55] Montagu Norman to Otto Niemeyer, June 14, 1926, BOE, C 40/120.

[56] Baster, *The International Banks*, 201. Natmeßnig, *Britische Finanzinteressen,* 261-263. The Bank of England granted Credit Anstalt a three-year credit of 750,000 pounds. See also Fritz Weber, *Vor dem großen Krach: Die Krise des österreichischen Bankwesens in den zwanziger Jahren* (Habilitationsschrift, Salzburg, 1991), 385; press clippings in BOE C40/119.

[57] Scheme for the Reconstruction of Anglo-Oesterreichsche Bank, n.d. [1927], BOE, C 40/119.

Amalgamation was in vogue in Britain's financial community; as in the business community, in the City of London, efficiency and "rationalization" were watchwords of the day.[58] In less than 30 years of mergers, the number of English joint stock banks had fallen from 106 to 34.[59] But there was something ironic about the Bank's enthusiasm for merging Anglo Austrian with some healthier partner. Financial authorities at the Treasury and the Bank of England had been resistant to the trend both because of increased systemic risk and a suspicion of monopoly. A nervous government had directed a committee on bank amalgamations to inquire into the dangers to British financial stability and Montagu Norman himself was outright hostile to mergers, especially to large British banks acquiring overseas banks.[60] Foreign risk was just too high. In the words of Bank of England director Gaspard Farrer:

> It will be bad enough for the Chancellor if he is ever compelled to intervene in the case of a purely British Bank doing business in the U.K., but Heaven help him if he becomes involved in foreign liabilities, foreign assets, and liquidation under foreign Courts. There can be no excuse for these extensions abroad, nothing but greed and megalomania.[61]

Neither Farrer nor Norman rejected British participation in finance abroad; quite the contrary. But they were loath to bind British domestic finance too closely to risky overseas commitments.

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[58] David Kynaston, *The City of London: Volume III: Illusions of Gold, 1914-1945* (London: Chatto and Windus, 1999), 44-46. See also See also Jones, *British Multinational Banking,* 235-238.

[59] *Report of the Treasury Committee on Bank Amalgamations* (London: HMSO, 1918) [Cmd. 9052], 3.

[60] Ibid.; Memo on Bank Amalgamations n.d., [early 1919], TNA, T 1/12313/17061. Douglas Vickers and Richard Vassar-Smith were both members of the committee. The Bank was distant from the clearing banks that were the prime culprits (and beneficiaries) of mergers, and the Bank's witnesses to the Colwyn Committee argued against excessive growth. J.G. Nairne to C.L. Stocks, March 12, 1918, BOE, G 1/9. R.S. Sayers, *The Bank of England*, chapter 10.

[61] Gaspard Farrer to Lord Colwyn, February 15, 1923, BOE, G 1/9.

Norman even opposed a big clearing bank stepping in to save the Alliance Bank of Simla, which was "of real importance to British prestige in India and to Indian government."[62]

Of course, what was good for the goose was not good for the gander. When it took over Anglo-Austrian, the Bank of England did exactly what Norman had decried in the big clearing banks. After spinning off the Austrian branches, Norman eagerly sought a partner for the slimmed-down Anglo-Austrian. In fact, amidst the atmosphere of mergers in the 1920s, Norman took no issue with two British *overseas* banks merging; he frequently worked to facilitate such connections.[63] As it happened, there was another British bank, also operating overseas, also under duress, that was also seeking a partner: the British Trade Corporation.

By the start of 1926, the BTC had been struggling for some time. As noted in Chapter 2, its investments – particularly in white-occupied Russia – had proved disastrous failures. In the midst of a continued slide in business, a group of Americans offered to take a 25% stake in the BTC. The bid exposed the extent to which the whole project of the trade corporation had failed. The BTC was founded in 1917 as a way for the state to support British industry, with a view to competing with the Germans and Americans in overseas markets. Less than a decade later, an American consortium was offering to buy a quarter of the bank itself. Because of the BTC's history, such a sale to non-British figures would entail a considerable loss of face. In the Bank's account, "in view of the fact that the Corporation had a Royal Charter and was in a special position to assist

[62] Basil Blackett to Montagu Norman, February 22, 1923, BOE G, 1/9; Norman to Blackett, March 9, 1923, BOE, G 1/9.

[63] See Norman's file on Bank Amalgamations, BOE, G 1/9. For instance, Norman worked with Bertram Hornsby to orchestrate the National Bank of Egypt's buyout of Lloyd's Egyptian branches. Norman to Bertram Hornsby, March 6, 1926, and June 18, 1926, BOE, G 1/9.

British Trade, the Treasury and the Board of Trade were opposed to the proposal if some other solution could be found."[64]

In the early months of 1926, then, the British state was looking for a partner for a bank with which it had close ties. The Bank of England – itself in close collaboration with the Treasury – was similarly looking for a partner for a bank that it controlled. Each bank was meant to extend British influence overseas. The result was a match made in Whitehall. William Plender was again summoned, this time to audit the books of the BTC. By the end of the summer, the Bank of England and the Treasury had forged a deal whereby the British Trade Corporation and Anglo-Austrian were combined into a new holding company called the Anglo-International Bank, capitalized at over £1.3 million, in which the Bank of England continued to hold a controlling stake.[65] As Montagu Norman put it, "our friends in Whitehall…have a feeling of thankfulness that we prevented the B.T.C. from being sold to the Americans which would have proved scorpions to the back of the Board of Trade instead of our whips."[66]

This new bank fused two distinct, but related efforts to restore British economic prosperity through overseas adventure, each of which had the goal of capitalizing on German economic collapse. The BTC had been an effort to win over previously German-dominated markets. So too, in its own way, was the Anglo-Austrian. Anglo-International brought industry and finance's parallel endeavors together. Its board combined old BTC figures with Bank of England financiers and Central European bankers. The BTC's general manager, A.G.M. Dickson, was on the Board,

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[64] Scheme for the Reconstruction of Anglo-Oesterreichsche Bank, n.d. [1927], BOE, C 40/119.

[65] "Anglo-Austrian Bank Limited & British Trade Corporation," August 10, 1926, BOE, C 40/120; Natmeßnig, *Britische Finanzinteressen*, 265.

[66] Montagu Norman to Herbert Lawrence, August 17, 1926, BOE, C 40/120.

as was Lord Faringdon. Otto Niemeyer of the Treasury, the ex-Russian Finance Minister Peter Bark, and representatives from Credit Anstalt.[67] So too was Henry Strakosch, Montagu Norman's trusted advisor, who had worked in Anglo-Austrian's London branch in the 1890s and, as South Africa's representative to the League of Nation's Financial Committee, had been working on the major loans to Central European states for much of the 1920s.[68] Norman orchestrated the appointment of Michael Spencer-Smith, the young Bank of England director who had arranged acquisition of Anglo-Austrian to be the new bank's deputy leader.[69] At the bank's helm was the old head of Anglo-Austrian, General Herbert Lawrence.[70] In addition to serving on the London board of Anglo-Austrian, Lawrence had directed the bank Glyn Mills since 1919 and had been on the board of Vickers since 1921. The same year that Anglo-Austrian merged with the BTC, Lawrence became chairman of Vickers's board.[71] Meanwhile, Norman maintained his commitment to Anglo-International throughout the decade. He rebuffed a buyout offer made by a German group in 1928 as not "in harmony with objects and intentions under which the Anglo-Austrian" was formed.[72] Norman rejected a similar offer by Deutsche Bank shortly thereafter,

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[67] Report of Anglo-International Bank, 1926, BOE, C 40/120.

[68] Marcus, *Austrian Reconstruction*, 91; Natmeßnig, *Britische Finanzinteressen*, 249; Lojkó, *Meddling in Middle Europe,* 106-115.

[69] Montagu Norman to M.S. Spencer-Smith, August 25, 1926, BOE, G 14/84.

[70] In 1934, Lawrence was succeeded by Bertram Hornsby, who felt "bound to relieve the General – though most unwilling to assume another dead dog". Hornsby was already running another overseas bank (the Anglo-South American) for the Bank of England. Note by Montagu Norman, December 3, 1934, BOE, G 1/10. See also Cable from Bertram Hornsby, December 22, 1931, UCL Special Collections, The National Archive, Kew, United Kingdom, BOLSA 77 (A26), f. 122; S.W. Schlich, Assistance to the Anglo-South American Bank, 1931-1932, January 27, 1972, BOE, ADM 33/20 B.

[71] J.D. Scott, *Vickers: A History* (London: Weidenfeld and Nicolson, 1962), 159-160; Biographical Information about Sir Herbert Alexander Lawrence, Cambridge University Library, Manuscripts Reading Room, Cambridge, United Kingdom (hereafter CUL), Vickers 687 A.

[72] Committee of Treasury, Minutes, February 5, 1928, BOE, G 14/84.

instead choosing to "make a gift of some such amount to the Anglo-International Bank for rehabilitation of their credit and prestige."[73] In fact, far from extricating itself, the Bank of England took an active interest in Anglo-International well into the 1930s, when it started using Anglo-International to operate in the foreign exchange markets. In 1932, at the Bank of England's direction, Anglo-International took up a German government bond issue.[74]

GUARANTEEING BRITISH INDUSTRY

Norman framed Anglo-Austrian's merger with the BTC as a way to set both companies on a path toward self-sufficiency. However, the merger exposed the degree to which the Bank was taking an active role in guaranteeing British financial institutions and in supporting British industry; after all, business leaders and DOT officials recognized Central Europe as a key new market for British firms. The Bank's role in supporting industry represented something of an about face. When Bank director Charles Addis had attacked the BTC in 1917, he had maintained that British industry should rely upon private British commercial banks for their industrial financing: at the time, a widespread view among Bank leaders. But through the 1920s, the Bank of England itself became increasingly involved in propping up domestic industry. By the time that the Bank acquired the British Trade Corporation, it had become the business partner of some of the key firms behind the original establishment of the BTC. Not for nothing was Anglo-International's chairman also the chairman of Vickers. In fact, at the same time that the Bank was negotiating the

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[73] Committee of Treasury, Minutes, June 13, 1928, BOE, G 14/84. Committee of Treasury, Minutes, October 29, 1930, BOE, G 14/84. The gift was formally approved in January 1931, see Committee of Treasury, Minutes, January 14, 1931, BOE, G 14/84;

[74] Jones, *British Multinational Banking*, 230. See also two memoranda in the Bank of England archives, both cited by Jones. Memorandum, October 17, 1932, BOE C 40/119; Memorandum, October 7, 1932, BOE, C 48/90; Sayers, *The Bank of England*, 426, n. 1.

creation of Anglo-International under Herbert Lawrence, it was negotiating with Lawrence (as head of Vickers) to unload a much larger asset it controlled: the arms business of Armstrong Whitworth, Britain's second-largest weapon's manufacturer.

In December 1923, a representative of Armstrong Whitworth met with Charles Addis, the critic of the BTC who was, by now, a powerful figure at the Bank of England.[75] On the surface, the meeting was between a client and a banker. The firm was a longtime and "valued customer" of the Bank of England; Armstrongs was the largest and most important client of the Bank's Newcastle branch and the Bank's leadership was eager "to oblige Armstrong if possible."[76] The meeting between Addis and the firm's representative reflected the way in which the Bank of England connected industry and finance. The firm was in negotiations with the Brazilian government about "a big Power Scheme for the electrification of certain Brazilian Railways" and electricity supply for a state steel works. For his part, Addis, was about to visit Brazil to evaluate the country's creditworthiness. The Brazilian government sought a £25 million loan from Rothschilds, but the bank and Brazil's other major British creditors (Barings and Schroders) were wary of Brazil's financial integrity and insisted that an independent commission visit the country to assess the risk.[77] The leadership of Armstrong Whitworth understood that the commission had leverage over the same Brazilian officials who were holding up their plans for electrification.[78]

[75] Memorandum, December 2, 1923, BOE, ADM 16/3,

[76] R.S. Sayers, *The Bank of England*, 314. Cecil Lubbock to Charles Addis, December 3, 1923, BOE, ADM 16/3.

[77] The mission was led by the former Indian Secretary, E.S. Montagu, and included Addis, Hartley Withers (*Economist* editor and the former secretary of the Faringdon and Huth Jackson Committees) and Lord Lovat, an aristocrat who had cotton interests in Brazil and who would oversee the expansion of British forestry (covered in the next chapter). Rebecca Allbert Dayer, *Finance and Empire: Sir Charles Addis, 1861-1945* (London: Macmillan, 1988), 161-162.

[78] Armstrong Whitworth thought that "it might be helpful to the Brazilian Government as well as to themselves if the Members of the Commission, which is about to visit Brazil, were made aware of the actual position of affairs." Memorandum, December 2, 1923, BOE, ADM 16/3.

Fortunately, one of the commissioners was Addis, a high-ranking official in their own bank. Overseas industrial expansion would, in the hopeful vision of Armstrong Whitworth's managers, ride on the wings of Britain's overseas financial clout. It is unclear whether Addis brought Armstrong's case before Brazilian officials, and both the loan and the electrification deal ultimately fell through.[79] But the meeting between company executives and Addis at the end of 1923 reflected a major development in the Bank's activities. In the 1920s, the Bank began to take a much more active role in guaranteeing the stability of major clients and industrial pillars of the country; Armstrong Whitworth, by far, was the most significant of these.

Armstrong Whitworth was a major engineering and armaments firm; with 78,000 employees, it was second in size only to Vickers. A booster of the Federation of British Industries and an early investor in the British Trade Corporation, Armstrongs thrived during the war, and afterwards, its leaders sought to build on the close connections forged with government authorities. Its chairman, appointed shortly after the war, was the young Glyn West, who served under David Lloyd George at the Ministry of Munitions.[80] But the armistice spelled trouble. With the arrival of peace, new gun control measures, and new arms treaties, armaments companies hurried to shift their production toward civil engineering.[81] For Armstrong Whitworth, that meant electrification schemes in Brazil, locomotive exports, and shipbuilding, for which it received guarantees from the Export Credit Department.

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[79] The commission recommended the loan, but capital controls precluded the project.

[80] Roy Hattersley, *David Lloyd George: The Great Outsider* (London: Little, Brown, 2010), 378.

[81] Vickers pivoted from naval to commercial shipbuilding, and Birmingham Small Arms moved into the production of bicycles, machine tools, and motor vehicles. Priya Satia, *Empire of Guns: The Violent Making of the Industrial Revolution* (New York: Penguin, 2018), 371-374. On Vickers, see the minutes of the director's committee on peace products, e.g. CUL, Vickers 1121 and Vickers 1122; J.D. Scott, *Vickers: A History* (London: Weidenfeld and Nicolson, 1962), chapter 14.

The largest and most important of its new peacetime projects – a wood pulp manufacturing complex in Newfoundland – depended on a low-interest loan secured through the Trade Facilities Act (covered in the previous chapter). Armstrong Whitworth had seized the opportunity presented by the 1921 passage of the TFA, securing £2 million in loans from the British government at 4.5% interest and, on the basis of that approval, another £2 million from the Newfoundland government at 5.5%.[82] Authorities believed that the project would not only put Britons to work "in the manufacture of machinery and equipment", but also that "the enterprise would be of benefit to Newfoundland by the employment of its people in the development and the subsequent transformation of its forest resources into a valuable export commodity."[83] The Newfoundland mill project was exactly the sort of scheme the TFA had been designed to support, industrializing the Empire, stimulating British exports, and binding Newfoundland to the imperial center.[84]

By the meeting with Charles Addis, Armstrong Whitworth had broken ground on the pulp and paper mill facility in Corner Brook, Newfoundland and had invested in the construction of a 75-megawatt hydroelectric plant at Deer Lake, 32 miles away. The mills were to have an annual capacity of 110,000 tons of finished pulp. There would be a company town, complete with a hospital, a hotel, shops, schools, steamship facilities, and housing, all paid for by Armstrong Whitworth's borrowed £4 million (see figures 3.2 and 3.3). But disaster was on the horizon. Armstrong Whitworth had committed to raising an industrial city in the middle of nowhere.

[82] Memorandum on Armstrong Whitworth's Activities in Newfoundland, 1958, CUL, Vickers 550; Minutes of Armstrong Whitworth Board of Directors, June 15, 1922 and October 19, 1922, TWA, DS.VA/1/12/4. Newfoundland Royal Commission Report (London: HMSO, 1933), pp. 145-152. Wood pulp was valuable in the postwar period because of widespread expectations that newspapers would grow rapidly.

[83] Ibid.

[84] Frederick W. Rowe, *A History of Newfoundland and Labrador* (Toronto: McGraw-Hill Ryerson, 1980), chapters 19 and 20.

Located on the west coast of the island, Corner Brook's harbor was icebound for a quarter of the year. Deer Lake was even more remote, and by early 1923 after just months of construction, the project was behind schedule and over budget. Matters would only worsen; the project became "a vast burden which contributed in a large measure to the downfall of the Company" and which led to a merger with Vickers in 1927.[85] According to one Vickers executive, it was "sheer suicide". Armstrong Whitworth had virtually no experience in pulp and paper making, even if Glyn West, "pretended that he did."[86] West, in the estimation of several of his colleagues was a "sadistical bullying type of fellow who would not listen to anybody."[87] And West, the Ministry of Munitions "man of push and go", had pushed his way into total control.[88]

[85] Memorandum on Armstrong Whitworth's Activities in Newfoundland, 1958, CUL, Vickers 550. See also See E.N. Travers, Memorandum, May 1930, BOE, ADM 6/18.

[86] Armstrong Whitworth had acquired a paper making machinery business, Charles Walmsley and Co., in 1922, but it was a very small part of Armstrong's operation. Minutes of Armstrong Whitworth Board of Directors, December 15, 1921, January 19, 1922, TWA, DS.VA/1/12/4.

[87] Notes taken by J.D. Scott at an interview with Sir James Reid Young, May 26, 1959, CUL, Vickers 559.

[88] J.D. Scott's notes on interview with Sir Edward Peacock, Savoy Hotel, January 29, 1958, CUL, Vickers 561, ff. 83-86.

Figure 3.2: The Mill at Corner Brook, August 2, 1928. Courtesy of Corner Brook Museum and Archives, Corner Brook, Newfoundland.

Figure 3.3: The S.S. Corner Brook, Taking on Paper Rolls, Corner Brook, NF, 1925. Courtesy of Corner Brook Museum and Archives, Corner Brook, Newfoundland.

The loan from the British government, made under the TFA, already represented a major expansion in the role of the state, a financial guarantee of British industry. The support it would receive from the Bank of England constituted another. By the mid 1920s, the Bank had come to actively prop up industrial actors it deemed integral parts of the British economy. Armstrong Whitworth was one of these. Not only did it employ tens of thousands of workers in Britain's north as the economic powerhouse of Newcastle, it also produced armaments deemed essential for Britain's defense. By October 1924, the Bank had advanced the company £1,450,000 on top of a £780,000 overdraft "mainly in connection with their contracts in Newfoundland."[89] By 1925, Bank leadership knew that "Armstrong Whitworth was indeed bankrupt" and had lost any hope that Armstrong Whitworth could be kept going as an independent company."[90] Still, the Bank continued to provide the firm with support.

Armstrong Whitworth's largest liability – the Newfoundland project – also offered the fastest possible way for the firm to get back on its feet. With this in mind, the Bank of England directed its only Canadian director, Edward Peacock, to deal with the unraveling situation in Corner Brook. Through contacts at the Bank of Montreal, Peacock found Frater Taylor, an accountant and "company doctor", and dispatched him in 1925 to Newfoundland to "undertake a thorough investigation of the Company's affairs."[91] Reporting that summer, Taylor found Armstrong Whitworth to be in grave trouble. Its debts to the Bank of England topped £3.5 million,

[89] Committee of the Treasury, Minutes, October 22, 1924, BOE, G 14/64.

[90] Memorandum for Sir Edward Peacock, n.d., CUL, Vickers 561; J.D. Scott's notes on interview with Sir Edward Peacock, Savoy Hotel, January 29, 1958, CUL, Vickers 561, ff. 83-86.

[91] The Bank of Montreal employed Taylor "as a company doctor to restore to prosperity companies to which they had lent money." Ibid.

the price of newsprint had fallen, and production costs had risen by half.[92] To discharge some of its debt, the company gave the Bank some £3 million of stock in January 1926, but by October, the company's position was again "getting worse", and again the Bank intervened.[93] By the end of the year, the Bank's indirect and direct support to the firm amounted to some £6.5 million.[94] Montagu Norman personally wrote to Alexander Shaw, a Bank director and a director of the shipping giant P&O to solicit business for Armstrong's shipbuilding arm. Armstrong's "have not been asked to tender for any of the five new P.&O. Liners," Norman chided:

> I wish you could consider whether it is necessary and final? The advance[s] of the Bank to Armstrongs are not only very large but are publicly known: we are bound to do what we can in every possible way to get them orders and to re-establish their position as soon as possible.

Norman forwarded a copy of the note to Bank of England director and HSBC banker Charles Addis, adding at the bottom, "Please help us in any way you can."[95]

The Bank's involvement with Armstrong Whitworth was just the tip of the iceberg of a much larger commitment the Bank made to British domestic industry over a short but intense

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[92] Committee of the Treasury, Minutes, August 28, 1925, BOE, G 14/64; Memorandum on Newfoundland, n.d., CUL, Vickers 550. The price of newsprint fell from $80 (Canadian) per ton to $75 and would fall to $40 by 1934. Production costs rose from $30 to $46 per ton.

[93] Bankers feared that the company would "be unable to pay their fixed charges this year or next year." Committee of the Treasury, Minutes, January 27, 1926 and October 6, 1926, BOE, G 14/64. This did not stop Taylor, who had stepped in to run the company's "executive committee", from receiving generous compensation: as a company director, he would receive £1,500 a year, even after he resigned from the Board in 1929. Minutes of Armstrong Whitworth Board, November 13, 1929, TWA, DS.VA/1/14/1; Armstrong Whitworth Executive Committee, Minutes, August 1926, TWA, DS.VA/1/21/9. Taylor was simultaneously employed by the Bank and Armstrong Whitworth. A company history recounts how "A problem had arisen regarding some tricky point of the financial re-organisation and Mr. Taylor dictated a letter to the Bank asking for a decision. Having completed the dictation, he turned to his secretary and said, "Now I'll go to the Bank and dictate the reply!" "Recollections and Notes Compiled from Records, for The Story of the Vickers Group of Companies by C.W. Townsin", n.d. [1960s], TWA, D.VA/92, p. 8.

[94] Committee of the Treasury, Minutes, December 30, 1926, BOE, G 14/64.

[95] Montagu Norman to Alexander Shaw, March 17, 1927, BOE, ADM 16/4.

period during the 1920s and 1930s.[96] New industrial intervention responded to changing economic conditions in which British capital was less connected to overseas outlets.[97] Not only did the Bank seek to guarantee the financial system (and thereby commercial loans), but it also began acting as the Treasury's agent in supporting key, politically connected, firms – notably the rayon maker British Celanese, the Anglo-Persian Oil Company, and the British Dyestuffs Corporation – in the early 1920s.[98] A Bank of England holding company, the Securities Trust, was organized in 1922 specifically to liquidate industrial assets acquired by the British state during and immediately after the war. Between 1922 and 1924, the state disposed of over £12 million of corporate assets, but transferred nearly £2 million to the Securities Trust for apolitical disposal.[99] By the end of the decade, the Bank (with Treasury encouragement) had stepped in to stabilize the Lancashire cotton industry by helping forge a new cartel, the Lancashire Textile Corporation, out of the existing scattered firms, and advancing it nearly a million pounds. The Bank also guaranteed the creditworthiness of the heavy engineering firm Beardmores (advancing it £725,000 and placing Frater Taylor at chairman), and several metallurgical companies, largely at the bequest of the

[96] In the words of the Bank's official biography, "the intrusion of the Bank into problems of industrial organisation is one of the oddest episodes in its history." Sayers, *The Bank of England*, 314, and chapter 14 generally. Clay puts even greater emphasis on the Bank's intervention. See also Clay, *Lord Norman*, chapter 13. See also Sue Bowden and Michael Collins, "The Bank of England, Industrial Regeneration, and Hire Purchase between the Wars," *The Economic History Review* 45, no. 1 (February 1992), 121-122. Bowden and Collins explore a striking instance of the Bank working with a financial institution to support British industry. See also W.R. Garside and J.I. Greaves, "The Bank of England and Industrial Intervention in Interwar Britain," *Financial History Review* 3, no. 1 (April 1996): 69-86.

[97] Economic Advisory Council, Committee on the Iron and Steel Industry, Evidence of Montagu Norman, March, 21, 1930, cited in Garside and Greaves, "The Bank of England," 75.

[98] Garside and Greaves suggest that part of the reason Norman engaged with industry was to insulate private businesses from (political) state intervention. Ibid., 86.

[99] Cerretano, "The Treasury," 91-92; Peden, *The Treasury and Public Policy*, 118-119.

Treasury and in the interest of stabilizing British unemployment in the industrial north.[100] In the following decade, the Bank was instrumental in reorganizing and rationalizing the British steel industry.[101] With such transactions in mind, it created a new purpose-built subsidiary, the Securities Management Trust (SMT) as "a temporary or industrial adjunct of the Bank of England" to manage its industrial obligations in 1929. At its founding, the SMT controlled £10 million of industrial equity.[102] Notably, these industrial engagements assisted major exporters. The logic behind the DOT and BTC – that export industries were the key to British economic prosperity – had crept into the thinking of the Bank of England's leaders.

The Bank's involvement with Armstrong Whitworth was the most dramatic and the most significant of its efforts to directly stabilize British industry. At the end of 1926, the auditor Frater Taylor urged Edward Peacock to merge Armstrong Whitworth with some more stable company. He suggested Vickers, for "Vickers can stand a prolonged siege where Armstrongs cannot."[103] And so, in 1927, the Bank of England began organizing the combination of Britain's two great armaments manufacturers. Through 1927, Peacock, Taylor, and the leadership at Vickers, including Anglo-Austrian's own Herbert Lawrence, corresponded furiously over the terms of a merger.[104] Bank leaders again summoned William Plender, this time to evaluate Armstrong

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[100] J.H. Bamberg, "The Rationalization of the British Cotton Industry in the Interwar Period," *Textile History* 19, no. 1 (1988): 83-102. Cerretano contends that the "Treasury shaped the industrial intervention of the Bank." Cerretano, "The Treasury," 84; Sayers, *The Bank of England,* 318-320.

[101] Steven Tolliday, *Business, Banking and Politics: The Case of British Steel, 1918-1939* (Cambridge: Harvard University Press, 1987), especially 273; Clay, *Lord Norman*, 345-350.

[102] Montagu Norman in Macmillan Committee Evidence, quoted in Sayers, *The Bank of England*, 325. See also Sayers 328; Garside and Greaves, "The Bank of England".

[103] Frater Taylor to Edward Peacock, December 27, 1926, excerpted, in "Notes made by Mr. Scott at the Bank of England", CUL, Vickers 561.

[104] See correspondence between Frater Taylor and Edward Peacock, Fall 1927, CUL, Vickers 561; Notes taken by J.D. Scott at an interview with Sir James Reid Young, May 26, 1959, CUL, Vickers 559.

Whitworth. His report recommended merging the arms businesses of both companies into a new firm, Vickers-Armstrong in which Vickers would have two thirds ownership to Armstrong's one third.[105]

Leaving aside Armstrong Whitworth's disastrous venture in Newfoundland – which the Bank sold to an American company in 1927 – Plender focused on the harsh realities of being an arms manufacturer in a postwar world.[106] The drive to increase efficiency and reduce overhead charges was common across the "heavy trades" and it was "generally recognized that amalgamation and co-operation…[were] essential."[107] Harkening back to the competitive rhetoric that Vickers and Armstrong Whitworth had deployed during the war, Plender noted that "the United States and Germany have led the way in this respect and it is important that British firms should follow as quickly as possible." Framing a merger in terms of national competitiveness did not disguise the fact that Armstrong Whitworth was failing.[108]

Guaranteeing Armstrong Whitworth's stability was vital, not just because the firm was a pillar of the British industrial community, but also because its productive capacity was a matter of national security. Though "the greatest economy would be effected if certain of the works were shut down and dismantled,…this would result in the capacity available for the production of armaments being lost, with serious consequences in case of a national emergency." As Plender put

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[105] See William Plender, Memorandum, June 22, 1927, CUL, Vickers 868 and William Plender, Report, n.d. [1927], CUL, Vickers 1238; Committee of the Treasury, Minutes, August 3, 1927, BOE, G 14/64.

[106] On the sale to International Paper, see *Newfoundland Royal Commission Report* (London: HMSO, 1933), pp. 147-149; Agreement between International Paper Company and Armstrong Whitworth, May 18, 1927, TWA, DS.VA/1/17/1,

[107] William Plender, Memorandum, June 22, 1927, CUL, Vickers 868, also in BOE G 14/64.

[108] See Scott, *Vickers*, chapter 15. These were arguments also being used to argue for the consolidation of the steel industry.

it, “it cannot be too strongly emphasised that Messrs Vickers and Armstrongs are primarily manufacturers of armament and must continue to be so unless the vast skill and experience attained is to be lost to this country.” For this reason, he suggested that the Government cover the costs of maintaining weapons factories at a rate of £300,000 per year.[109]

This recommendation fell on deaf ears at the Treasury. Armaments works were important, but in the collective postwar recoil from violence, it was difficult to justify subsidizing a major arms manufacturer, especially one that would be mostly owned by a company as profitable as Vickers.[110] The Treasury had a point; not only was Vickers thriving, but the arms trade was also picking up. In 1928, Britain exported over £10 million worth of arms; it was certainly the largest arms exporter in the world and Vickers its largest weapons firm.[111] Supporting Vickers would also be politically untenable. In the face of an ongoing slump, the Conservative government under Stanley Baldwin had responded with sweeping cuts, roiling the left and provoking the General Strike in 1926 when it did not prevent wage cuts for coal miners. Furnishing funds to a thriving arms trader, especially as arms trading was coming under increasing criticism, would not be a good look.[112]

All the same, the Bank of England saw the Treasury’s reticence as a problem. The guaranteed income was a sticking point for Vickers’s management in agreeing to merge with Armstrong Whitworth. And the Bank was desperate to close the deal and put Armstrongs on a

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[109] Ibid.

[110] The Treasury did offer to reduce stamp taxes on the merger. Winston Churchill to Montagu Norman, June 29, 1927, BOE, G 14/84; Montagu Norman to Edward Peacock, June 30, 1927, BOE, G 14/84.

[111] David Edgerton, *Warfare State: Britain, 1920-1970* (Cambridge: Cambridge University Press, 2006), 46-47; see also G.C. Peden, “Arms, Government and Businessmen, 1935-1945,” in John Turner, ed., *Businessmen and Politics: Studies of Business Activity in British Politics, 1900-1945*, (London: Heinemann, 1984), 130-145.

[112] Satia, *Empire of Guns,* 390-394.

better footing. Caught between a rock and a hard place, Montagu Norman suggested the Bank "take the place of the government in providing the necessary financial support", much to the delight of Treasury officials.[113] It was necessary, Norman thought, not just for the possibility of recouping the Bank's investment and ensuring the stable employment of tens of thousands of workers in Britain's hard-hit industrial north, but also for ensuring the fundamental stability of British industry itself. If a firm as powerful and nationally important as Armstrong Whitworth were allowed to fail, confidence in other major British companies and northern banks would disappear along with it. Peacock was amenable, as was the rest of the Committee of Treasury, which declared the Bank prepared to "provide through an intermediary (say) £200,000 per annum for 5 years or such smaller sum as may be necessary to bring the average profits of the new Company up to (say) £900,000 a year; to be repaid within 15 years."[114]

This arrangement was both unusual and suspect. The Bank's Committee of Treasury, anticipating public objections, noted that "the object of the Bank's contribution might be explained as an endeavour to bring about the rationalisation of the iron and steel industry and to avoid the increase of unemployment and disturbance of labour which would be involved by the closing of works," though saving jobs was never Norman's intent.[115] As it turned out, the Bank offered no justification at all, instead keeping its support secret. The Bank worked with Sun Insurance to set up and pay for a special insurance policy for the proposed merged company to insure against low

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[113] Montagu Norman to Edward Peacock, June 30, 1927, BOE, G 14/84.

[114] Committee of the Treasury, Minutes, August 24, 1927, BOE, G 14/64.

[115] Ibid. In fact, Norman assumed that "all the assets of the new Company should be abandoned unless they are economical and remunerative under peace conditions." Montagu Norman to Edward Peacock, June 30, 1927, BOE, G 14/84. Vickers-Armstrong would pau a paltry £400 per year for the insurance policy.

profits, worth up to £200,000 a year.[116] Unloading Armstrong Whitworth was worth encouraging moral hazard. Facilitated by the Bank of England, Vickers and Armstrong signed an agreement in late October.[117] The new company that emerged, Vickers-Armstrong, "was in effect not so much a merger but represented rather the acquisition of control of Armstrong Whitworth by Vickers."[118] In Basil Zaharoff's words, the merger would be "most satisfactory to our firm". In the words of another executive, Vickers would be "second to none in the world."[119] Vickers appointed six of the ten directors of the new company, and of the four selected by Armstrong Whitworth, only one came from the armaments business.[120] The other three were Bank of England appointees: Edward Peacock, Frater Taylor, and Otto Niemeyer, who had recently left the Treasury and joined the Bank.[121] Through its involvement on the Vickers-Armstrong Board, the Bank of England was a major, though reluctant stakeholder in the British arms business until 1937, when Vickers finally bought out the last Armstrong Whitworth's remaining stake in the joint venture.[122] The Bank controlled Armstrong Whitworth itself until the company's final dissolution after World War II.

[116] J.D. Scott, Notes on Sun Insurance Policy, September 17, 1957, CUL, Vickers 561; 1; Scott, *Vickers,* 165-166.

[117] Minutes of Armstrong Whitworth Board of Directors, November 1, 1927, TWA, DS.VA/1/12/5.

[118] Memorandum for Sir Edward Peacock, n.d., CUL, Vickers 561.See also "Papers to be attached to Minutes", 1926-1928, TWA, DS.VA/1/17/1.

[119] Basil Zaharoff to Mark Webster-Jenkinson, August 20, 1927, CUL, Vickers 775; Mark Webster-Jenkinson to Basil Zaharoff, February 8, 1928, CUL, Vickers 775.

[120] This was George Hadcock. See E.H.T. d'Eyncourt, "Sir George Hadcock 1861-1936," *Obituary Notices of Fellows of the Royal Society* 2, no. 5 (December 1936): 140-143.

[121] Memorandum for Sir Edward Peacock, n.d., CUL, Vickers 561.

[122] See material on merger in CUL, Vickers 561.Vickers began to buy Armstrong's shares in 1934; Committee of the Treasury, Minutes, June 23, 1937, BOE, G 14/64; file on Armstrong Whitworth & Co., Ltd., BOE, G 14/64.

Dragged down by Armstrongs's disastrous imperial venture in Newfoundland, it would subsequently estimate its total losses on the company at £3,594,179.[123]

IMPERIAL EXPERTISE

During the interwar period, the Bank of England was a key force in reconstructing Europe and reestablishing an albeit fragile international monetary order through cooperation with other central banks. Most accounts of the Bank's activities during this period focus on actions now conventionally expected of central banks: the management of currency, money supply and foreign exchange.[124] There is a good reason for this: the very concept of a modern central bank was formalized during the period of instability between the world wars. So far, this chapter has attended to different ways in which the Bank of England's role grew in the 1920s and early 1930s. But the Bank's expanded activities – both in terms of monetary policy and in terms of its industrial interventions – were directed toward the same ultimate end. World War I had disrupted the engine of Britain's economic prosperity. The Bank of England's new, proactive efforts were all aimed at restoring Britain to prosperity, if not to dominance. Industrial assistance was one way to do this. Creating a stable international order was another.

In this way, the Bank of England was bound up in the imperial scheming that so characterized the Board of Trade and Department of Overseas Trade. Its involvement with Armstrong Whitworth's venture in Newfoundland and industrial banking in Austria were obvious instances of homologous thinking, necessitated by the collapse of the prewar gold standard. Though Bank leaders' ultimate goal was returning to the standard and reestablishing a global order

[123] Loss on Armstrong Whitworth & Co., Ltd., July 10, 1956, BOE, ADM 6/18, f. 108.

[124] See, e.g. Sayers, *The Bank of England*; Kynaston, *Till Time's Last Sand* and footnote 3 in this chapter.

that benefitted Britain's financial elite, in the meantime, imperial scheming was an expedient stopgap, a strategy necessary for protecting British wealth and British power. In fact, the Bank engaged in imperial schemes of its own in the years after World War I. As governor, Montagu Norman was anxious to leverage the Empire in stabilizing British currency and foreign exchange markets and he cultivated a network of imperial central bankers and financiers to accomplish that end. As he would write, "the only kind of bridge…is personal contact".[125] Norman's ambition to establish a comprehensive network of empire central banks never came to fruition, but imperial experience played a vital role in expanding the Bank of England's role. In this way, the Empire and imperial expertise formed the basis not just of the experiments with domestic industry and overseas banks, but also of the tasks traditionally associated with central banks: the stabilization of currency and foreign exchanges. In the scramble to recover from World War I, imperial schemes loomed large.

Even before the suspension of gold convertibility during World War I, Britain depended on the Empire for its monetary stability. Unlike Britain itself, British colonies and dominions operated on a functional sterling standard, with the result that Britain was able to control the Empire's gold.[126] Even in the best of times, Treasury and Bank of England authorities sought to keep gold in the country. That effort intensified into an imperative after World War I and with the collapse of the gold standard; the more bullion in Britain, the less painful it would be to return to

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[125] Montagu Norman to Basil Blackett, November 8, 1924, BOE, G 3/182, f. 2.

[126] G. Balachandran, *John Bullion's Empire: Britain's Gold Problem and India Between the Wars* (London: Curzon, 1996); Russell Ally, *Gold and Empire: The Bank of England and South Africa's Gold Producers, 1886-1926* (Johannesburg: Witwatersrand University Press, 1994). See also de Cecco, *Money and Empire*; P.J. Cain and A.G. Hopkins, *British Imperialism, 1688-2015*, 3rd ed. (London: Routledge, 2006), chapter 20. C.f. Drummond's rosy view of imperial policy, Ian M. Drummond, *Imperial Economic Policy, 1917-1939* (London: George Allen & Unwin, 1974).

the standard at the pre-war parity of $4.86 to the pound.[127] This effort depended on tightly controlling imperial monetary policy. As Gopalan Balachandran has shown, British policymakers kept the Indian rupee devalued throughout the interwar period in order to prevent British gold from flowing to India, keeping "gold for the West and silver for the East."[128] The results of this "stabilization" were devastating for India; capital flight soared and India racked up a massive trade deficit.[129] In South Africa, the Empire's gold mine, British authorities similarly worked hard to foil attempts by nationalists – particularly Afrikaner nationalists led by J.B.M. Herzog – to unpeg the South African pound from sterling and to permit gold producers to sell to buyers other than the Bank of England, who would pay significantly more. But there, in a country with self-governance and a powerful nationalist political party, British officials had to resort to more creative measures to assert monetary control. Those measures involved founding a central bank.

The most instrumental advocate of British monetary policy in South Africa was Montagu Norman's advisor and the erstwhile mining financier, Sir Henry Strakosch. Born in Austria and educated in England (where he worked for Anglo-Austrian), Strakosch had moved to South Africa in 1895, where he worked for a gold mining company and grew close to the Unionist Prime

[127] See, e.g. Moggridge, *British Monetary Policy,* chapter 3; Boyce, *British Capitalism*, chapter 2.

[128] Testimony of Frank Lucas to the Committee on Indian Exchange and Currency, 1920, quoted in Balachandran, *John Bullion's Empire*, 71. See also ibid., 26-28; chapter 4; chapter 5. The British suspended gold convertibility and metallic movement in and out of India during the war and the resulting demand for gold pushed the price of gold higher in India than prevailing international prices. Such prices disparities made British officials particularly concerned about relaxing the prohibition of gold imports to India. But as Balachandran notes, because such arrangements could not be continued "without grave prejudice to the British political stake in India" after the war, "it became necessary to limit the colony's absorption of gold through more indirect instruments." Balachandran, *John Bullion's Empire*, 71-73.

[129] *Report of the Committee Appointed by the Secretary of State for India to enquire into Indian Exchange and Currency, vols. 1-3* (London: HMSO, 1920), [Cmd. 527, Cmd. 528, Cmd. 530]; Balachandran, *John Bullion's Empire*, 97.

Minister Jan Smuts.[130] Though Strakosch eventually moved to London, when debate over gold reached a fever pitch in 1920, he returned to South Africa to campaign for the maintenance of imperialist monetary policy. Making the rounds in Cape Town, Strakosch argued that a stronger South African pound would trigger disastrous British capital flight from the country. Strakosch neglected to mention that it would also attract American dollars, an outcome he was keen to prevent.[131] Facing nationalist demands for South Africa to move from a sterling to gold standard, Strakosch proposed rolling out new banknotes to be backed by gold, but not exchangeable for gold. To administer the new currency, a new institution was needed: a central bank that would be outside the reach of any elected Afrikaner nationalists hostile to British interests. And this is exactly what Strakosch pushed the government to establish: a "South African Reserve Bank" that would have discretion to manage the country's money supply. A central bank was a political masterstroke; it gave the appearance of greater national autonomy, while insulating monetary decisions from nationalist pressures. Strakosch drafted the necessary legislation and with the support of Smuts's Treasury, he ushered it through the South African Parliament, creating a "central banking institution" that would manage the country's cash reserves, discount rate, and money supply. The South African Reserve Bank (SARB) began operations about a year later.[132]

The SARB was an imperial institution, closely tied to the Bank of England. Three of the eleven board members came from British-leaning banks. A further five members – including the Governor and Deputy Governor – were appointed by the British Imperial Governor General of

[130] Bradley Bordiss and Vishnu Padayachee, "A Superior Practical Man": Sir Henry Strakosch, the Gold Standard and Monetary Policy Debates in South Africa, 1920-23," *Economic History of Developing Regions* 26, supplement 1 (2011): 114-122.

[131] Ally, *Gold and Empire*, 104; 114.

[132] Ibid., 90-91 and chapter 5; Brian Kantor, "The Evolution of Monetary Policy in South Africa," *South African Journal of Economics* 39, no. 1 (March 1971): 42-72.

South Africa. The actual decisions on appointment were made largely by Strakosch and Montagu Norman.[133] Controlling the SARB was, as a Bank of England memo noted, "a matter of supreme importance to the Empire, to this Country and to the Bank of England". It was important enough for the Bank to make "a considerable sacrifice": parting in 1920 with a valuable employee, William H. Clegg, to run the new SARB in Cape Town.[134] Clegg was fully cognizant of "the importance of this matter to the City of London and to the Empire."[135] As an agent of empire, Clegg knew what he had to do: keep South Africa's monetary policy in line with Britain's.

Clegg stayed at the helm of the South African Reserve Bank until 1931 during which time, he remained in close touch with Norman; the official correspondence between the two governors fills several bursting folders in the Bank of England Archives.[136] For his part, in the "distant lands forlorn" of Cape Town, Clegg kept the South African pound (and the South African gold market) squarely within the Bank of England's orbit.[137] Norman was ready with favors; at Clegg's request, the Bank of England stabilized the South African financial market by guaranteeing a South African bank's acceptances in London.[138] Norman may also have intervened to block the issue of a loan to

[133] See Reginald Blankenberg to Montagu Norman, November 20, 1920, BOE, G2/56.

[134] Memorandum, November 16, 1920, BOE, G2/56. Clegg had been an active member of London's literati scene at the turn of the century, before surrendering his artistic bents to financial accountancy; an old friend "used to note, with deep regret that he became more respectable with each month that passed." Grant Richards, *Memories of a Misspent Youth, 1872-1896* (Harper and Brothers: New York, 1933), 299.

[135] Norman wanted to send the Bank's chief cashier, Ernest Harvey, who would later become his right-hand man in the late 1920s. But Harvey declined. Montagu Norman to F.C. Goodenough, November 9, 1920, also quoted in Ally, *Gold and Empire*, 91.

[136] See Correspondence between Montagu Norman and W.H. Clegg, BOE, G 1/432; South African Reserve Bank, Correspondence with W.H. Clegg, BOE, OV 37/20.

[137] See, e.g. Montagu Norman to W.H. Clegg, October 25, 1921, BOE, OV 37/20; Montagu Norman to W.H. Clegg, May 4, 1923, BOE, OV 37/20.

[138] W.H. Clegg to Montagu Norman, July 3, 1923, BOE, OV 37/20.

Mozambiquans, to help preserve South African dominance in the region.[139] This was, of course, Anglo, white South Africa. Though Clegg, Strakosch, and Norman corresponded a great deal about ethnic Boers, they scarcely mentioned black Africans – the people on whom mining actually depended – at all. The labor and interests of black South Africans were ignored and erased. They might have been imperial subjects, but to the bankers in London, they were understood not as political agents, but passive pieces in an economic game.

For Norman, the South African Reserve Bank represented the first step toward an imperial central banking system run through Threadneedle Street. Norman desired "the establishment of a separate Central Bank within each economic unit of the Empire"; a network of such banks would afford much greater control over imperial monetary policy, even in dominions whose economies were edging away from the United Kingdom. Such steps would not have been necessary before World War I and the dissolution of the classical gold standard; it was, however, a scheme that was increasingly important in an uncertain era for London's financial power brokers. In preparation, Norman composed an "epitome setting out the principles which should at first glance govern Central banking as a whole", which he shared with Clegg.[140] These principles stressed that a Central bank "should be independent but should do all its own government's business…including Gold and Currency" and should "be the Banker of all other Banks in its own country." Clegg responded with enthusiasm for Norman's dream of a network of imperial central banks. "If your

[139] Ally, *Gold and Empire*, 93.

[140] Montagu Norman to W.H. Clegg, February 28, 1921, BOE, OV 37/20; Ally, *Gold and Empire*, 92; Clay, *Lord Norman*, 285. See Sayers, *The Bank of England*, 201-210.

scheme is to develop properly it will require to be fed on a good sound nourishing doctrine" and Norman's "epitome" provided "exactly what is wanted for this purpose."[141]

Encouraged, Norman contacted other influential bankers around the Empire. In writing to Bertram Hornsby, the head of the National Bank of Egypt, Norman was ingratiating and solicitous.[142] Seeking to cultivate Hornsby as a partner in the Middle East, Norman referred to their correspondence as "from the head of one Central Bank to another", even after Hornsby reminded him that the National Bank of Egypt, though the country's largest bank, was not a central bank.[143] Throughout the 1920s, Norman dreamt of establishing a central Bank of Canada; his 1921 selection of Barings's Edward Peacock to join the Bank's General Court depended in no small part on the fact that Peacock was Canadian. As Norman wrote, "Canada is without a Central Bank…it is by the fact of our taking in the best Canadian we can get that we are most likely to influence Canadian opinion without offending their sensibilities."[144] Norman was similarly eager to build Australia's Commonwealth Bank into a bona fide central bank; he arranged for Clegg to visit and offer "assistance in advisory capacity of someone possessing Central Banking experience".[145] When the topic of Indian currency was again taken up in 1925, this time by a royal commission to be run by the *Financial News* editor Hilton Young, Norman and his handpicked commissioner, Strakosch, pushed for an Indian central bank, meeting with Charles Addis for hours in "a great

[141] W.H. Clegg to Montagu Norman, April 12, 1921, BOE, OV 37/20.

[142] See Hornsby's papers, especially File 2, from his time in Egypt, in the Middle East Centre, St. Antony's College, Oxford, United Kingdom (MEC).

[143] Montagu Norman to Bertram Hornsby, February 6, 1922, BOE, OV 43/65; Montagu Norman to Bertram Hornsby, June 8, 1922, BOE, OV 43/65; Montagu Norman to Bertram Hornsby, November 19, 1921, BOE, OV 43/65; Bertram Hornsby to Montagu Norman, January 13, 1922, BOE, OV 43/65.

[144] Quoted in R.S. Sayers, *The Bank of England,* 204.

[145] Ernest Musgrave Harvey to W.H. Clegg, July 30, 1930, BOE, G 1/432. See also Sayers, *The Bank of England,* 206-207.

pow-wow" to hash out strategy.[146] The commission consequently recommended a central bank and, again, rejected calls for an Indian gold standard.[147]

Norman's plans for an imperial network of central banks did not come to fruition, but his efforts at empire-building had the effect of bringing imperial expertise into the Bank of England itself. Strakosch, already one of Montagu Norman's advisors, grew more influential, becoming, in Sayers's description, among the governor's "most frequent visitors" most of the 1920s.[148] By 1925, Strakosch had become Montagu Norman's key advisor on gold movements and currency standards. "I rely," Norman wrote, "for my information from the outside…[not] on [Chancellor of the Exchequer] McKenna or Keynes, but on Sir Henry Strakosch." "If I had been a Dictator," Norman declared, "he would have been a Director here years ago."[149]

Strakosch was just one of the imperial bankers with a newfound influence at the Bank. For through the 1920s, the Bank of England underwent a great transformation. Having come under criticism for insularity, many bank leaders, notably including Frederick Huth Jackson (a director since 1891) called for greater inclusion and reform within the court of directors.[150] The result was

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[146] Addis Diary, February 15 and March 5, 1926, Addis Papers, School of Oriental and African Studies Special Collections (hereafter SOAS), PP MS 14/44, also quoted in Balachandran, 150. See also the correspondence between Norman, Strakosch, and Addis, in BOE, OV 56/84. See also Otto Niemeyer's files on this commission, TNA, T 176/25B.

[147] India Office Report to the Cabinet, July 24, 1926, TNA, CAB 24/180/89. See also Notes on Meeting between Strakosch, Addis, and Norman, March 9, 1926, BOE, OV 56/84, f. 70B; India Office Report to the Cabinet, July 24, 1926, TNA, CAB 24/180/89. On Strakosch's role in pushing for the central bank, see Basil Blackett to Montagu Norman, December 10, 1925, BOE, OV 56/84. The commission's recommendations were expected. Balachandran notes that the *Times* had predicted this outcome even before the commission met, on September 22, 1925. Balachandran, *John Bullion's Empire,* 150. Despite the recommendations, no central bank was established until 1935.

[148] In Norman's first five years as governor, "Strakosch's name alone appeared in Norman's Diary forty-six times, and he accompanied others more than twenty times. Sayers, *The Bank of England*, 202.

[149] Montagu Norman to Ben Strong, November 28, 1927, BOE, ADM 33/13. The Committee of Treasury prevented the Jewish Strakosch from becoming a director. Boyce, *British Capitalism* 167.

[150] R.S. Sayers, *The Bank of England*, Appendix 39. On the prewar culture of the City, see Cassis, *City Bankers.*

that new (though equally wealthy and privileged) blood streamed into the Bank’s highest bodies and advisory roles. Importantly, a preponderance of the new leaders that came to run the Bank in the 1920s and 1930s had imperial experience (see table 3.1).

Name	Entered General Court	Notable firm/institution	Industry	Imperial connection
Booth, George Macaulay	1915	Albert Booth	Shipping	
Anderson, Alan Garrett	1918	Anderson, Anderson, & Co.	Shipping	Australia
Addis, Charles Stewart	1919	HSBC	Bank	Hong Kong, China
Wallace, Robert	1919	Wallace & Co. / Bombay Burmah Trading Corp	Merchant	India, Burma
Spencer-Smith, Michael Seymour	1920	Anglo-Austrian	Bank	
Whigham, Walter Kennedy	1920	London and Northeast Railway	Rail	
Whitworth, Arthur	1920			
Peacock, Edward Robert	1921	Dominion, and then Barings	Bank	Canada
Smith, Henry Babington	1921	Treasury, India, etc	Civil Service	India, Ottoman Empire
Goschen, Kenneth	1922	Fruhling and Goschen	Bank	
Kitson, Roland Dudley	1923	Kitson and Co.	Heavy Industry	
Gladstone, Albert Charles	1924	Ogilvy, Gillanders, & Co	Merchant	
Shaw, Alexander	1924	P & O	Shipping	
Nairne, John Gordon	1925	Bank of England	Bank	
Hambro, Charles Jocelyn	1928	Hambros Bank	Bank	
Stamp, Josiah Charles	1928		Civil Servant	
Blackett, Basil Phillott	1929	Treasury	Civil Service	India
Duncan, Andrew Rae	1929	Shipbuilding Employers' Federation	Business	
Harvey, Ernest Musgrave	1929	Bank of England	Bank	
Hyndley of Meads (Lord)	1931	Powell Duffryn Collieries	Coal	
Clegg, William Henry	1932	South African Reserve Bank	Bank	South Africa
Cooper, Patrick Ashley	1932	Hudson's Bay Company	Merchant	Canada
Holland-Martin, Edward	1933		Bank	
Catterns, Basil Gage	1934	Bank of England	Bank	
Weir, James George	1935	Ciervo Autogiro Co; Weir	Engineering	
Bernard, Dallas Gerald Mercer	1936	Jardine Matheson / HSBC	Bank	Hong Kong
Cadbury, Laurence John	1936	Cadbury	Food	
Hanbury-Williams, John Coldbook	1936	Courtaulds	Business	
Bunbury, Evelyn James	1937	Imperial Bank of India	Bank	India
Martin, John	1937	Civil Service	Civil Service	
Cobbold, Cameron Fromanteel	1938	Bank of England	Bank	
Niemeyer, Otto Ernst	1938	Treasury	Civil Service	

Table 3.1: Appointments to the Bank of England General Court, 1915-1940. Those highlighted in yellow spent portions of their careers in the formal empire. Those highlighted in blue were professionally involved in overseas trade.

Take, for example, Henry Babington Smith. The chair of a 1919-1920 committee on Indian currency, Babington Smith was invited to become a Bank director shortly after his committee recommended depreciating the rupee. Babington Smith was a creature of Empire.[151] He had been Indian Viceroy Lord Elgin's private secretary and had married Elgin's daughter, Elizabeth Mary.[152] After a stint evaluating the finances of Natal (from which Smith sent back fortnightly reports written in his wife's hand) and several years administering Ottoman debt in Constantinople, Smith returned to London to run the Post Office.[153] In 1909, he delved back into Middle Eastern finance to direct the National Bank of Turkey, the same institution at which A.G.M. Dickson had worked and which Lord Faringdon and the BTC would come to own.[154] This was not the typical prewar Bank of England director, drawn from the established merchant banks and City elite.

Nor were many other new members of the Bank's general court. Consider Charles Addis, the BTC critic. A member of Babington Smith's Committee and himself an imperial banker, Addis became a director in 1918. Born to a Scottish Calvinist clergyman, he had ascended through the ranks at the Hongkong and Shanghai Banking Corporation in Singapore, Hong Kong, and Peking, where he helped manage a sterling-backed currency, before returning to Britain as the bank's London Manager in 1905.[155] As Addis noted in his diary, his appointment to the General Court

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[151] J.W. Holderness to Henry Babington Smith, April 17, 1919, Trinity College Archives, Cambridge, United Kingdom (hereafter TCA), HBS, Box 40, f. 1; Balachandran, *John Bullion's Empire*, 76-77.

[152] See Babington Smith's correspondence in HBS Boxes 77-92, TCA.

[153] M.E. Hicks Beach to Henry Babington Smith, December 8, 1899, TCA, HBS, Box 20, f. 3; see reports in TCA, HBS, Box 20. Babington Smith had also worked for the Board of Education and the Treasury.

[154] Babington Smith was recruited by Ernest Cassel. He also came to supervise Cassel's personal finances. William C. Lubernow, "Smith, Sir Henry Babington," *ODNB*, 2011, accessed February 18, 2020, https://doi-org/10.1093/ref:odnb/36144; see also TCA, HBS, Box 27.

[155] Dayer, *Finance and Empire*, chapter 3. Addis became junior London manager in 1905 and senior London manager in 1911 of HSBC. On Addis's time managing currency for HSBC, see Correspondence between C. Addis and N.

was the "first time in 200 years a member [of an Eastern bank] has been asked to join."[156] Less than a year later, he was elected to the Committee of Treasury. It was a vertiginous rise, "a high compliment formerly only paid after 15 or more years [sic] service as an ordinary director."[157] By the mid 1920s, Addis had become the Bank's point person for international negotiations.[158] Like Babington Smith, Addis was stalwart of financial orthodoxy; in Keynes's words, he was "the Louis XVI of the monetary revolution."[159] He had, as noted before, been among the most forceful critics of the British Trade Corporation, and was an enthusiastic defender of the Gold Standard.[160]

The same year that Addis joined the General Court, the Bank tapped Alan Anderson, a shipping executive who had spent years in Australia. The next year, it appointed Robert Wallace, a merchant with extensive experience in India and Burma The year after, Michael Spencer-Smith, the architect of the Anglo-Austrian deal was asked to join. The year after that, so were Henry Babington Smith and the Canadian Edward Peacock, who would become one of the bank's most

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Stabb, 1915 London II, Bank History, London Office Box No. 2, Item No. 29, HQ LOHII 0029, HSBC Corporate Archives, London, United Kingdom. See also "Copied Extracts from File Marked 'Private Letters' 1903-1912, from Addis, HSBC Corporate Archives, HQ LOHII 00027-0001. On the HSBC more generally, see Frank H.H. King's four volume history, *The History of the Hongkong and Shanghai Banking Corporation* (Cambridge: Cambridge University Press, 1988), especially volume II: *The Hongkong Bank in the Period of Imperialism and War, 1895-1918: Wayfoong, the Focus of Wealth*.

156 Charles Addis, Diary, May 1, 1918, Addis Papers, SOAS, PP MS 14/36; see also Dayer, *Finance and Empire*, 93.

157 Charles Addis, Diary, March 27, 1919, Addis Papers, SOAS, PP MS 14/37.

158 S.W. Schlich, Memorandum on the Gold Standard 1925-1931: The Attitude of Sir Charles Addis, March 31, 1970, BOE, ADM 33/10. Addis was a key figure in negotiating the Dawes Plan. Dayer, *Finance and Empire*, chapter 6

159 John Maynard Keynes to Charles Addis, July 25, 1924, Addis Papers, SOAS, PP MS 14/407.

160 Ibid., Charles Addis, "A British Trade Bank," *The Economic Journal* 26, no. 104 (December 1916): 484-491. Addis was an orthodox voice on the Cunliffe Commission on currency (1918). *First Interim Report of the Committee on Currency and Foreign Exchanges After the War* (London: HMSO, 1918) [Cd. 9182]. See also

TNA T 185; Dayer, *Finance and Empire*, chapter 6.

senior leaders by the Great Depression.[161] Toward the end of the decade, the Bank turned, for the first time in its history, toward more professional directors. Basil Blackett, the Treasury official who had served on the Faringdon Committee and been financial advisor to the Viceroy of India, and Ernest Musgrave Harvey, the Bank's former Chief Cashier who had managed the pound during its time apart from the gold standard, both became directors.[162] William Clegg, back from South Africa, would be appointed the year after the crisis, in 1932.

The increasingly imperial composition of the Bank's General Court was mirrored by the advisers and full-time staff that Norman hired throughout the 1920s. Norman sought to build "up a body of professionals drawn from the outside."[163] He hired Niemeyer in 1927, and the economist Henry Clay in 1929. Harry Arthur Siepmann became Norman's adviser on foreign relations in 1926; a Treasury official, he had been Blackett's secretary in India, and had afterwards worked with the National Bank of Hungary (in which the Anglo-Austrian was a major shareholder).[164] Other Central and Eastern Europeans with experience in exchanges came onto the Bank's payroll including the former Russian finance minister Peter Bark. In 1929, the court appointed R.N. Kershaw, an Australian economist working for the League of Nations.[165] The next year, Norman unsuccessfully tried to recruit Sir Edward Cook, formerly the financial secretary to the

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[161] Freda Harcourt, "Anderson, Sir Alan Garrett," *ODNB* (September 2004), accessed online April 17, 2019, https://doi-org /10.1093/ref:odnb/30404; John Orbell, "Wallace family," *ODNB* (2004) accessed April 17, 2019, https://doi-org/ 10.1093/ref:odnb/63364; John Orbell, "Peacock, Sir Edward Robert," *ODNB* (2005) accessed December 18, 2019, https://doi-org /10.1093/ref:odnb/35425.

[162] On Stamp, see John Harry Jones, *Josiah Stamp, Public Servant: The Life of the first Baron Stamp of Shortlands* (London: I. Pitman, 1964).

[163] Joan Bridges, "New Men for a New Age," November 30, 1973, BOE, ADM 33/13; Kynaston, *Till Time's Last Sand*, 353-364.

[164] Lojkó, *Meddling in Middle Europe*, 114-118; 150 n. 255.

[165] Joan Bridges, "New Men for a New Age," November 30, 1973, BOE, ADM 33/13, p. 7. See also Papers of R.N. Kershaw, BOE, ADM 39/1.

Government of India and Financial Advisor to Siam as, "a very useful man for the Bank." Norman had more luck with Sir Bertram Hornsby, the managing director of the National Bank of Egypt with whom he had maintained an active correspondence.[166] Norman, who saw Hornsby as a perfect figure to help manage the Bank's overseas commitments (including Anglo-International) wanted to "offer him a retaining fee of, say £1,000 a year, on the understanding that he would not accept any appointments without the approval of the Bank." Norman pressed the Committee of Treasury "to adopt the same policy with Governors of some Dominion Central Banks."[167] William Clegg was brought back from the South African Reserve Bank on just such an arrangement to work on currency stabilization.[168]

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Imperial personnel were particularly attractive to the interwar Bank of England because of the Bank's ill-fated experiments at stabilization: Clegg and Strakosch proved useful in developing the network of imperial central bankers, Bark and Spencer-Smith were essential to the ventures in Central European finance, and Addis and Peacock were helpful in the efforts to bail out British industry. But imperial personnel also proved instrumental in expanding the Bank's role in managing currency and foreign exchange rates. That is, the Empire and imperial knowledge helped support the very transformation of the Bank of England described by canonical accounts of the period. The importance of imperial knowledge is especially evident in the Bank's response to the crises of 1931.

[166] Quoted in Joan Bridges, "New Men for a New Age", November 30, 1973, BOE, ADM 33/13, ff. 11-12.

[167] Hornsby had been replaced in Egypt by Cook. Committee of Treasury, Minutes, April 29, 1931, BOE, G 14/84.

[168] W.H. Clegg to Montagu Norman, May 5, 1930, BOE G 1/432. See also Ernest Musgrave Harvey to W.H. Clegg, July 30, 1930, BOE, G 1/432; William Clegg to Ernest Harvey, July 31, 1930, BOE, G 1/432.

These crises, culminating in Britain's abandonment of the gold standard in September 1931, constituted "one of the turning points in the monetary history of the twentieth century."[169] Unemployment in Britain remained high throughout the 1920s; Labour had won the 1929 elections on a platform of economic relief. Economic conditions only worsened after American markets collapsed in 1929. All this meant that by the summer of 1931, London – and Britain – was in a weak economic position. The pound was overvalued by 10-15% and despite falling real wages, British exports remained uncompetitive. To make matters worse, London was painfully under-capitalized. In an effort to ease the ongoing slump, the Bank of England kept interest rates low – it had lowered the bank rate several times that spring and did so again, from 3 to 2.5%, in May – but the low rates had the secondary effect of failing to recruit capital to the city. London's illiquidity would turn from bad to disastrous over the course of the year.[170]

Though the Great Depression had already engulfed the United States for a year, crisis came to London in 1931 via Austria and Germany.[171] It came, in fact, partly because of the close connections that Montagu Norman and others at the Bank had forged with major Austrian financial institutions. When the Credit Anstalt took over the branch business of Anglo-Austrian, the two banks had maintained ties. Because of the Bank of England's continued ownership of Anglo-Austrian, it had continued to nominate a member of Credit Anstalt's board of directors; Otto

[169] Sayers, *The Bank of England*, 387.

[170] On this period, see Sayers, *The Bank of England*, chapter 17; Moggridge, *British Monetary Policy*, chapter 5; Boyce, *British Capitalism,* chapters 9, 10, and 11; Charles Kindleberger, *The World in Depression* (Berkeley: The University of California Press, 1986), chapter 7. Derek H. Aldcroft, *The Inter-War Economy: Britain, 1919-1939* (London: B.T. Batsford, 1970), 239-285. For a more narrative account, see Ahamed, *Lords of Finance,* chapter 19.

[171] The degree to which Credit Anstalt marked the start of bank failures in Europe has been widely debated. Traditionally, historians have seen Credit Anstalt's failure as the beginning of the disaster. See Kindleberger, *The World in Depression,* 146; Eichengreen, *Golden Fetters,* 270-273; Ahamed, *Lords of Finance*. Others have questioned this narrative. See, most recently, Marcus, *Austrian Reconstruction,* chapter 8, but also Peter Temin, "Transmission of the Great Depression," *Journal of Economic Perspectives* 7, no. 2 (Spring 1993), 95; Harold James, "The Causes of the German Banking Crisis of 1931," *Economic History Review* 37, no. 1 (1984), 81.

Niemeyer served as the Bank's representative on the Credit Anstalt board until late 1931.[172] The financial worlds of Vienna and London were closely intertwined, and when Credit Anstalt – and with it, the rest of the Austrian banking sector – failed, an extensive set of British claims were wiped out. Norman continued to extend credit to the Austrian National Bank: $7 million for a week in June.[173] But by then, a run had also emerged in Germany and British short-term claims in Vienna and Berlin were frozen. By July, the crisis had reached Britain. There was capital flight in London despite Bank raising the bank rate twice. Credits from New York and Paris helped a little, but additional foreign credits were contingent on the British cutting their budget deficit. The prospect of such cuts was enough to split the Labour cabinet and bring down the government.[174] Amidst the stress, Norman fell ill and traveled to Maine to recover. In September, while Norman was still away, the gold standard was formally suspended.[175]

According to Sayers, this was the moment that the Bank became a modern institution. "The Bank had in this field switched from the amateur to the professional almost overnight; the moves made in the heat of the crisis were to be in character with the Bank as it became in the middle decades of the century, and not at all with the Bank Norman had taken over."[176] Almost immediately, a new Foreign Exchange Committee was formed to handle the day-to-day stabilization of the pound; it met every day. Over the course of his unprecedentedly long tenure as

[172] Committee of Treasury, Minutes, November 11, 1931, BOE, G 14/84.

[173] Kindleberger, *The World In Depression*, 147; Walter Federn, "Der Zusammenbruch der Österreichischen Kreditanstalt," *Archiv für Sozialwissenschaft und Sozialpolitik* 67, no. 4 (June 1932): 403-435.

[174] The events of September 1931 are narrated in detail in Sayers, *The Bank of England*, chapter 17 and Boyce, *British Capitalism*, chapter 11. More generally, see Peter Clarke, *Hope and Glory: Britain 1900-2000* (New York: Penguin, 2004), chapter 5.

[175] Sayers, *The Bank of England*, 394, 401.

[176] Ibid., 409.

Governor, Norman had brought into the Bank of England a set of influential advisers, technical experts who consulted on the economic implications of bank policy. By the time Norman returned from his illness in late 1931, "the old Bank had been replaced by a regime in which the new caste of Advisers had won its place and senior officials, Governors, Directors, and Advisers would be closeted together in discussion both of ultimate questions of policy and of the daily conduct of business."[177] With few exceptions, these advisers and influential figures came either from working in Central Europe, as was the case for Harry Arthur Siepmann and Peter Bark, or the formal Empire, like Addis, Peacock, and Kershaw.

These people with formal or informal imperial backgrounds constituted an outsized proportion – about half – of leading Bank officials who worked on stabilizing the British economy after 1931. This composition reflected a major change of staffing and leadership, ushered in under Norman's governorship. The Bank's governorship itself had also evolved. Addis regretted that the bank could not return to a rotating governorship, but "the old traditional practice is no longer tenable. It is no longer possible for a Governor in the short space of a couple of years to acquire a mastery of the intricate machinery for controlling the currency and credit of the country, which is his principal duty, to say nothing of his international responsibilities in promoting the stability of the general price level and the maintenance of the foreign exchange."[178] To deal with these responsibilities, the Bank's governor had to become professionalized, as did its staff. Already, Niemeyer and Siepmann, between them, ran the "central banking section" that handled international price coordination. A growing roster of professional central bankers, of which Addis himself was a prototype but which now included Hornsby and Clegg, were busy working on

[177] Ibid., 417.

[178] Charles Addis, Response to Questionnaire, February 17, 1932, BOE, G 15/204.

currency controls and on the direct management of banks that posed systemic threats to the British financial system.

Perhaps the most important figure from empire for the post-1931 monetary order was Henry Strakosch. He had been Norman's first choice to head a new office in 1925 to collect information and supervise transactions between central banks.[179] He had also been a frequent consultant on the fluctuation of gold prices and reserves. Though Strakosch and Norman may have drifted apart by the end of the decade, Strakosch remained among the pre-eminent experts on currency stabilization working in Great Britain. And with Norman out of commission in late 1931, the newly formed Foreign Exchange Committee turned to Strakosch for help. He was, in fact, the first expert that Bank leader consulted after the departure from gold.[180] Strakosch first proposed that the Bank of England act "as a Central Bank" to "intervene and encourage forward dealings by swap transactions with other Central Banks" as a way of stabilizing the foreign exchange rate of the pound. Over the next few months, Strakosch formalized his ideas into a long memorandum on the measures "necessary for the maintenance of an effective control of the sterling exchange", which Norman circulated to members of the Exchange Committee in April 1932.[181] The memorandum outlined a new department to deal with exchange stabilization, a department that would have control over a large account that could be leveraged to buy and sell foreign currency so as to keep the pound stable. This was a new expansion of the Bank's powers and duties. "From what has been said," Strakosch noted in his memorandum, "it appears at first sight that most of the

[179] Joan Bridges, "New Men for a New Age," November 30, 1973, BOE, ADM 33/13.

[180] Committee on Foreign Exchange, Report of the Meeting held on the 5th October 1931, October 5, 1931, BOE, C 43/113

[181] Extract from Minutes of the Committee of the Treasury, April 6, 1932, BOE, G 14/307.

operations or activities suggested clash with the traditional operations of the Bank."[182] Strakosch had proposed what would be the Exchange Equalization Account, a primary way in which the Bank of England would manage the foreign value of the pound until well after the Second World War. The plan was made public less than two weeks later. In the words of Hilton Young, who after running the Indian Currency Commission had since become the Minister of Health, the account would "maintain the stability of sterling; in other words, to prevent a sharp rise in sterling at the present time."[183] Within a year, the Exchange Equalisation Account and its achievements were dubbed as "spectacular", guaranteeing a safe environment for British business and finance.[184] The stability of Britain's foreign exchanges was thus built on South African experience, the product of the Bank's growing reservoir of imperial knowledge.

CONCLUSION

Stability was the watchword of the 1920s and 1930s, the principle that shaped and motivated the Bank's actions. To ensure stability – not just for the London money market, but also for the country and the world – the Bank widened its role in the decade after World War I. Doing so entailed a much more concerted push to cooperate with international partners in the management of a global monetary order and to manage currency in general. But the Bank's stabilization

[182] Henry Strakosch, Memorandum, March 31, 1931, BOE, G 14/307.

[183] Edward Hilton Young in *Hansard*, Commons, vol. 266, col. 433 (May 25, 1932).

[184] On the EEA, see Max Harris, *Monetary War and Peace: Sterling, the Exchange Equalisation Account, and the Tripartite Agreement, 1931-1939*, Doctoral dissertation, Harvard University, Graduate School of Arts & Sciences, 2018. Alzada Comstock, "The British Exchange Equalization Account," *The American Economic Review* 23, no. 4 (December 1933): 608-621. See also "The Exchange Eqalisation Account: Its Origins and Development," *Quarterly Bulletin of the Bank of England* (1968, Q4, December 1968): 377-390, available at https://www.bankofengland.co.uk/quarterly-bulletin/1968/q4/the-exchange-equalisation-account---its-origins-and-development; Lowell M. Pumphrey, "The Exchange Equalization Account of Great Britain, 1932-1939: Exchange Operations," *The American Economic Review* 32, no. 4 (December 1942): 803-816.

programs also involved bold experiments that have received less scholarly attention: programs including direct ownership of industrial firms and overseas banks: efforts to directly support British business. Such initiatives were carried out, broadly speaking, in the interest of national security. This rationale was most striking in the case of Armstrong Whitworth; the state and the Bank were both eager to maintain productive capacity for armaments. The Bank's assistance to British Celanese and the British Dyestuffs Corporation was similarly a legacy of the state's support of key industries during the war. But more generally, bailing out big industry and big banks had the purpose of guaranteeing British *economic* security in the wake of World War I. Armstrong Whitworth was, in the Bank's view, too big to fail; the consequences of such a failure would have disastrous effects both on the Bank's own bottom line and also on industrial employment and commercial might abroad. In this way, the logic undergirding the Bank's unprecedented actions mirrored that deployed at the Board of Trade and Department of Overseas Trade. The reason that the Bank of England came to hold millions of pounds of industrial equity through the Securities Trust in the 1920s was that the state had made similar determinations about other companies during and in the immediate aftermath of the war. The Securities Trust was a vehicle for responsibly extricating the state itself from the responsibility of owning industry. Of course, the Bank's efforts to stabilize industry would also provide, materially, for the leadership of companies close to the Bank itself.

The search for stability and the desire to restore British economic prosperity also drove the Bank to embark boldly into overseas finance. When the Bank decided to grant a rescue package to the Anglo-South American Bank in 1931, for instance, it was because the Committee of Treasury had agreed that "the suspension of the Bank would cause irreparable damage to British trade overseas."[185] The Bank's more dramatic engagement with Anglo-Austrian and the British Trade Corporation were similarly premised on the assumption that pushing British financial interests overseas would redound to national economic prosperity. In one sense, overseas financial engagement – whether that meant taking over an Austrian commercial bank or building out a network of Imperial Central Bankers – was motivated by a set of ideas that were very similar to those underlying the expansion of the DOT and the BTC. Official policies of laissez-faire non-intervention with regard to overseas banking were no longer sufficient to guarantee British prosperity or dominance, as they had been in the era before World War I. The successful export of British capital, like the export of British capital *goods*, required more active intervention and support in the uncertain new economic ecology after the end of the gold standard. Without the stability in Central Europe that the Bank sought to establish, British investments there were worthless. This logic was foundational not just to the Bank's little-known schemes presented in this chapter, but also to the Bank's better-known ventures in managing international monetary policy all of which represented proactive efforts to bring the Bank into new arenas and push it to perform new roles.

There was another way in which the Bank's responses were related to those of the Board of Trade and DOT: all of them occurred in an imperial business context and drew from an imperial toolkit. At the Bank of England, like at other departments within the formal British state, administrators saw empire as a resource, a market, and a training ground. Addis's Hong Kong experience, Peacock's Canadian connections, and Strakosch's South African involvement were examples of a general deployment of imperial knowledge, instrumental in shaping expansive and expansionary bank policy in the interwar years. Empire was at the heart of the

[185] S.W. Schlich, Assistance to the Anglo-South American Bank, 1931-1932, January 27, 1972, BOE, ADM 33/20 B.

Bank's transformation into one of the first recognizably modern central banks, and also as an increasingly active linchpin in the complex of the British business-state.

One feature of the Bank's activity, however, was somewhat different from the priorities of DOT policymakers. Norman's focus on the *formal* empire – his desire to build out an imperial network of central banks – was fundamentally distinct from the worldwide commercial imperialism favored by manufacturers. For although Norman was seeking to restore a *global* monetary order, he was conscious of the power of the formal empire, whose firm links with London became increasingly valuable in an age of uncertainty. In new and challenging times, with the informal empire of free trade in tatters, the formal empire offered a potential foundation on which to rebuild British power and prosperity. Montagu Norman was certainly not the only leader to recognize this potential, nor was he the only figure within the British business-state who sought to build out new programs in order to capitalize on unity within the formal empire. Such efforts were widespread and are the focus of Part II.

Part II

Consolidation

Chapter 4

Imperial Seeds, British Forests:
The Imperial Origins of British State Forestry

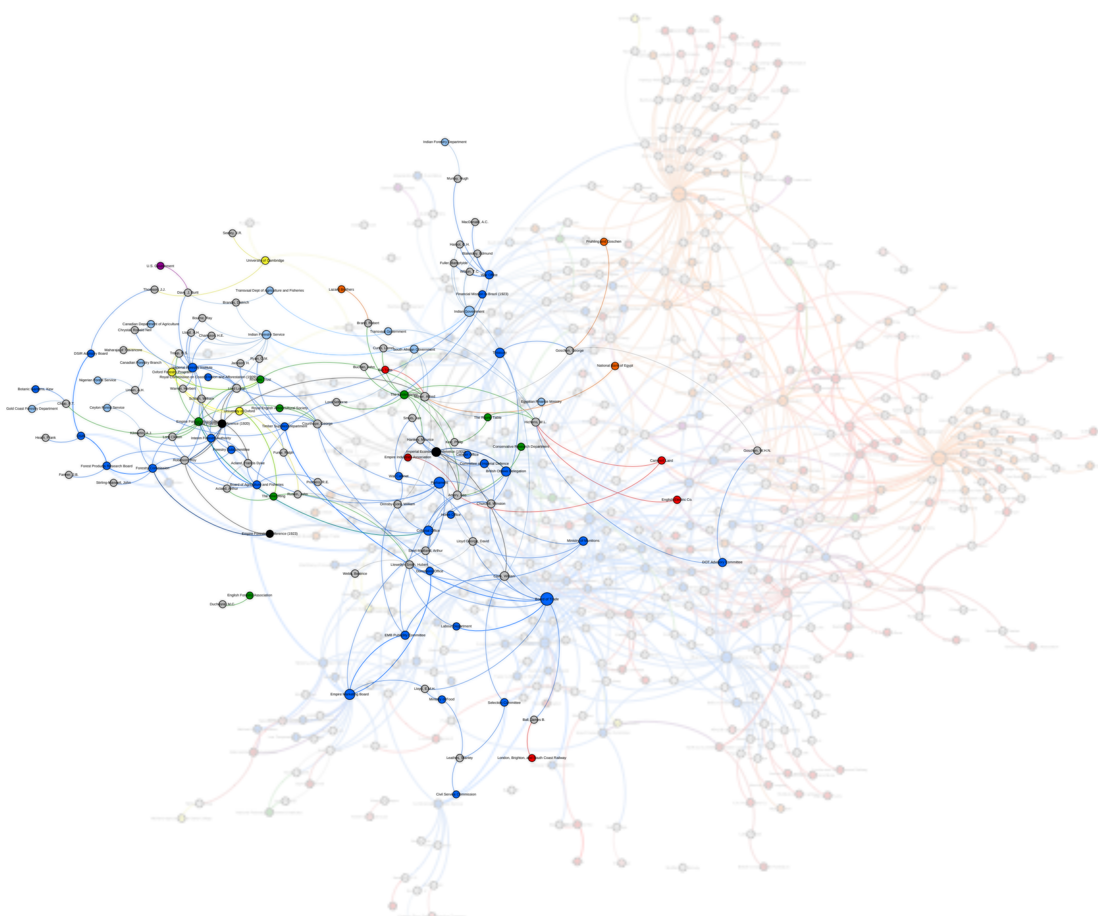

Figure 4.1: Network Visualization of the Business-State, Chapter 4. This graph features the 52 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In September of 1923, Roy L. Robinson, a senior official at the British Forestry Commission, wrote to D. Ray Cameron of the Canadian Forestry Department to order pine seeds. The order was for 3,500 pounds of seeds of Douglas Fir, 1,250 pounds of Sitka spruce, and 62 pounds of lowland fir, all from the forests of Western Canada.[1] Himself in British Columbia at the time, Robinson was in a way a long way from home. An Australian by birth, he had lived in the United Kingdom since coming to Oxford to study forestry as a Rhodes Scholar.[2] Yet in another way, Robinson was very much at home. Staying in the Empress Hotel overlooking Victoria harbor, he had just finished a seven-week tour of Canadian forests as one of the British delegates to the second Imperial Forestry Conference. Robinson was a British forester, and forestry was an imperial business. It was also, more than ever, a matter of state regulation and policy, not just in the overseas British Empire, but also in the woods and forests of the British Isles.

Britain's forestry program drew from imperial sources. The seeds of Britain's new forests were harvested in the wilds of British Columbia around Shuswap Lake, on the Salmon River, in the Queen Charlotte Islands, and up the Georgia Strait, along the coast toward Campbell River.[3] Many were cleaned in a facility built with both Canadian and British funds, in a place near Vancouver called New Westminster. Others were cleaned in London itself. The seeds that the

[1] R.L. Robinson to D. Ray Cameron, September 10, 1923, The National Archives, Kew, United Kingdom (hereafter TNA), F 18/83. The bill came to £9,843. Bill, January 28, 1924, TNA, F 18/83.

[2] G.A.K. to G.M. Evans, October 28, 1919, TNA, F 18/222.

[3] See File on Supply of Seed, Canadian Forestry Branch, TNA, F 18/83, generally. On the geographic origins of the seeds, see memos, e.g. "Douglas Fir, Salmon River, British Columbia"; "Douglas Fir, Louis Creek, British Columbia"; "Douglas Fir, Shuswap Lake, British Columbia"; "by Adrian C. Thrupp, n.d. [1924] in that file; *Excellence in Cone and Seed Services: The First 50 Years British Columbia Forest Service Tree Seed Centre* (2009), https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/tree-seed/tree-seed-centre/treeseedreport_web_august.pdf.

Australian Roy Robinson ordered arrived in London after a ten week journey after crossing Canada on the Canadian Pacific Railway and the Atlantic on the *S.S. Canadian Conqueror* and the *S.S. Canadian Ranger*.[4] When they arrived in Britain, they were planted in nurseries scattered across the nearly 150,000 acres of land that the British Government had purchased or leased for afforestation since 1920.[5] There, they were overseen by forest officers who had come from careers in Ceylon, the Gold Coast, India, and elsewhere in the colonial empire. Even those who had not worked in imperial forestry services were trained at forestry schools, established for and staffed by past or present members of the Colonial or Indian Services. They used techniques developed by two generations of foresters in India.

The state's growing involvement with the management of forests and wood products also depended on industry and business. The forest science that administrators deployed in Great Britain was specifically designed to maximize economic yield; it had been developed in India by colonial foresters to commercialize woodlands and forests and it accomplished the same in Britain. Moreover, the state's investment in forestry quickly became associated with efforts to support British manufacturers. Industrial research schemes on imperial "forest products" went hand in hand with the development of forests themselves.

Forestry was a frontier of British state growth in the 1920s, one that like trade and banking, depended on imperial markets and domestic industry. That growth depended on the Empire. Canadian seeds, Indian expertise, and colonial money fueled a domestic program that expanded

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[4] D. Ray Cameron to British Forestry Commission, December 27, 1923, TNA, F 18/83; D. Ray Cameron to British Forestry Commission, January 16, 1924, TNA, F 18/83; Cunard Steam Ship Company to Forestry Commission, February 22, 1924, TNA, F 18/83; Forestry Commission, Supply of Seed by Canadian Government, July 1924, TNA, F 18/83.

[5] Forestry Commission, *Fifth Annual Report of the Forestry Commissioners, Year Ending September 30th, 1924* (London: HMSO, 1925), 11-12.

the state and reshaped the national landscape. As Andrew S. Thompson has emphasized, over the late 19th and early 20th centuries, the Empire "struck back," influencing British domestic practices and culture.[6] This was certainly true with regard to forestry in the decade after the end of World War I. During this time, Britain developed a regime to manage an ever-growing system of national forests essentially from scratch. Over ten years, it planted nearly 140,000 acres of trees and hired hundreds of foresters. It spent hundreds of thousands of pounds on research stations, commercial investigations, nurseries, and seed processing facilities. At the same time, the state used forestry as a basis to bring the Empire together, especially through shared economic engagement. By sponsoring pan-imperial organizations, timber trade exhibitions, conferences, research schemes, and training programs, it made forestry and commercial wood products a vector of formal imperial unity.

Forest policy – land management in general – is not typically associated with the expanding British domestic state. Nevertheless, the growth of forest administration and oversight was unmistakably an instance of state growth. There was a new department, with new offices and new staff, which spent nearly half a million pounds in the first year, over £4.5 million over the first decade.[7] Forestry was part of a wider expansion of the state, responding to many of the same impulses that motivated state growth in other sectors. Wartime fears about geographic isolation and resource management became coupled with commercial expertise long honed in the colonial forests of British Columbia, Ceylon, and Burma.[8] It developed in the interwar period, through

[6] Andrew S. Thompson, *The Empire Strikes Back? The Impact of Imperialism on Britain from the Mid-Nineteenth Century* (London: Routledge, 2005). See also S. Ravi Rajan, *Modernizing Nature: Forestry and Imperial Eco-Development 1800-1950* (Oxford: Clarendon Press, 2006), Chapter 4.

[7] Forestry Commission, *Tenth Annual Report*, 6.

[8] On the creation of a truly Imperial organization and network for forestry, see Rajan, *Modernizing Nature*.

close partnership with both private industry and imperialist advocacy for closer cooperation and unity within the Empire.[9] The story told here is one of imperial, colonial, and commercial influence on British state growth. It suggests not only that the practices and specifically economic mindset that were developed in 19th century India and elsewhere in Britain's empire for control and management came to the British Isles two generations later, but more importantly, that they resulted in a significant expansion of the British state.[10] As importantly, British efforts to foster imperial unity with self-governing dominions resulted in *further* state expansion in the form of training and industrial research. In this way, forest and timber management became an arm of the expanding business-state.

IMPERIAL UNITY

The forestry conferences, like the one at which Roy Robinson ordered the Canadian seeds, grew out of a larger effort to foster racially white imperial unity; to forge the self-governing empire into a more cohesive geopolitical unit. The imperialism that motivated this goal looked different than the expansionary imperialism of informal commercial dominion. It was directed toward formal, geopolitical consolidation. In his 1883 book *The Expansion of England*, the Cambridge Historian J.R. Seeley evoked a powerful aspiration for many imperialists: an image of geopolitical "Greater Britain", consisting of the United Kingdom and its dominions with large white settler populations. Seeley's work planted an intellectual seed that would grow into a political

[9] On the close connection between the state and industrial organizations, see Keith Middlemas, *Politics in Industrial Society* (London: Andre Deutsch, 1979).

[10] Rajan, like Richard Grove, contends that imperial scientific foresters constituted an agential group and were not merely passive instruments of colonial policy. This chapter takes foresters' agency seriously but argues that the foresters were also a vector by which colonial practices shaped British statecraft. Rajan, *Modernizing Nature*, 14-16.

movement.[11] That movement would ultimately press for a more "organic," and closer union between Britain and its dominions.[12] The goal was to create a racially white imperial unit to rival the United States and Russia.

By the early 20th century, the most prominent advocates of imperial unity had clustered around Alfred (Lord) Milner, formerly the High Commissioner for Southern Africa and Governor of various South African colonies.[13] By the time that Milner arrived in South Africa in 1897, he had established himself as a first-rate administrator. A product of Oxford, Milner had been the private secretary to the Liberal Chancellor of the Exchequer George Goschen, left to become under-secretary of finance in Egypt, and returned to take over the Board of Inland Revenue. Milner was sent to Africa as a moderate; someone who could negotiate the febrile relations with the independent Afrikaaner states. But in South Africa, Milner drifted toward a more hardline view of British domination, emerging as a forceful advocate of extending British control over all of Southern Africa by military action. The Boer Wars did just that, furnishing the British with rich gold-producing regions and clearing a passage for the planned Cape to Cairo railway.[14]

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[11] J.R. Seeley, *The Expansion of England: Two Courses of Lectures* [1883] (Cambridge: Cambridge University Press, 2010). Duncan Bell, *The Idea of Greater Britain: Empire and the Future of World Order* (Princeton: Princeton University Press, 2007), particularly chapter 1. W. David MacIntyre, *The Britannic Vision: Historians and the making of the British Commonwealth of Nations, 1907-48* (Basingstoke: Palgrave Macmillan, 2009), 111. See also Theodore Koditschek, *Liberalism, Imperialism, and the Historical Imagination* (Cambridge: Cambridge University Press, 2011), especially chapter 5.

[12] On race and imperial union and the eventual Commonwealth, see Kathleen Paul, *Whitewashing Britain: Race and Citizenship in Postwar Britain* (Ithaca: Cornell University Press, 1997); James Belich, *Replenishing the Earth: The Settler Revolution and the Rise of the Anglo-World, 1783-1939* (Oxford: Oxford University Press, 2009); Mark Mazower, *No Enchanted Palace: The End of Empire and the Ideological Origins of the United Nations* (Princeton: Princeton University Press, 2009).

[13] On Milner, see J. Lee Thompson, *A Wider Patriotism: Alfred Milner and the British Empire* (London: Pickering and Chatto, 2007); Terence H. O'Brien, *Milner: Viscount Milner of St. James's and Cape Town, 1854-1925* (London: Constable, 1979).

[14] On the South African wars, see John Darwin, *The Empire Project: The Rise and Fall of the British World-System, 1830-1970* (Cambridge: Cambridge University Press, 2009), chapter 6; A.N. Porter, *The Origins of the South African*

When Britain assumed control of the formerly independent Afrikaaner territories, Milner set about remaking the civil administration of the regions. To do this, he called upon a small group of like-minded imperialists recruited in England through personal connections. Milner built, in essence, a loyal coterie of elite Englishmen from Oxford and the Colonial Office.[15] This closely-knit group came to be known as "Milner's Kindergarten". Its members, promising young men at the turn-of-the-century, matured into established and powerful figures in the 1910s and 1920s. After serving in South Africa with Milner, W.L. Hichens went on to become managing director of Cammell Laird and in this capacity advised the DOT to spend more on developing foreign markets. Robert Brand managed Lazard Brothers; academic Lionel Curtis, journalist Philip Kerr, and novelist John Buchan shaped popular perceptions of British imperialism, while future Colonial and Dominion Secretary Leopold Amery became among its most persistent advocates in the 1920s. Milner himself was a prominent public figure, perhaps the most famous imperialist of the early 20th century. In 1905, he had returned to Britain (where he became chairman of the Bank of Egypt and, later, the major mining business Rio Tinto). There, he built his imperial advocacy into a powerful movement. Meanwhile, in South Africa, Milner's efforts to bind South Africa into an Anglo-centric unit were taken over by another member of the Kindergarten, William Waldegrave Palmer, Lord Selborne.[16]

War: Joseph Chamberlain and the Diplomacy of Imperialism (Manchester: Manchester University Press, 1980); Iain R. Smith, *The Origins of the South African War, 1988-1902* (London: Longman, 1996), especially chapter 2.

[15] Alex May, "Milner's Kindergarten," *ODNB* (2005), accessed January 20, 2020, https://doi-org/10.1093/ref:odnb/93711; Walter Nimocks, *Milner's Young Men: The Kindergarten in Edwardian Imperial Affairs* (Durham, N.C.: Duke University Press, 1968). Thompson, *A Wider Patriotism*, chapter 7. On Oxford and empire, see Richard Symonds, *Oxford and Empire: The Last Lost Cause?* (Oxford: Oxford University Press, 1992).

[16] D.G. Boyce and J.O. Stubbs, "F.S. Oliver, Lord Selborne, and Federalism," *Journal of Imperial and Commonwealth History* 5 (1976): 53-81.

In 1909, a group mostly comprised of Kindergartners, dubbing itself "The Round Table," met for the first time in Anglesey. The assembled men agreed that "some form of organic union" was needed to keep the Empire together; that it was essential to make the imperial government responsible to *all* of the Empire's voters, though not all the Empire's (non-white) subjects.[17] The group formed a quarterly magazine (*The Round Table*), and began to rally support for imperial federation. The easiest way to do this was to highlight a common enemy; the first issues of *The Round Table* pointed to the "Anglo-German Rivalry" and called for new, imperially-funded battleships as part of a wider federation.[18] Battleships – and defense more generally – was the overarching preoccupation of the first ever Imperial Conference, held in 1911, and it also dominated the more informal (and closed door) intra-imperial Committee on Imperial Defence (CID), formed after the Boer Wars.[19]

With defense leading arguments for imperial unity, formal efforts at imperial integration accelerated during World War I. As Lloyd George put it upon becoming Prime Minister in December 1916, if the dominions were going to be asked to contribute soldiers and resources to the war, it was "important that they should feel that they have a share in our councils as well as our burdens."[20] The result was the formation of the Imperial War Cabinet, "a series of special and continuous meetings of the War Cabinet" attended by top representatives from the dominions and

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[17] See MacIntyre, *The Britannic Vision*, 112; O'Brien, *Milner,* 238-240 J. Lee Thompson, *A Wider Patriotism*, chapter 10.

[18] This was a call also taken up by the Navy League. Andrew S. Thompson, *Imperial Britain: The Empire in British Politics, 1880-1932* (London: Longman, 2000), chapter 5. See also MacIntyre, *The Britannic Vision*, chapter 1.

[19] See John E. Kendle, *The Colonial and Imperial Conferences, 1887-1911: A Study in Imperial Organization* (London: Longmans, 1967). The conferences did however also focus on economic integration. See David Thackeray, *Forging a British World of Trade: Culture, Ethnicity, and Market in the Empire-Commonwealth, 1880-1975* (Oxford: Oxford University Press, 2019), chapter 1.

[20] David Lloyd George to Walter Long, December 12, 1916, quoted in MacIntyre, *The Britannic Vision*, 121.

India. The War Cabinet was coordinated by Maurice Hankey, an official sympathetic to the aims of the Round Table, who had been Secretary to the Committee on Imperial Defence since 1912.[21] At the same time, Round Tablers assumed key government posts. The *Round Table's* editor, Philip Kerr, became Lloyd George's private secretary; Lord Milner entered the war cabinet as a Minister without Portfolio; Leo Amery (by this time an MP), joined the Cabinet Secretariat staff under Hankey.[22] Lord Selborne, who had returned from South Africa in 1909, became President of the Board of Agriculture and Fisheries. There, he would oversee a new and sweeping program to manage and cultivate Britain's forests, a project that was as imperial as Selborne's aspirations.

FORESTRY as an IMPERIAL PROJECT

British forest management emerged in World War I, when timber – as an economic resource – was vital to the war effort. Railroads depended on it; aircraft and firearms were made from it; coal mines were held up by it. On the frontlines, timber was needed for trenches, dugouts, huts, and fuel. But Britain itself produced precious little timber. Timber amounted to 11.6% of all imports into Britain by value between 1903 and 1913: in 1913, Britain imported almost 10.5 million loads of coniferous timber and pitwood at a value of £25,641,000.[23] That was 13% of British imports by volume.[24] After a year of fighting and the start of the U-boat blockade, officials recognized the "overwhelming necessity of not purchasing any timber abroad that can be obtained at home." Every yard of timber, every pit prop and rail sleeper that was produced inside the United

[21] Cable dated December 21, 1916, quoted in ibid. Hankey would become the first Cabinet Secretary.

[22] Thompson, *A Wider Patriotism*, chapters 11-12.

[23] John M. Stirling-Maxwell, "Afforestation," *The Scottish Geographical Magazine* 33, no. 3 (March 1917), 105.

[24] Rajan, *Modernizing Nature*, 121-123. See also Bampfylde Fuller, *Some Personal Experiences* (London: John Murray, 1930), 228.

Kingdom corresponded to precious space on inbound freighters laden with food, chemicals, and armaments. Central coordination was needed, but difficulties abounded. As Francis Dyke Acland, the Board of Agriculture and Fisheries's (BAF) Liberal parliamentary secretary, noted:

> to select, to buy, to fell, to cart, to cut up, to season and to transport to the factory are all operations which seem to me to present great and increasing difficulties. Forage, fertilisers and Indian wheat, which all have peculiar difficulties into which I am becoming initiated, seem to me child's play compared to timber![25]

Lord Selborne, the Kindergarten member who ran the BAF, concurred; what was needed was a central coordinating body.[26]

Under Selborne, the BAF centralized timber purchasing and distribution, establishing a Home-Grown Timber Committee at the Board of Agriculture and Fisheries and secured a £500,000 line of credit to purchase and convert all domestically produced timber for government use.[27] The committee approached big landowners individually and publicly advertised to buy local timber, then processed and sold the purchased wood to government departments at cost and to essential national industries at "fair market rate."[28] When David Lloyd George became Prime Minister, he shifted control over timber distribution from the BAF to a newly created Timber Supplies Department of the Board of Trade, which also began purchasing imported timber.[29] At first, the

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[25] Francis Dyke Acland to John Bradbury, October 19, 1915, TNA T 1/11995/32609.

[26] Lord Selbourne to John Bradbury, October 19, 1915, TNA, T 1/11995/32609.

[27] The credit line was later expanded. Home Grown Timber Committee to Treasury, October 12, 1916, TNA, T 1/11995/32609.

[28] "Cost" represented material, labor, plant, haulage, railway and port fees, and administrative expenses. Home Grown Timber Committee, Report of Activities, July 21, 1916, TNA, T 1/11995/32609. Treasury to Board of Agriculture and Fisheries, January 24, 1917, TNA, BT 62/7/5. See also N.D.G. James, *A History of English Forestry* (Oxford: Basil Blackwell, 1981), 207-208.

[29] Timber was briefly controlled by the War Office before settling with the Board of Trade. Memorandum, May 26, 1917, BT 13/75, E 32270, f. 43. On the department, see file on Afforestation, TNA, BT 13/92, E 37583.

operation was run by Bampfylde Fuller, “a distinguished ex-Indian official,” who had served as lieutenant governor of Eastern Bengal and Assam following the first partition of Bengal and who had brought “with him “three officers who had served with…[him] in India”.[30] But Lloyd George considered Fuller “unequal to the work” and within a matter of months, replaced him with a railway administrator.[31]

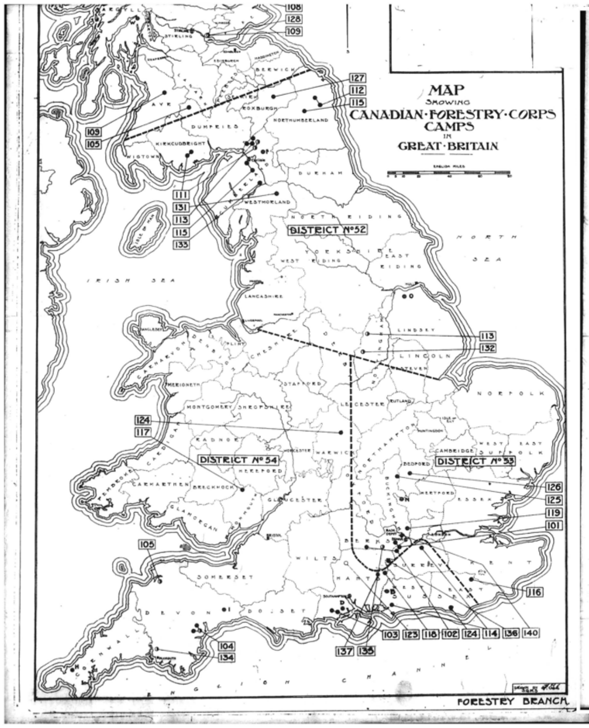
Supplying the war effort with timber increasingly required processing facilities and experienced labor. Existing estate sawmills quickly proved inadequate, so the state bought and installed “their own milling plant”: 68 portable engines and 165 saw benches by April 1916.[32] Extra labor was also needed. By spring 1917, the Timber Supply Department was drawing on 500 Finns, 2,400 German POWs, 1,500 Portuguese laborers (recruited previously by the BAF), and 227 foresters from Newfoundland. There was also “a contingent of New Englanders, 350 in number, comprising 10 saw mill units raised and equipped as a voluntary contribution by the efforts of the Massachusetts Committee of Public Safety”, as well as some 5,320 members of the Canadian Forestry Corps, a unit of the Canadian army, organized into 28 forestry companies.[33] By the fall of 1918, the Canadian Forestry Corps had 10,451 men working across Great Britain

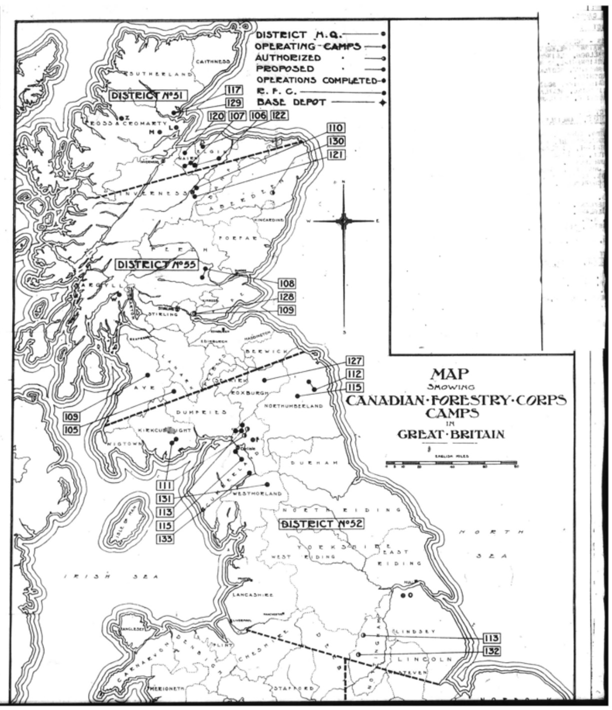
[30] Fuller ran the program while at the War Office. These men were T.C. Wilson, Edmund Blakesley, and G.H. Harriot. Fuller was assisted by A.C. Macdonald, who had been involved in South American railways, George Courthope, and Hugh Murray, formerly of the Indian Forestry Department. London Chamber of Commerce, “Government Control of Trade,” July 12, 1917, TNA, BT 13/78, E32919, Appendix IV. See Fuller, *Some Personal Experiences*, chapter 14.

[31] The administrator was James B. Ball, who was the engineer in chief of the London, Brighton, and South Coast Railway. David Lloyd George to Albert Stanley, 16 May 1917, Lloyd George Papers, Parliamentary Archives, London, United Kingdom, LG/F/2/5/5; see also Fuller, *Some Personal Experiences*, 245-247. Draft Press Notice, May 26, 1917, BT 13/75, E 32270, f. 43.

[32] Home Grown Timber Committee, Report of Activities, July 21, 1916, TNA, T 1/11995/32609.

[33] “Functions of the Board of Trade in War”, 1917, TNA, BT 13/75, E 31859, pp. 163-165; Board of Agriculture and Fisheries to the Treasury, March 18, 1916, TNA, T 1/11995/32906.





Figures 4.2 and 4.3: Maps of Canadian Forestry Corps Camps in Great Britain, January 1918, LAC, T 10901, RG 9, Series III D3, volume 5017.

(see figures 4.2 and 4.3), writing rapturous paeans to the beauty and history of their guest country and, frequently, marrying local women.[34]

These men from abroad, living in camps around Britain, were the edge of the Timber Department's axe. Though thousands of them were unskilled, many brought with them timber expertise from their home countries. Such expertise was necessary, for though there was a handful

[34] Canadian Forestry Corps, Monthly Progress Report, September 1918, Library and Archives of Canada, Ottawa, Ontario, Canada (hereafter LAC), T 10949, RG 9, III, D 3, volume 5055. For Canadian praise, see the Historical Records of War Diaries in LAC, T 10901, RG 9, Series II D3, volume 5017. In January 1918, each Canadian Forestry Corps company stationed in Great Britain produced an overview of its activities. Most had historical preambles. That of the 106th company, stationed near Knockando in the Scottish highlands, was typical: "The whole country is so rich in legend, story and historic interest that it is entirely beyond the scope of this diary to give an adequate account of it." The country produced "sheep almost innumerable" and "Whiskey, the best ever, by the millions of gallons". On marriages, see the Daily Orders in LAC, RG 150, vol. 188. From September to December 1918, there were 35 marriages between local women and CFC men in District 52, headquartered in Carlisle, and 46 in District 51, headquartered in Nairn. On black Canadians in the forestry corps, see Sarah-Jane Mathieu, *North of the Color Line: Migration and Black Resistance in Canada, 1870-1955* (Chapel Hill: University of North Carolina Press, 2010), chapter 3. See also Report of Activities of Home-Grown Timber Committee, July 21, 1916, TNA, T 1/11995/32609. See also Portuguese Workers, TNA, BT 13/91 E 36779.

of trained foresters and lumbermen in Scotland, Britain's domestic timber industry was miniscule. For years, Britain had depended on Canadian, American, and Russian forests to meet its demand for timber. There *were* forests in the United Kingdom, but they were not managed as economic resources. Whereas scientific – or calculated – forestry had developed in continental European states since the 18th century, in the British Isles, it arrived late and largely remained the preoccupation of a clutch of wealthy landowners who sought to apply scientific techniques and the ideas of sustainable yield on their own estates, largely in Scotland.[35] British forests had been largely destroyed by the turn of the 18th century, when concerns about soil degradation, economy, and military preparedness spurred various private individuals and associations – notably the Highland Society – to replant them.[36] Until the late 19th century, it was "generally supposed that imports from abroad, supplemented by private enterprise, would always be able to meet the increasing demands for timber." The only point at which the state took action was when it set aside and maintained 100,000 acres of oak forests for naval use in the 1830s.[37] In 1885, a House of Commons Select Committee on forestry education concluded that there were many "social and economic advantages in an extensive system of planting" in the United Kingdom, but only

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[35] On forestry on the continent, see David Blackbourn, *The Conquest of Nature: Water, Landscape, and the Making of Modern Germany* (New York: Norton, 2007); Rajan, *Modernizing Nature*, 35-50; Franz Heske, *German Forestry* (New Haven: Yale University Press, 1938); Henry E. Lowood, "The Calculating Forester: Quantification, Cameral Science, and the Emergence of Scientific Forestry Management in Germany," in Tore Frängsmyr, J.L. Heilbron, and Robin E. Rider, eds., *The Quantifying Spirit in the 18th Century* (Berkeley: University of California Press, 1990): 315-342. On forestry in Scotland, see K. Jan Oosthoek, *Conquering the Highlands: A History of the Afforestation of the Scottish Uplands* (Canberra: ANU Press, 2013).

[36] Forestry Commission, *First Annual Report of the Forestry Commissioners* (London: HMSO, 1921), 6-7. See also Fredrik Albritton Jonsson, *Enlightenment's Frontier: The Scottish Highlands and the Origins of Environmentalism* (New Haven: Yale University Press, 2013) and John Nisbet, *The Forester: A Practical Treatise on British Forestry and Aboriculture* (Edinburgh: Blackwood, 1905), 26-27. On wood scarcity in Britain and elsewhere in Europe before 1850, see Paul Warde, "Fear of Wood Shortage and the Reality of the Woodland in Europe, c. 1450-1850," *History Workshop Journal* 62 (Autumn 2006): 28-57.

[37] Forestry Commission, *First Annual Report*, 7.

recommended further investigation.[38] A whole parade of departmental committees and royal commissions followed, but though much was advised, little was undertaken until World War I.[39] In general, "there was no State organisation, little State assistance in planting and none for education or research, nor was there…help or advice in the provision of markets or subsidised transport", as was common elsewhere in Europe. Instead, forests were the preserve of the elite – reserves less of economic potential, than of hereditary rights and privileges: hunting, fishing, refined enjoyment.[40] However, as World War I raged and hectare after hectare of British forests were cleared to power the British war machine, prop up British coal mines, and gird British railways, officials tasked with timber supply started to consider a dwindling reservoir of war material. And so, in 1917, they began to plant.

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Well before joining the Board of Trade, while still an undergraduate at Oxford in the 1880s, future Board of Trade permanent secretary Hubert Llewellyn Smith had joined the "Inner Ring," a group of Liberal, reform-minded students and fellows that met to discuss social reform. The Inner Ring met at the house of Arthur Acland, then the senior bursar of Balliol College, and a mentor for the younger members of the group. Acland had a son – Llewellyn Smith would have met the boy while at Oxford – who followed his father to become an ardent New Liberal reformer in parliament. In 1915, in a slight lull in his career, Francis Dyke Acland became parliamentary secretary to the Board of Agriculture and Fisheries. As such, he was tapped by the imperialist Lord

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[38] Rajan, *Modernizing Nature*, 82.

[39] Ibid., 10; See, e.g. Royal Commission on Coast Erosion and Afforestation, *Second Report (on Afforestation)* (London: HMSO, 1909) [Cd. 4460].

[40] James Winter, *Secure from Rash Assault: Sustaining the Victorian Environment* (Berkeley: University of California Press, 1999), chapter 5. See also Rajan, *Modernizing Nature*, 108-110; Keith Thomas, *Man and the Natural World: Changing Attitudes in England 1500-1800* (Oxford: Oxford University Press, 1996), chapter 5.

Selborne in June 1916 for an unglamorous task: planning the future of forestry in the United Kingdom.[41]

Working with the liberal Acland would be several Scottish gentlemen amateurs – all imperialist Tories – who had acquired massive estates in the Scottish highlands as young men, and who had subsequently thrown themselves into scientific forestry.[42] The most influential was Lord Lovat, who was serving as Director of Forestry for the British Army in France and working with the Canadian Forestry Corps harvesting wood in French forests to supply the British army.[43] Lovat was a keen supporter of state forestry. In 1909, as a member of a Royal Commission investigating coastal erosion and afforestation, he had pointed to economic and labor advantages of forests and recommended a state re-afforestation program led by a centralized state authority that would coordinate, research, training, and planting.[44] Like Selborne and the rest of the Board of Agriculture, Lovat and other lairds interested in forestry were staunch Conservative imperialists, or, in the words of the liberal Acland, "rather a Tory landowning lot".[45] Lovat had worked on land settlement in South Africa, and, as a peripheral member of the Round Table movement, firmly

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[41] See also, Rajan, *Modernizing Nature*, 122-125.

[42] Ibid. Lovat had come into his title and his estate, the 180,000-acre Beaufort Castle, when still a minor. R.L. Robinson, "The Late Lord Lovat," *Empire Forestry Journal* 12, no. 1 (July 1933): 8-10. See also Francis Lindley, *Lord Lovat: A Biography* (London: Hutchinson, 1935).

[43] Ibid.; Rajan, *Modernizing Nature*, 121-122. On Lovat in France, see also War Diaries of Headquarters of Canadian Forestry Corps, 1917-1918, LAC, T 10867, RG 9, III, D3, vol. 5016.

[44] Royal Commission on Coast Erosion and Afforestation, *Second Report (on Afforestation),* [Cd. 4460]; Oosthoek, *Conquering the Highlands*, 45-46.

[45] Lord Acland to Andrew Bonar Law, October 7, 1919, TNA, F 18/222. Others in this community included John Stirling-Maxwell and Lord Clinton. J.A.B. MacDonald, "John Stirling Maxwell: An Appreciation," *Forestry: An International Journal of Forest Research*, 30, no. 1 (January 1, 1957): 46.

supported a more comprehensive approach to imperial defense. In 1917, he joined Milner as a trustee of the Rhodes Trust.[46]

On the sub-committee tasked with planning forest policy, Acland, Lovat and several Scottish landowners were joined by civil servants working on forestry. One was the Australian former Rhodes Scholar Roy L. Robinson, then involved in managing the Crown woods.[47] Another – by far the most qualified and experienced – was Sir William, or Wilhelm, Schlich, a professor of Forestry at Oxford, who had spent nearly two decades in India, eventually serving as inspector-general of forests.[48] By the time he was appointed to Acland's committee, Schlich was Britain's preeminent forestry expert. He had literally written the book on the subject: his five-volume *Manual of Forestry*, compiled from his German training and Indian experience, was the principal forestry textbook in the English-speaking world.[49] By 1917, Schlich had, in his own description, "taught forestry of a high standard to over 400 Students who are scattered over, practically, the whole British Empire"; there were students in Britain, "India, Ceylon, Federated Malay States, Australia, Mauritius, Br[itish] East Africa, South Africa, West Africa, and even Canada."[50]

Schlich's involvement highlighted the fact that forestry expertise was a product of empire. Though wealthy landowners, particularly in Scotland, had long deployed Continental methods of

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[46] Lindley, *Lord Lovat*; O'Brien, *Milner,* 238.

[47] "Forestry Sub Committee", n.d. [1917], TNA, RECO 1/237. Reconstruction Committee, Forestry Sub-Committee, *Final Report* (London: HMSO, 1918), [Cd. 8881].

[48] Notes on FR series, Oxford University Archives, Oxford, United Kingdom (hereafter OUA). R.S. Troup, "Schlich, Sir William Philipp Daniel (1840–1925), forester," *ODNB* (2005), accessed online August 14, 2018, http://www.oxforddnb.com/view/10.1093/ref:odnb/35970.

[49] James, *A History of English Forestry*, 195-196; 203-204. On Schlich and his teacher Brandis in India, see Ananya Jahanara Kabir, "Consecrated Groves: British India and the Forests of Germania," in Christina Lee and Nicola McClelland, eds., *Germania Remembered, 1500-1900: Commemorating and Inventing a Germanic Past* (Tempe: ACMRS Publications, 2013), 155-171.

[50] William Schlich to Otto Beit, November 14, 1917, Forestry Department Papers, OUA, FR 4/2.

forest management on their estates, they had little working knowledge.[51] Indeed, very few people in the British Isles had such knowledge – and most of these had studied or worked abroad, either in Europe or in Britain's overseas empire.

India was the first part of the British Empire to seriously utilize scientific forestry, launching a forest department, run by a series of German émigrés, in 1864.[52] An empire-wide service soon followed, as did departments in New Zealand, Mauritius, Ceylon, Cyprus, and the Cape Colony in the early 1880s, all originally staffed by foresters from India.[53] By 1900, the Indian department had under its protection a full 8% of land in the subcontinent.[54] India drove forestry in the Empire. When Schlich established the first training program in Britain in 1885 at Coopers Hill, in Surrey, it was to train probationers bound for Indian forests. Before that Indian foresters received their training not in Britain, but in France, at the French Ecole Nationale Forestière at Nancy.[55] In short, the "reflex action of the young Indian Forest Service gradually drew attention to the shortcomings of existing practice and did much to lay the foundations of sound sylviculture."[56]

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[51] Oosthoek, *Conquering the Highlands*, chapter 3.

[52] Gregory Allen Barton, *Empire Forestry and the Origins of Environmentalism* (Cambridge: Cambridge University Press, 2002), 58-64; Rajan, *Modernizing Nature*, 8-11; E.P. Stebbing, *The Forests of India* (London: The Bodley Head, 1922), 62-63. Rajan follows Richard Grove in rooting the origins of empire forestry in earlier colonial discourses. Rajan, *Modernizing Nature*, 57-61; Richard Grove, "The Origins of Environmentalism," *Nature* 345, no. 6370 (May 3, 1990): 11-15; Richard H. Grove, *Green Imperialism: Colonial Expansion, Tropical Island Edens and the Origins of Environmentalism* (Cambridge: Cambridge University Press, 1995).

[53] Rajan, *Modernizing Nature*, 79-107; Berthold Ribbentrop, *Forestry in British India* (Calcutta: Office of the Superintendent of Government Printing, 1900), 76-96.

[54] Barton, *Empire Forestry*, 61.

[55] The school was the ancestor of the present Ecole Nationale des Eaux et des Forêts.

[56] Forestry Commission, *First Annual Report*, 9; N.D.G. James, *A History of English Forestry*; Oosthoek, *Conquering the Highlands*, 41-42.

Forestry in India and other British colonies was not merely *imperial*, it was economic.[57] In India, the state became involved in the control of forests in the first instance because of tax and sales revenues from timber; forests were economic resources before they were ecological tools. Such colonial attitudes often resulted in conflicts between British authorities and Indian farmers.[58] In Ramachandra Guha's description of Himalayan forests, "the silvicultural agenda of colonial foresters…was the transformation of mixed forests of conifers and broad-leaved species into pure stands of commercially valuable conifers," a process that disrupted traditional peasant agricultural practices that depended on forest use. Once forests were brought under "scientific" management, grazing, lopping, and burning the forest floor – activities that had been customary for villagers living near the forests of northern India – were prohibited, thereby replacing existing agricultural or forest economies with a new "scientific" form of colonial capitalism.[59] Similarly, in Western India, "scientific" forestry, not only ended the practices of cropping and burning forests, but it also

[57] Barton, *Empire Forestry*, chapter 3; Rajan, *Modernizing Nature*, chapter 4. Benjamin Weil, echoing Rajan and Grove, contends that the Indian Forest Service started with genuine conservationist motivations and even romantic appreciation of Indian forests. See also Gregory A. Barton and Brett M. Bennett, "'There is a Pleasure in the Pathless Woods': The Culture of Forestry in British India," *British Scholar* 3, no. 2 (September 2010): 219-234; Kabir, "Consecrated Groves". However, Weil contends that over time, the service moved from a conservationist to an "extractive" and "commercial" mindset. Benjamin Weil, "Conservation, Exploitation, and Cultural Change in the Indian Forest Service, 1875-1927," *Environmental History* 11 (April 2006): 319-343.

[58] Ramachandra Guha, *The Unquiet Woods: Ecological Change and Peasant Resistance in the Himalaya* (Berkeley: University of California Press, 2000); Ramachandra Guha and Madhav Gadgil, "State Forestry and Social Conflict in British India," *Past and Present* 123 (May 1989): 141-177; Ajay Skaria, *Hybrid Histories: Forests, Frontiers, and Wildness in Western India* (Delhi: Oxford University Press, 1999).

[59] "At a deeper epistemic level the language of scientific forestry worked to justify the shift towards commercial working. The terms 'valuable' and 'desirable' and the prefix 'inferior'…bear no relation to the ecological and other functions the species thus described may perform for the surrounding countryside." Guha, *The Unquiet Woods,* 50-60. As Ajay Skaria explores, the Dangis of western India had generally avoided extensive cultivation. Skaria, *Hybrid Histories*, 66-70. At certain moments, even the British authorities recognized that they had gone too far in depriving residents of traditional access to forests. See the report of the Bombay Forest Commission (1887), written in response to "friction...[arising] in the management of forests", which concluded that "to ensure the co-operation of the people in forest conservancy the most liberal regulations in all matters connected with local supply are essentially necessary." Bombay Forest Commission Report, vol. 1, 1887, British Library, London, United Kingdom, IOR/V/26/560/3, p. 201.

fundamentally changed the way villagers moved through their local landscape, radically altering the way forests were "cathected" with cultural and religious meaning.[60]

British administrators were interested not in meaning, but in commercial value. In surveying Indian forests, forestry inspectors counted teak, chir, and deodar trees, as these were the most valuable. Deodar, especially, was used for sleepers for the expanding Indian rail system.[61] Colonial forest surveys prioritized data that had economic use: the type of tree, the age of the tree, the size of the tree. These data could be aggregated and assembled into tables that showed the economic value of timber under growth in a given area.[62] The actual methods of collection that were deployed in Britain – walking through the forest and recording these data – were essentially the same as those used by Schlich's own mentor and superior in India, Dietrich Brandis, in the mid-19th century.[63] Schlich himself had codified them into the standard working practice of imperially trained foresters in his *Manual of Forestry*: a book intended, "in the first place, for the instruction of probationers for the Indian Forest Service."[64] Forestry in India was also understood to be the particular reserve of the state. In his *Manual*, Schlich wrote: "History has proved that the preservation of an appropriate percentage of the area's forests cannot be left to private enterprise in India." It was, instead, "the duty of the state."[65] Only the state could engage in the long term

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[60] Skaria, *Hybrid Histories*, chapter 4.

[61] Ibid., 40.

[62] See, for instance, the tables in Forestry Commission, *Report on Census of Woodlands and Census of Production of Home-Grown Timber, 1924* (London: HMSO, 1928).

[63] Rajan, *Modernizing Nature*, 84-86.

[64] William Schlich, *Manual of Forestry* vol. 1, 3rd edition (London: Bradbury, Agnew, and Co., 1906), v.

[65] Schlich, *Manual of Forestry,* vol. 1, 95, quoted in Rajan, *Modernizing Nature*, 92.

planning that successful forest policy required. Frequently, this meant autocratic and ruthless pursuit of productivity and profit.

In wartime Britain, this conception of forestry, born out of colonial capitalism in India, finally found common purchase as officials came to understand the full importance of forest policy to the war. As one wrote in 1917, "If the French themselves had in the past shewn as little foresight as we have done in the matter of timber,…the defence of the Western Front would have been impossible."[66] The Acland Committee certainly endorsed it, drawing up detailed land acquisition and planting schedules. In its final report, submitted in May 1917, the committee figured national forests as major economic and military resources to be tapped and managed by a new state-run Commission.[67] Forests were also a source of employment. In the British Isles, "two million acres of rough grazing land…could be devoted to timber production without decreasing home production of meat by more than 0.7 per cent, and would afford employment to ten times as many men."[68] It fell to the government not only to plan forests for commercial and military benefit, but also to ensure that the country was put to work.[69] In short, the Acland Report combined the military logic of a wartime Britain besieged by U-boats with the economic – commercial – logic long established in the colonies. The result was a call to reforest Britain.

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[66] Stirling Maxwell, "Afforestation", 103.

[67] See Reconstruction Committee, Forestry Sub-Committee, *Final Report* [Cd. 8881], part 2. On the history of the report, see the handwritten history of the subcommittee, "Forestry Subcommittee", n.d. [November 1917], TNA, RECO 1/237. For the official Canadian response, see RECO 1/236. See also RECO 1/333. See also Royal Commission on Coast Erosion and Afforestation, *Second Report (on Afforestation)*, [Cd. 4460].

[68] Forestry Sub-Committee: Final Report, Summary of Recommendations, n.d. [May 1917], TNA, RECO 1/237.

[69] Ibid. R.E. Prothero, Memorandum, April 8, 1917, TNA, RECO 1/235. There ought to be other efforts elsewhere in the Empire. Virgin forests in Canada needed special protection. If not, "it will be necessary to make far larger provision in the British Isles…for purposes of defence."

Through 1917 and 1918, the Reconstruction Branch of the Timber Supplies Department undertook "the collection of statistics, scientific data and other information with a view to future afforestation."[70] Leading the effort was Major George L. Courthope, a wealthy amateur forester, MP, and president of the Royal English Arboricultural Society.[71] Inspired by the Acland report, Courthope hoped to start planting immediately, and over the winter and spring of 1918, his Reconstruction Branch hired 16 foresters and surveyors to that end.[72] Most came from estates in Scotland, but the most credentialed had served in the Empire. One "was member of Indian Forest Service from 1886-1911" who had retired to teach Indian Forestry at Cambridge. Another had been the Chief Forestry Officer in Bombay. A third, after training in Germany, had served with the Canadian Forestry Branch and the Nigerian Forest Service since 1903.[73]

With the armistice, forest policy and reforestation efforts were transferred to an "Interim Forestry Authority", set up by the Board of Agriculture and Fisheries. Led by Acland, with Robinson, Courthope, and Lovat as directors, the Authority continued to draw on imperial knowledge, contacting the Colonial Office to discuss training new forest officers and the Canadian Forestry Corps to solicit "any useful information…with regard to their forestry experience in this

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[70] J.B. Ball to Accountant General, November 12, 1917, TNA, BT 13/92, E 37583; Minute by Captain Bruce Brown, December 10, 1917, TNA, BT 13/92, E 37583.

[71] W.L. Taylor, "George Loyd Courthope: An Appreciation," *Forestry* 29, no. 1 (1956): 4.

[72] G.L. Courthope to Christopher Addison, September 5, 1917, TNA, BT 13/92 E 37583; G.L. Courthope, "Afforestation", September 5, 1917, TNA, BT 13/92, E 37583; E.L. Eddison to C.W. Bird, September 14, 1917, TNA, BT 13/92, E 37583; Hubert Llewellyn Smith to the Ministry of Reconstruction, September 21, 1917, TNA, BT 13/92, E 37583.

[73] These officers were H. Jackson, G.M. Ryan, and A.H. Unwin, "Staff lists of Timber Supply Departments for Scotland and England and Wales to 1 July 1918," TNA, BT 13/92, E 37583.

country".[74] The Authority's leaders continued to seek foresters from the colonies; they were particularly eager to hire A.J. Kilmartin, formerly the Deputy Conservator of Forests for Ceylon.[75]

The Authority also worked to forge links with more explicitly commercial interests. In its first two months, it met several times with representatives from the timber industry. Acland thought the Authority should "continually bear in mind the commercial point of view in regard to Forestry" and the Authority "were anxious to establish close relations" with the Timber Trade Federation.[76] Acland suggested appointing "a man to concentrate on the commercial utilization of timber and the organization of the Timber trade." Addressing the authority the next month, M.C. Duchesne, a representative of the English Forestry Association, a timber trade group, noted that because the nation's woodland industries were poorly organized, "in many cases [they] could not compete with similar highly organized industries in other countries."[77] The solution, per Duchesne, was for the state to "take in hand the organization on business lines of these local industries, and arrange for the marketing of the produce."[78] A centralized institution for forestry training would help the situation, he claimed, as would better publicity, especially at trade shows and exhibitions. Duchesne noted that the Department of Overseas Trade was already planning on holding a Timber Exhibition in London later in the year, and suggested the English Forestry Association work with

[74] Interim Forestry Authority, Minutes of 3rd and 19th meetings, December 17, 1918 and March 19, 1919, TNA, F 1/1.

[75] Interim Forestry Authority, Minutes of 16th meeting, March 4, 1919, TNA, F 1/1. On Kilmartin and other hires, see Minutes, Empire Forestry Association, February 20, 1923, TNA, CO 323/915/2, ff. 19-21.

[76] Interim Forestry Authority, Minutes of 10th meeting, February 4, 1919, TNA, F 1/1. Interim Forestry Authority, Minutes of 7th meeting, January 21, 1919, TNA, F 1/1.

[77] The English Forestry Association was formed in 1912 "to encourage the demand for English timber (and coppice), to advertise its superior qualities, to encourage its use by consumers, to organise the markets and to assist the consumer to secure sufficient and regular supplies." James, *A History of English Forestry*, 206.

[78] Interim Forestry Authority, Minutes of 11th meeting, February 5, 1919, TNA, F 1/1.

the Authority to ensure that "commercial side of Forestry" was well represented.[79] There was hearty agreement.[80] Forestry would benefit from a growing business-state.

CONFERENCES

At the same time that British authorities were increasingly drawing on imperial and commercial expertise to survey and replant domestic forests, imperial timber producers were eyeing the British timber market. In May 1919, a group of Canadian timber producers (the Canadian Forestry Association) wrote to the Interim Authority to propose the formation of an Empire Forestry Association "to act as a clearing house of information."[81] The Canadians also suggested organizing an official Imperial Forestry Conference, "arranged to occur simultaneously with the Timber Exhibit announced by the British Department of Overseas Trade".[82] The Canadians wondered whether the Authority might "impress the British Board of Trade with the desirability of requesting the overseas governments to send delegates." For their part, they felt "confident that the impetus to forest conservation in Canada arising out of such a meeting would be substantial."[83] The Interim Authority – dominated by Milnerite landowners like Lovat and colonially trained experts like Schlich – heartily embraced the idea of an imperial forestry establishment centered on economic utilization.

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79 Interim Forestry Authority, Minutes of 17th meeting, March 5, 1919, TNA, F 1/1. See also M.C. Duchesne, "An Empire Partnership in Forestry," *Canadian Forestry Journal* (August 1918): 1831. He recommended "a national campaign to encourage forestry not only in Great Britain but throughout the British Empire."

80 Interim Forestry Authority, Minutes of 20th meeting, April 2, 1919, TNA, F 1/1.

81 Interim Forestry Authority, Minutes of 26th meeting, May 29, 1919, TNA, F 1/1.

82 Robson Black to John Maxwell Stirling, May 14, 1919, TNA, F 18/87. Interim Forestry Authority, Minutes of 26th meeting, May 29, 1919, TNA, F 1/1. See also Rajan, *Modernizing Nature,* 125.

83 Black to Maxwell Stirling, May 14, 1919, TNA, F 18/87.

The primary impulse behind the Forestry Conference was thus economic. At the first meeting about a potential conference, Roy Robinson and George Courthope of the Authority sat down with the director of the United Kingdom division of the Department of Overseas Trade, which "cordially" supported pairing the upcoming exhibition with a conference.[84] Such an initiative epitomized the kind of commercial promotion undertaken by the Department of Overseas Trade after World War I. The exhibition had been designed as a response to American competition; the U.S. Trade Commission announced its intention to sponsor a timber show in London, and British authorities scrambled to mount one of their own.[85] In addition to building economic linkages within the formal Empire, the show was meant to promote the purchase of British manufactured goods; it was advertised widely across Britain and in overseas trade journals.[86] The exhibition was, in essence, a reflection of the growth of the state's promotion of trade and industry.

At their meeting, Forestry and DOT officials determined that the Conference would dovetail with the exhibition and cover both the utilization of forest resources and a unified imperial forestry policy. They also agreed that commercial forestry and timber associations should send representatives just like imperial governments. The list of participating commercial organizations was considerable: the Scottish Landowners Association, Surveyors, Land Agents, Scottish Factors' Society, Timber Trades Federation, the three Scottish Timber Federations, RIBA, and

[84] Minutes of Preliminary Meeting, July 4, 1919, TNA, F 18/87; William Hile to M. Baker King, June 6, 1919, TNA, F 18/87.

[85] F.G.A. Butler to the Treasury, August 15, 1919, TNA, T 1/12495/9612. The exhibitions themselves drew from a prior history of World's Fairs. See Alexander C.T. Geppert, *Fleeting Cities: Imperial Expositions in Fin-de-Siècle Europe* (Basingstoke: Palgrave Macmillan, 2010).

[86] See Empire Timber Exhibition Finance Committee, Minutes of Meeting, March 1, 1920, TNA, CO 323/843/51.

"some building trade association".[87] As plans for the exhibition and conference grew grander in scope, organizers pushed the events back to the summer of 1920.[88]

Around the same time, in late 1919, legislation finally formalized a permanent Forestry Commission, as the Acland Committee had recommended. The Commission was simply the Interim Authority with a changed name.[89] Acland stepped aside as chair, but successfully recommended Lovat as his successor. Lovat was a hardheaded businessman, who understood forests as economic resources. As Acland put it, he "knows his woods" like "any tree-lover". But Lovat also knew "the whole thing in terms of timber production – what is the exact area of each block, when it was planted, what it cost to plant, what thinnings were made, and when, and how much was got for them, when he will get his final crop, what it would be in cubic feet per acre." Lovat had "the [best] business head of any landowner I know".[90]

The Forestry Commission set its sights on buying a seedling nursery in Scotland and acquiring the requisite seeds – from Canada, the United States, Tyrol, and Corsica – for an ambitious program of reforestation. By the beginning of 1920, it had appointed assistant commissioners for England, Wales, and Scotland, hired dozens of new officers, and ordered 7,270 pounds of seeds.[91] It was in contact with the Ministry of Transport to cap the railway freight rates for timber used to hold up coal mines (pit timber). It was collaborating with the Board of

[87] Minutes of meeting on Proposed Imperial Forestry Conference, July 15, 1919, TNA, F 18/87.

[88] Interim Forestry Authority, Minutes of 30th and 31st meetings, July 30 and October 21, 1919 TNA, F 18/87; Minutes of Conference, July 23, 1919, TNA, CO 323/798/37. Roy Robinson took an active role in organizing the Timber Exhibition as well. British Empire Timber Exhibition Committee, Minutes of 2nd meeting, October 30, 1919, TNA, CO 323/817/3, ff. 148-152.

[89] Forestry Commission, Minutes of the 1st meeting, November 14, 1919, TNA, F 1/2.

[90] Lord Acland to Andrew Bonar Law, October 7, 1919, TNA, F 18/222.

[91] Forestry Commission, *First Annual Report*, 32.

Agriculture on testing the use of poison gas to kill rabbits in a replanting site in Norfolk, a gruesome afterlife of trench warfare. It had also begun setting up consultative committees – reminiscent of the DOT and Board of Trade Advisory Councils – filled with representatives of timber producers and commercial buyers.[92] Most importantly, its planting program was under way and was ahead of schedule. In a very physical sense, the state was reshaping the British landscape, especially in the Scottish uplands, where Canadian Sitka Spruce would transform poor agricultural land dominated by scrub, heather, and peat into dense coniferous forests.[93]

As the Forestry Conference approached, Roy Robinson planned an ever more ambitious schedule. Delegates, among them Lovat, Acland, Schlich, and Robinson himself, would visit Windsor Castle for an audience with the King, and travel by train to the vast Scottish estates of, among others, Lord Lovat.[94] The Forestry Commission dispatched letters to "brother foresters" throughout the Empire to come to Britain, "where forestry has been much neglected."[95] Preparations for the Timber Exhibition were also gearing up. Organizers sent notices to newspapers and trade journals across the country, to consular officers, trade commissioners and correspondents, chambers of commerce, and associations connected with the timber and furnishing trades across the Empire.[96] Dozens of trade organizations – the National Federation of Furniture

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92 Forestry Commission, Minutes of the 3rd meeting, January 7, 1920, TNA, F 1/2.

93 Sitka spruce plantings accelerated over the century; between 1981-1995, it accounted for 67.5% of planted trees. Oosthoek, *Conquering the Highlands*, chapter 3.

94 Forestry Commission, Minutes of the 7th and 9th meetings, April 27 and July 1, 1920, TNA, F 1/2. See also David E. Evans, "Robinson, Roy Lister, Baron Robinson," *ODNB* (2004), accessed online January 4, 2020, https://doi-org/10.1093/ref:odnb/35800.

95 Invitation from Forestry Commission to Colonies, February 4, 1920, TNA, CO 323/817/31.

96 British Empire Timber Exhibition Committee, Minutes of 3rd meeting, April 20, 1920, TNA, CO 323/844/10; British Empire Timber Exhibition Finance Committee, Minutes of 2nd meeting, March 1, 1920, TNA, CO 323/843/51, f. 517.

Manufacturers, the London Cabinet and Upholstery Trades Federation, and many more – signed on to participate.[97]

The result was that in the summer of 1920, the Holland Park skating rink in West London was filled, not by roller skaters as usual, but by exhibits and booths. There were samples of wood from around the Empire: teak from India, pine from Canada, Australian jacaranda, Honduran mahogany. There were furniture and cabinetmakers, manufacturers of musical instruments and walking sticks, makers of cricket bats and billiard cues. There was a booth on paneling and one on packing cases.[98] There was a 250 square-foot exhibit manned by a producer of Canadian cedar shingles and paper rolls, a 44 square-foot space devoted to pencils made from East African wood, and a 77 square-foot corner featuring sporting goods using British timber.[99] The Federation of British Industries was represented, as were several chambers of commerce, both from the United Kingdom

Figure 4.4: MacDonald Gill, "Empire Timber Exhibition," 1920. Victoria and Albert Museum, E.3200-1922.

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[97] British Empire Timber Exhibition Committee, Minutes of 4th meeting, May 4, 1920, TNA, CO 323/844/36.

[98] Empire Timber Exhibition Advisory Committee, Minutes of Meeting, June 1, 1920, TNA, CO 323/845/15; Empire Timber Exhibition Advisory Committee, Minutes of Meeting, May 14, 1920, TNA, CO 323/844/43.

[99] Empire Timber Exhibition Advisory Committee, Minutes of Meeting, June 15, 1920, TNA, CO 323/845/32.

and from dominions. Visitors roamed through over 20,000 square feet of exhibitions from the timber trades, the British state, and colonial governments. The exhibition was a celebration of imperial commerce (see figure 4.4), though one that erased the labor and knowledge of nonwhite subjects. Outside the rink, two union jacks were flanked by flags from around the Empire: India, South Africa, Canada, Newfoundland, New Zealand, Guiana, Honduras, Ceylon, East Africa, Fiji, the Gold Coast, Nigeria, and Trinidad.[100]

Down the road, the Empire Forestry Conference was also underway and already being hailed as a resounding success. There, the lessons of war, defense, and imperial unity took prominence. The Lord Mayor of London, in his opening welcome, stressed the importance of imperial forests in light of the weaknesses of supply exposed by the war. Lord Milner, in his own address, similarly noted the war's "shake-up" and that the time was ripe for collective action.[101] Action meant the government taking responsibility for forest usage to ensure the Empire produced "a sustained yield of all classes of timber."[102] Drawing on lessons from India and African colonies, representatives reiterated the benefits of benevolent state control: economic growth, prevention of wood and food shortages, and ecological preservation.[103] The governments of the British Empire, delegates agreed, should "lay down a definite forest policy to be administered by a properly constituted and adequate forest service."[104] The first impulse was strategic: timber had proved to

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[100] Empire Timber Exhibition Advisory Committee, Minutes of Meeting, May 14, 1920, TNA, CO 323/844/43.

[101] Rajan, *Modernizing Nature*, 114-115.

[102] For participants, see *Resolutions Passed at the Meeting Held in London on 22nd July 1920* (London: HMSO, 1920) [Cmd. 865], 4-5; 142-144.

[103] Ibid., 142-144. Rajan provides a concise analysis of the *First British Empire Forestry Conference, Proceedings and Statements* (London: HMSO, 1920).

[104] *Resolutions Passed at the Meeting Held in London on 22nd July 1920* (London: HMSO, 1920) [Cmd. 865], 2.

be a key wartime resource. But imperial states also had an interest in "encouraging the most economical utilization of timber and other forest products, and of maintaining and improving climatic conditions in the interests of agriculture and water supply."

Conservation thus depended on the paired logics of imperial cohesion and economics. The official delegates endorsed an empire-wide timber survey and, accompanied by representatives from the timber trades, deemed it "extremely desirable" to be in "close touch" with timber industries. The conference resolved that the British government should fund research, publicize and promote forest policy, and set up a central training center for a new integrated imperial forestry education program.[105] The Canadian producers had gotten what they wanted. But so too had the imperialists in charge of Britain's forestry program. Imperial unity was undoubtedly strengthened by the event; it was no coincidence that Milner gave an opening address. As the conference closed, with the promise of a follow-up meeting in Canada in three years, delegates returned home with the knowledge that, perhaps for the first time, an imperial forestry community existed.[106]

The conference spurred the creation of the Empire Forestry Association (EFA), a new semi-official group to promote forestry interests, which shared much of its leadership – including Courthope, Lovat, and Lord Clinton (another Scottish aristocrat) – with the Forestry Commission.[107] With the help of the Colonial Secretary Winston Churchill, the group was granted

[105] Ibid., 2-4.

[106] Such a community was predated by an imperial botanical community, as described in Richard Drayton, *Nature's Government: Science, Imperial Government and the "Improvement" of the World* (New Haven: Yale University Press, 2000).

[107] Dominion pressure convinced the Treasury to provide £5,000 for an Imperial Forestry Bureau to manage research and information sharing across the Empire, but the plan fell through. In Robinson's words, "the object of the formation of the Association had been to have an unofficial body undertake what the official Bureau could not do." Forestry Commission, Minutes of the 10th and 28th meetings, July 27, 1920 and May 24, 1922, TNA, F 1/2.

a royal charter and secured the king himself as patron.[108] The Association, like the FBI, was one of many non-state groups formed with government support during and after World War I. Royal Charters were given to several commercial imperial institutions around this time: the Imperial Trust for the Encouragement of Scientific and Industrial Research (1916), the BTC (1917), the Imperial Mineral Resources Bureau (1919), the Institute of Chartered Shipbrokers (1919) and the Empire Cotton Growing Corporation (1921).[109] The Forestry Commission, in a statement of support for the EFA, noted that the Commissioners were "working in close touch with the Association…their work on the commercial side will be especially useful; in this connection they are taking a leading part in preparing" for several major exhibits and generating "propaganda and trade information", which included an academic journal, *Empire Forestry.*[110] To pay for these new activities, the Colonial Office solicited contributions for EFA from the various colonial governments, and the funds duly rolled in: from Southern Rhodesia, Nyasaland, Uganda, Tanganyika, Gambia, the Gold Coast, Nigeria, Ceylon, Mauritius, the Straits and Malaya, Jahore and Kedah, and British Honduras.[111] One enterprising Colonial Office official suggested sending

[108] See Charter, Empire Forestry Association, TNA, PC 8/928; CO 323/864. The guarantors for the charter (each of whom guaranteed £100) included Lord Lovat, Stirling-Maxwell, Claude H. Hill (of the Colonial Office), and Courthope. F. Ponsonby to Almeric Fitzroy, July 21, 1921, TNA, PC 8/928. On Beckett, see draft letter from R.E. Prothero to PM of Canada, January 9, 1918,

[109] Royal Charters List, The Privy Council Office (2019) accessed online February 2, 2020, https://privycouncil.independent.gov.uk/royal-charters/list-of-charters-granted/.

[110] A. Herbert to Mr. Forsyth (Treasury), May 2, 1922, TNA, T 161/163/13. See section on Empire Forestry Association, TNA, CO 323/876, especially "Empire Forestry Association," n.d. [March 1921].

[111] Winston Churchill to Colonial Governments, February 24, 1922, TNA, CO 323/899, f. 93. The Colonial Office appointed two ex-governors of colonies (British Guiana and the Straits) to be representatives to the association. J.S. Corbett to Colonial Office, February 1, 1921, TNA, CO 323/876/23, f. 207. List of colonies to contribute, February 24, 1922, TNA, CO 323/899/7, f. 53.

official requests for contributions to the newest associated parts of the Empire: the mandates. His superior nixed the idea: "we cannot ask Iraq to join an 'Empire' assn., I'm afraid."[112]

COMMERCE, EMPIRE, and BUREAUCRACY

State action and commercial development went hand in hand. Imperial foresters and their partners at the Forestry Commission saw public forestry and private imperial timber industries as partners. The point of forests was fundamentally economic; the state bore responsibility for ensuring that forests were utilized in an optimally productive way. With this in mind, one of the principal resolutions of the 1920 Conference (drafted in part by Robinson) was for the British government to establish and fund two research "branches": one on silviculture and one on "the utilisation of timber and other forest products" by private industry.[113] The next year, a cabinet sub-committee endorsed the proposal and constituted the Forest Products Research Board (FPRB).[114] Imperial pressure thus drove the expansion of the research state.

The Forest Product Research Board was not part of the Forestry Commission; it instead fell under the control of the Department of Scientific and Industrial Research (DSIR), a unit founded in 1916 to help the wartime Empire marshal its scientific resources.[115] The DSIR was

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[112] Minute, March 8, 1922, CO 323/899. On the ambiguous status of the mandates, see Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (New York: Oxford University Press, 2015).

[113] *Resolutions Passed at the Meeting Held in London on 22nd July 1920*, [Cmd. 865], pp. 9-10; see also Constitution of the Forest Products Research Board, TNA, DSIR 7/1.

[114] The committee was The Cabinet Committee on Co-Ordination on Scientific Research in Government Departments. Historical Note, February 6, 1924, TNA, DSIR 7/23, f. 4.

[115] H. Frank Heath and A.L. Hetherington, *Industrial Research and Development in the United Kingdom* (London: Faber and Faber, 1946), 251-255; Harry Melville, *The Department of Scientific and Industrial Research* (London: George Allen & Unwin, 1962); Roy M. MacLeod and E. Kay Andrews, "The Origins of the D.S.I.R.: Reflections on Ideas and Men, 1915-1916," *Public Administration* 48, no. 1 (March 1970): 23-48; Rajan, *Modernizing Nature*, 118-119.

quite unlike the Forestry Commission. Whereas the Commission was the creation of gentleman amateurs, the DSIR was the preserve of professional scientists.[116] And whereas the Forestry Commissioners eagerly maintained close ties with industry, the DSIR's self-consciously focused on "pure" scientific research. These differences over pure versus applied research soon led to conflict.

At first, relations between the two departments were warm. The DSIR encouraged cooperation between the Forest Products Research Board and the Forestry Commission, and the FPRB "requested Mr Robinson [himself an FPRB member] to assure the Forestry Commissioners that the Board would be very glad to assist them in any way possible."[117] At the same time, the Board began testing timbers, almost immediately commissioning experiments on wood from British Honduras and elsewhere, to be carried out at universities and at a small kiln and seasoning facility at Canning Town.[118] There was general agreement that the Board should establish its own permanent research center.[119] In the meantime, it sought an expert tester who would supplement and coordinate subcontracted experiments.

For the Forestry Commission, the FPRB was a way of linking scientific research with marketable products for private industry. At the FPRB's first meeting, Robinson pressed for close

[116] C.f. Rajan, *Modernizing Nature*, chapter 1. Rajan contends that the forestry community was a scientific "epistemic community", but disputes with DSIR show that other communities were more self-consciously scientific.

[117] Forest Products Research Board, Minutes, May 29, 1922, TNA, F 18/70.

[118] Forest Products Research Board: Timber Seasoning Committee, TNA, DSIR 7/139. Forest Products Research Board: Timber Testing Committee, Minutes of meeting, June 26, 1922, TNA, DSIR 7/128. See also TNA, DSIR 7/7. At this point, the Board's yearly budget was around £8,000.

[119] Forest Products Research Board: Timber Testing Committee, Minutes of meeting, January 19, 1923, TNA DSIR 7/128.

cooperation with the Empire Forestry Association.[120] Soon thereafter, he urged experiments on home timber. Not only might experiments make for better products; scientific studies with the *right* results could make for compelling advertisements. In fact, for Robinson, "scientific research would be of little use unless it could be followed up with practical demonstration."[121] The Commission's industry-filled consultative committees were certainly of this view.[122] The Scottish consultative committee requested the FPRB to settle a dispute timber producers had with the Post Office over the suitability of native larch for use as telephone poles.[123] The Welsh consultative committee wanted to ensure that architects were "better instructed as to the qualities of Home-grown Timber."[124] The English committee – chaired by Courthope – "trust[ed] that an effort will be made to prove the value of our hardwoods which form the bulk of our mature stocks at the present moment and which is exceedingly difficult to dispose of." It also wanted research comparing English and French timber for use as pit props. The businessmen were eager to learn new techniques – how to prevent rot, for instance – but they were primarily interested in the

[120] Forest Products Research Board, Minutes of 1st meeting, December 22, 1921, TNA, DSIR 7/7. Robinson was one of five original members.

[121] Forestry Commission, Minutes of the 28th meeting, May 24, 1922, TNA, F 18/7; Forest Products Research Board, Minutes of the 4th meeting, May 29, 1922, TNA, DSIR 7/8. See also English Consultative Committee, Utilisation Sub-Committee, Minutes of meeting, n.d. [1922], TNA, F 18/70.

[122] Forestry Commission, Minutes of the 29th meeting, July 26, 1922, TNA, F 18/70. See also Department of Scientific and Industrial Research, Historical Note, February 6, 1924, TNA, DSIR 7/23, ff. 8-9. The consultative committees called for greater commercial testing. Forest Products Research Board, Minutes of the 4th meeting, May 29, 1922, TNA, DSIR 7/8.

[123] Scottish Consultative Committee, Minutes of meeting, August 3, 1922, TNA, F 18/70.

[124] Welsh Consultative Committee, Extract from Minutes of meeting of the private enterprise sub-committee, n.d., TNA, F 18/70.

experiments for commercial propaganda purposes, to “stimulate the interest of both growers and consumers.”[125]

Together, the Forestry Commissioners and the consultative committees constituted a growing arm of the cooperative business-state. The Forestry Commissioners considered themselves to have a “statutory position of representing the growers of timber”, and they collated the consultative committees’ responses into a set of recommendations to the Forest Products Research Board. The first was that all testing was to be comparative to show the strengths of British timber relative to foreign competitors. This was important “because Swedish timber for example owes its commanding position in British markets mainly to its reliability as regards dimensions, grades and condition and to its availability in bulk.” More generally, the Forestry Commissioners were committed to linking “laboratory researches with semi-commercial experiments and commercial operations.” This meant “a series of links connecting the Forest Products Board, the grower of timber, the converter of timber and the users.”[126]

However, the DSIR scientists – particularly Professor J.B. Farmer, the man in charge of the FPRB, had other ideas. In a long-delayed response to the Forestry Commission’s recommendations, the DSIR claimed that it was only prepared to fund general scientific – not manifestly commercial – research. If the Forestry Commission wanted that research done, it would have to pay the Forest Products Research Board a substantial fee.[127] The Forestry Commissioners

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[125] English Consultative Committee, Minutes of meeting, December 7, 1922, TNA, F 18/70.

[126] Memorandum from Forestry Commission to Forest Products Research Board, December 11, 1922, TNA, FC 18/70. See also Forestry Commission, Minutes of the 32nd meeting, January 24, 1923, TNA, F 1/2.

[127] See J.B. Farmer to Robinson, April 28, 1923, TNA F 18/70. Roy Robinson to J.B. Farmer, December 14, 1922; J.B. Farmer to Robinson, December 15, 1922; Robinson to J.B. Farmer, January 4, 1923, TNA, F 18/70; Forest Product Research Board, Minutes of the 7th meeting, January 30, 1923, TNA, DSIR 7/9. See V.H. Blackman, “John Bretland Farmer, 1865-1944,” *Obituary Notices of Fellows of the Royal Society* 5, no. 14 (November 1945): 17-31. On scientists

were shocked. Robinson vehemently disagreed "that the FPRB had been established with such limited functions"; it was, after all, part of the Department of Scientific and *Industrial* Research.[128] Neglecting "investigations bearing more directly on the effective utilization of forest products" would turn the Board into "an organisation very different in character from that…originally contemplated" at the Empire Forestry Conference. Robinson would know; he helped draft the proposal.[129] Lovat insisted that the DSIR itself had a responsibility "for providing the organisation of industrial as well as scientific research" (note the inversion of science and industry). "The immediate results should be the development," Lovat continued, "of the timber resources of this Country."[130] The Empire mattered too. Not only should empire timber be tested, but also, as Robinson put it, "the several parts of the Empire which are struggling uphill towards an effective Forest Policy will find inspiration or the reverse in the action of Great Britain."[131]

Much of the tension between the FPRB and the Forestry Commission was due to a desire for administrative control. After all, the DSIR itself was by no means unfriendly to private industry. Although its research labs (the largest being the National Physical Laboratory, with others devoted to fuel and radio) were devoted to "lines of investigation…[affecting] a range of interests wider than a single trade, however large", the labs still produced commercially important results,

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in the research state, see David Edgerton, *Warfare State: Britain, 1920-1970* (Cambridge: Cambridge University Press, 2006), chapter 3.

[128] Forestry Commission, Minutes of the 34th meeting, May 30, 1923, TNA, F 1/2.

[129] R.L. Robinson, "Reservation", June 19, 1923, TNA, F 18/70; see also Forest Product Research Board, Minutes of the 9th meeting, May 8, 1923, and 10th meeting, June 14, 1923, TNA, DSIR 7/9.

[130] Lord Lovat to DSIR, June 21, 1923, TNA, F 18/70.

[131] R.L. Robinson, "Reservation", June 19, 1923, TNA, F 18/70.

particularly about oil and radio communication.[132] More strikingly, over the same period, the DSIR helped establish partnerships with private industrial "research associations" set up by individual British industries. The DSIR circulated guidelines for organizing such groups, which would be eligible for government grants. Starting in 1918, it matched private firms' contributions to the new research associations pound for pound. By 1921, there were over twenty such research associations – from the Wool Industries to the Paint, Colour & Varnish Manufacturers, from the Electrical and Allied Industries to the British Rubber Manufacturers – with a collective operating budget of well over £100,000. By the outbreak of World War II, that figure had increased over five-fold and state contributions had reached nearly £200,000 per year, about 20% of the DSIR's budget.[133]

Despite the DSIR's commitment to industry, the dispute over the FPRB's commercial role became so heated that the Lord President of the Privy Council was called in to mediate. By the fall of 1923, the DSIR blinked, and the Forest Products Research Board admitted that it did have "a responsibility…[to promote] the effective organization of industrial research" and it pledged to keep in mind the "essentially practical aim of research work," including grading.[134] But this concession did little to placate the Forestry Commissioners, who advocated for reorganizing the Board into a streamlined body with closer ties to the commercial forestry community. Lovat in particular was eager to learn "from the experiences gained at Dehra Dun, Maddison [sic] and

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[132] Second Report of the DSIR Advisory Council, quoted in Melville, *The Department of Scientific and Industrial Research*, 30. For instance, the DSIR established and administered a Fuel Research Station in 1917 to conduct research on more efficient uses of coal. Heath and Hetherington, *Industrial Research and Development*, 280-281.

[133] Heath and Hetherington, *Industrial Research and Development*, 260; 346-347; Melville, *The Department of Scientific and Industrial Research*, 37; 79-81. The DSIR's gross expenditure for the 1919-1920 financial year was £320,000. Five years later it was £560,000. On the outbreak of war, it was £930,000.

[134] E.M.H. Lloyd to Forestry Commission, October 2, 1923, TNA, F 18/70.

Montreal" – that is, from the Empire and the United States.[135] He also wanted a central laboratory for imperial timber testing, especially to "prove the suitability or not of certain home-grown timbers as well as comparative tests with certain imported timbers now used as substitutes."[136] In the Forestry Commissioners' estimation, the DSIR was not up to this task. The FPRB, Francis Dyke Acland claimed, was made up of "scientific members who were all busy men, too busy to carry out the practical execution of the work in a satisfactory way. A Board thus constituted," Acland went on, "was not fitted for executive control."[137] The only solution was for the Forestry Commission to take charge. The economic importance of timber and the timber trade demanded it.

The FPRB's chair, J.B. Farmer, a botany professor at Imperial College, pushed back, noting that the Board *was* "endeavouring to ascertain where it could be useful to economic purposes" and that plans were underway to test timbers at the Royal Aircraft Establishment at Farnborough, where there would be further opportunity for commercial investigations.[138] Other DSIR officials were furious. Frank Heath, the DSIR's founding director, felt that the commercial applicability of the scientific work the FRBP supported – on moisture, insects, or seasoning – was manifest. It was not the DSIR's responsibility to prove "to industry that the application of science to industry was worth while." Besides, Heath noted at the meeting, without additional funding, the FPRB simply

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[135] Lord Lovat to Lord Salisbury, December 19, 1923, TNA, DSIR 7/23.

[136] Ibid. Minutes of Meeting at Privy Council Offices, January 14, 1924, TNA, DSIR 7/22; Forestry Commission, Minutes of the 36th meeting, October 17, 1923, TNA, F 1/2

[137] Minutes of meeting at the Office of the Privy Council, January 14, 1924, TNA, DSIR 7/22. On Acland's attack on the board and the DSIR's defense, see H.F. Heath to Lord Salisbury, January 16, 1924, TNA, DSIR 7/23. "The attack made by Mr. Acland upon the Forest Products Research Board…was quite unexpected."

[138] Ibid. V.H. Blackman, rev. Paolo Palladino, "Farmer, John Bretland," *ODNB* (January 2008), accessed online February 15, 2020, https://doi-org /10.1093/ref:odnb/33082. Farmer worked on cellular reproduction and was the first to use the terms meiosis and meiotic.

would not test timbers the way that Forestry commissioners proposed. Here, the Forestry Commissioners played their trump card. If the DSIR "could get practical tests started," Acland suggested, "Lord Lovat, with his varied interests, would be able to secure contributions from industries concerned."[139] Money – private money – talked. Heath, Clinton, and Robinson agreed to draw up a written scheme.

There was further quarreling, both about control and about the balance of "scientific" and "industrial" research. Complaining to the Nobel laureate physicist J.J. Thomson, Heath held that "the commission, an administrative body, is claiming to be competent to criticize the scientific policy of the Forest Products Research Board."[140] But Heath was on the retreat. He agreed to widen the FPRB's scope, let the Forestry Commission appoint two members, and include an industry representative.[141] Most notably, the FPRB would be overseen by a new executive "Policy Committee" composed of representatives of the DSIR, the Forestry Commission, and the Colonial Office, meaning that the Forestry Commission became one of three co-parents of the Forest Products Research Board. The price? A mere £2,500 a year for experimentation. As it turned out, the Board could not "obtain financial contributions, other than fees for work done, either from the timber using industries or the colonies" despite Lord Lovat's "varied interests".[142]

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[139] Minutes of meeting at the Office of the Privy Council, January 14, 1924, TNA, DSIR 7/22. H.F. Heath to Lord Salisbury, January 16, 1924, TNA, DSIR 7/23; see also Historical Note, February 6, 1924, TNA, DSIR 7/23, ff. 18-19. On Heath, see Peter Gosden, "Heath, Sir (Henry) Frank," *ODNB* (2004), accessed online January 3, 2020, https://doi-org/10.1093/ref:odnb/33791.

[140] Heath to J.J. Thomson, May 12, 1924, TNA, DSIR 7/23. Thomson was on the DSIR's advisory board which, after Heath's letter, condemned Lovat's proposals as "scientifically and administratively unsound." Report of the Committee Appointed by the Advisory Council of the DSIR, June 4, 1923, TNA, DSIR 7/24.

[141] Heath to Lord Parmoor, May 13, 1924, TNA, DSIR 7/23. See also Lord Lovat to Lord Parmoor, May 13, 1924, TNA, DSIR 7/23.

[142] Report of the Committee on Research and Investigation into the Utilization of Forest Products, n.d. [January-February 1924], TNA, DSIR 7/22.

Just as Lovat and the other Forestry Commissioners had wanted, the Board would follow the methods of industrial laboratories in the United States, Canada and India and would "extend this work in the special interests of the home-producer."[143] Over the following months, Lovat extended his influence. He himself joined the FPRB in 1924 and the next year, when the FPRB's chairman announced that he would be retiring, Lovat selected his successor.[144] The Forestry Commission's victory was complete, with the Board devoting a significant portion of its energies and resources to commercial investigations. Its testing kilns were loaded with paneling for the Southern Railway and Douglas Fir at the request of the Timber Commissioner for British Columbia, who wanted to prove for commercial reasons "that heavy material of this species can be successfully dried." Advice on design and treatment methods had been supplied to government agencies like the Air Ministry, but also to a rifle factory in India, the Wycombe furniture trade, the London and Northeast Railway, and four other "commercial firms."[145] In March of the next year, the kilns were testing oak for the Midland Railway and teak for the London and North Eastern. At the Forestry Commission's request, it was conducting a seasoning experiment on pit props. It was in active consultation with the Association of Chambers of Commerce about grading timber in England. That year, it appointed a "Utilization Officer" and two assistants.[146] Nine major research projects were ongoing, almost all of them directly relating to commercial application.[147]

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[143] Heath to Lovat, June 5, 1924, TNA, DSIR 7/24.

[144] Forestry Commission, Minutes of the 42nd meeting, June 25, 1924, TNA, F 1/2. H.T. Tizard to Lord Lovat, December 31, 1925, TNA, DSIR 7/1; Lord Lovat to H.T. Tizard, January 8, 1925, TNA, DSIR 7/1; H.T. Tizard to Lord Lovat, January 14, 1925, TNA, DSIR 7/1; Forest Product Research Board, Minutes of the 14th meeting, March 9, 1926, TNA, DSIR 7/9.

[145] Forest Product Research Board, Minutes of the 13th meeting, October 27 1925, TNA, DSIR 7/10.

[146] Forest Product Research Board, Minutes of the 14th and 15th meetings, March 9, 1926 and October 20, 1926, TNA, DSIR 7/11.

[147] The projects included "Tests of small clear specimens of home-grown and colonial timber", "tests of pit-props", "decay in Sitka Spruce timber", an investigation of moisture and heat in timber seasoning, and a "scheme of work"

When, in 1928, the DSIR finally opened its own timber laboratory – at Princes Risborough – it did so with money intimately connected with imperial industry.[148] The funds – well over £30,000 for construction and yearly grants of up to £7,000 for research – came almost entirely from the Empire Marketing Board, a British state body set up to encourage imperial commerce (covered in the next chapter).[149] With the Empire Marketing Board's early support, timber testing in the United Kingdom grew as a research agenda; the site at Princes Risborough remained open until the late 1980s.[150] The recommendations of the 1920 Empire Forestry Conference resulted in an expansion of British state research and in a permanent enlargement of the British business-state.

EMPIRE FORESTRY and BRITISH STATE GROWTH

As the FPRB became a focal point of imperial ambitions, the Forestry Commission itself assumed a coordinating role for empire forestry. The Commission was keen to help its Canadian counterpart "erect a plant for extracting Douglas Fir (green) and Sitka Spruce seed and to provide the Commission annually for 5 years with 1,500-2,000 lbs of the former and 1,000 – 1,500 lbs of the latter, at working cost price."[151] These numbers translated to roughly 30 million seeds per

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about the "impregnation of wood with silico-flourides." Forest Products Research Board, "Progress Report", March 1926, TNA, DSIR 7/11.

[148] See J.D. Brazier, "Seventy Years of Forest Products Research," *Forestry: An International Journal of Forest Research* 70, no. 4 (January 1, 1997): 337-342.

[149] Formal Application submitted by G. Hopp to Stephen Tallents, July 22, 1929, TNA, CO 758/79/2; correspondence between Stephen Tallents and H.T. Tizard from late 1928 and early 1929 in TNA, CO 758/79/2; E.M.H. Lloyd, Memorandum, July 23, 1929, TNA, CO 758/79/2. Research Grants Committee, Minutes of meeting, December 11, 1930, TNA, CO 758/79/3; Research Grants Committee Note, November 23, 1931, TNA, CO 758/79/3.

[150] Brazier, "Seventy Years of Forest Products Research."

[151] Ibid; Forestry Commission, Minutes of the 21st meeting, July 27, 1921, TNA, F 1/2.

year.[152] Planting was to serve commercial purposes.[153] In the fall of 1921, in the midst of Britain's ongoing economic slump, the Commission stressed another economic benefit to the Treasury: the reduction of unemployment. 3,350 men might be put to work replanting, the Commission argued. And indeed, the Commission was a major beneficiary – to the tune of £450,000 – of the unemployment bill that passed through parliament that fall; it would provide unemployment relief schemes for the next several years.[154]

The funds also helped the Forestry Commission accomplish its primary goal: developing forests of sufficient size (at least 150,000 acres) to "meet the essential requirements of the nation over a limited period of three years in time of war or national emergency." By the end of the first year, the Forestry Commission had acquired nearly 50,000 acres and had planted 3,433.[155] The Commission's *First Annual Report* highlighted how pathbreaking its work was. For most of British history, "there was no authoritative technical lead; in the absence of guidance in sylvicultural affairs woodland owners were swayed by fashion," resulting in frequent misapplication of methods. Reflecting on the long 19th century, the commissioners concluded, "the private owner, while conscientiously endeavouring to provide for local rural requirements…was unable…to provide against the unforeseen increase in the consumption of softwood timber which was one of the results of the enormous increase in industrialism in the United Kingdom."[156] By applying the

152 On conversion of seed weight to seed quantity, see Forestry Commission, Minutes of the 14th meeting, December 22, 1920, TNA, F 1/2.

153 Forestry Commission, Minutes of the 15th meeting, January 26, 1921, TNA, F 1/2.

154 Forestry Commission, Minutes of the 22nd and 23rd meetings, October 4 and November 2, 1921, TNA, F 1/2; see also schemes for relief work, Forestry Commission, Minutes of the 33rd meeting, March 21, 1923; Forestry Commission, Minutes of the 37th meeting, December 12, 1923, TNA, F 1/2. On the bill, see W.R. Garside, *British Unemployment 1919-1939: A Study in Public Policy* (Cambridge: Cambridge University Press, 1990), 38-43.

155 Forestry Commission, *First Annual Report*, 13; 30-36.

156 Ibid., 7.

state-led approach used in India and elsewhere in the Empire and by importing millions of Canadian pine seeds, the Forestry Commissioners were radically changing British forests. With administration, they brought a scientific cadre – a community with an elite, technocratic viewpoint, one that had a distinctly commercial flavor.[157] Just as in India, state-managed forests were economic assets, whose harvests benefitted the Treasury.

At the same time, the British forestry establishment was also closely connected with the growing movement of imperial forestry. When the Colonial Office was deciding whom to nominate to the governing council of the Empire Forestry Association in 1923, their selections consisted almost entirely of people within the Forestry Commission's circle. A.J. Kilmartin, formerly of the Ceylon service, was employed as an assistant commissioner in the UK. F.T. Chipp was the assistant director of the Royal Botanic Gardens at Kew, and formerly of the Gold Coast Forest Department. At the top of the list, was Professor R.S. Troup, Schlich's protégé and successor at Oxford, now considered "the greatest forestry expert in England," and part of the Forestry Commission's coterie of experts.[158] Troup had made his name as a colonial forester in India, designing fire control techniques that supplanted local practices of burning the forest floor, with the purpose of streamlining commercial production.[159]

In January, the Forestry Commission received the official invitation from the Canadian Forestry Branch for the second Empire Forestry Conference, this time to be held over six weeks

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157 Rajan *Modernizing Nature*, 96-99; 104-105.

158 Minute by R.D. Furse, February 20, 1923, TNA, CO 323/915/2, f. 20. R.D. Furse to Chipp, Troup, Kilmartin, and Brockman, March 5, 1923, TNA, CO 323/915/2, f. 29.

159 See Guha, *The Unquiet Woods*, 53; R.S. Troup, "*Pinus Longifolia Roxb:* A Silvicultural Study," *The Indian Forest Memoirs*, 1, pt. 1 (Calcutta, 1916).

in Canada.[160] Twenty British delegates would attend the conference, along with a host of "associate delegates", many representing the timber trades.[161] The Commission sought to present British timber as a product with both heritage and applicability for modern usage. In collaboration with the Department of Overseas Trade, it would ship to Canada both a reproduction of a Tudor house or parish hall, as well as a modern "model dwelling."[162] Such advertisements for British timber were not unique; the Commission's "Timber Exhibit Committee" organized demonstrations and exhibits at agricultural fairs around the country.[163]

Imperial conferences were not unique either. Following the dissolution of the Imperial War Cabinet in 1919, the British government had convened an Imperial Conference in 1921, at which dominion leaders agreed on the necessity of maintaining a single imperial foreign policy and a cooperative system of military defense.[164] In fact, the 1920s were awash in imperial conferences. In addition to the top-level diplomatic conferences in 1921, 1926, and 1930, there was an imperial economic conference (1923), imperial press conferences, and an Empire statistical conference.

By 1921, the Round Table's federalist dreams had largely been quashed; the Paris Peace conference had definitively established individual dominions as sovereign states (they were independently represented in the League of Nations).[165] But imperialists like Milner were still

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[160] Forestry Commission, Minutes of the 32nd meeting, January 24, 1923, TNA, F 1/2; Colonial Office Preparations for Canadian Conference (Forestry), TNA, CO 323/915/1.

[161] Forestry Commission, Minutes of the 34th meeting, May 30, 1923, TNA, F 1/2; Forestry Commission, Minutes of the 35th meeting, June 28, 1923, TNA, F 1/2.

[162] Forestry Commission, Minutes of the 35th meeting, June 28, 1923, TNA, F 1/2.

[163] Forestry Commission, Minutes of the 39th meeting, March 26, 1924, TNA, F 1/2.

[164] Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions, and India, Summary of Proceedings and Documents [Cmd. 1474], (London: HMSO, 1921).

[165] See John E. Kendle, *The Round Table Movement and Imperial Union* (Toronto: University of Toronto Press, 1975), chapter 11.

eager to find ways to bind the self-governing parts of the Empire together, into a commonwealth of communal interests.[166] Imperial defense was one such interest; common *wealth* was another. The resolutions of the early imperial conferences reflected the emphases on defense and trade. In 1921, the delegates endorsed proposals to coordinate "improved communication throughout the Empire, including Air, Telegraphy, Telephony, and Shipping." There had even been debate on a more far-fetched plan for imperial patents, and delegates were certainly cognizant of other proposals for an imperial currency.[167] The year before, delegates to the British Empire Statistical Conference had debated standardizing data and measurements across the Empire as a way to facilitate both economic planning and intra-imperial commercial transactions.[168] Predicting that imperial preference might finally become a political reality, imperial governments planned for the next major gathering (in the fall of 1923) to focus on economic matters, particularly imperial trade.

Though not as significant as the major diplomatic conferences of the period, the forestry conferences were motivated by the same dynamics. Imperial enthusiasts sought to forge a cohesive community of foresters, connected by imperial self-sufficiency, scientific knowledge, and economic interest. At the same time, traders and businessmen wanted to use imperial links to edge out foreign competitors. These twinned goals of public imperial unity and private commercial domination certainly played out at the Second British Empire Forestry Conference, which commenced on July 25, 1923 in Ottawa. After fifteen meetings, a trip through Quebec and New Brunswick's forests to Halifax, and a transcontinental train journey via Toronto, Niagara Falls,

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[166] Ibid., chapters 11 and 12; MacIntyre, *The Britannic Vision*, chapters 1 and 2. See also Deborah Lavin, *From Empire to International Commonwealth: A Biography of Lionel Curtis* (Oxford: Clarendon Press, 1995), chapter 8.

[167] Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions, and India, Summary of Proceedings and Documents [Cmd. 1474], (London: HMSO, 1921), 6-9.

[168] R.H. Coats, "British Empire Statistical Conference at London," *Quarterly Publications of the American Statistical Association* 17, no. 130 (June 1920): 226-228.

Winnipeg, Banff, and Vancouver, the conference ended on September 7 in Victoria, where Robinson ordered the seeds to be sent back to Britain.[169] The conference's delegates reiterated the commitments made at the previous conference held three years earlier.[170] There had been admirable advances in coordination and the formalization of forestry services, especially in Britain, where "the forest authorities and the industries are gradually getting into closer touch." Still, "active steps should be taken throughout the Empire to organize and foster trade", including standardizing terminology and timber trade names.[171]

Indeed, the very rationale for hosting the conference in Canada was commercial. Canada, its Ministry of Interior noted, was the "largest source of supply of coniferous timber within the Empire": "the Soft-wood Storehouse of the Empire." Though there was "considerable Empire trade…it is by no means as large as it ought to be, due to certain prejudices existing abroad through lack of knowledge of timber species." During the conference, imperial delegates and buyers would be in "direct contact with our forest industries" and would "return to their respective countries with accurate information based upon personal observations…[resulting] in considerable trade extension….to the benefit of Canadian trade in forest products."[172] In setting the agenda for the meeting, the Canadian authorities ensured that "the subject 'The World's Softwood Supply' should be accorded special treatment."[173]

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[169] Draft of Tour and Meeting Itinerary, n.d. [Spring 1923], LAC, RG 25 vol. 1331, file 1386; "British Empire Forestry Conference, Canada, 1923," *Empire Forestry Journal* 2, no. 2 (1923), 271.

[170] Its first resolution was to reaffirm "Resolutions 1, 2, and 3 of the 1920 Conference."

[171] Ibid., 271-275.

[172] Report of the Committee of the Privy Council, November 25, 1922, LAC, RG25 1331, file 1386.

[173] Preliminary Agenda of Subjects for Discussion, April 1923, LAC, RG25 1331, file 1386.

Though manifestly commercial, the early imperial forestry conferences also reflected a growing cohesion of foresters from across the Empire.[174] High on their collective agenda was the creation of a "Central Institution for post-graduate and specialized training in forestry" where the increasing ranks of foresters and forest researchers could be trained and shaped into a connected cohort of technical authorities. Delegates to the Canadian conference urged British authorities "to take immediate steps to inaugurate" a center.[175] The India Office and Forestry Commissioners had pushed for a central training program since 1919; it had been a central recommendation of the first Empire Forestry Conference in 1920, and a cause championed by Colonial Secretary Leopold Amery.[176] But it was not until after the second Forestry Conference in 1923 that plans coalesced around the establishment of a single center based at Oxford.[177] The next year, a new post-graduate training center – the Imperial Forestry Institute – was finally established there.[178]

Oxford had long been a center of imperial forestry training and a recipient of India and Colonial Office funds. Its forestry program was developed by William Schlich to train Indian forestry probationers; when the India Office's training center at Coopers Hill closed in 1906, its students and forestry staff simply moved to Oxford, taking with them the existing curriculum.[179] By the early 1920s, little had changed. Schlich's *Manual of Forestry* was still the textbook

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[174] Rajan, *Modernizing Nature*, Chapter 4.

[175] "British Empire Forestry Conference, Canada, 1923," *Empire Forestry Journal* 2, no. 2 (1923), 271-275.

[176] It was vital, the India Office held, to consider "the problem [of training] in its imperial aspect." What was needed was "a self-contained Institute for Forest Training established in England, as the centre of the Empire, to be financed proportionally to their interest and need, by Great Britain, such of the Dominions as would come in…, and India." Memorandum from Claude Hill on behalf of the Government of India, May 13, 1919, TNA, F 1/1.

[177] "The Imperial Forestry Institute, Oxford", *Empire Forestry Journal* 3, no. 1 (July 1924): 30-32.

[178] Cambridge and Edinburgh, the other two universities with forestry programs, argued against a central institute at Oxford. See memorandum by T.H. Wood and E.P. Stebbing, July 25, 1924, TNA, F 18/98.

[179] See Horace Walpole to Thomas Herbert Warren, November 20, 1906, OUA, FR 4/1.

assigned, and the program also involved "practical training" that sent students away from Oxford to the state managed forests of continental Europe.[180] The program depended on imperial support; Schlich only managed to establish a permanent forestry professorship at Oxford in 1919 with the help of donations from the Maharaja of Travancore, several other colonial governments, as well as from the Rhodes Trust (of which Lovat and Milner were both trustees).[181]

With the 1924 creation of the Imperial Forestry Institute (IFI), forestry training at Oxford expanded considerably. The IFI took over the one-year postgraduate training expected of men entering the forestry services of the Empire, "in Great Britain and overseas" and it offered "refresher courses" for working foresters.[182] Money flowed in, both from the Forestry Commission and the Colonial Office; in exchange for an annual colonial contribution of £3,000, colonial governments could send to the institute "as many students as they wish."[183] The Institute was a central node of imperial cohesion, placing graduates – about 200 by 1927 – all over the Empire, including in Britain. It was meant to foster "a very desirable esprit de corps by bringing forest probationers together and in contact with probationers for the Colonial Administrative and Agricultural Services."[184]

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[180] Regulations for the Diploma in Forestry, 1907, OUA, FR 4/1. On *Manual of Forestry,* see Rajan, *Modernizing Nature*, 88.

[181] List of Contributors, 1918, OUA, FR 4/3. In 1912, Schlich contributed £500 as "the first donation towards an endowment of a Chair of Forestry. Schlich to Editor of the *Indian Forester*, March 28, 1912, OUA, FR 4/2. C. Leudesdorf, "Professorship of Forestry", June 1919, OUA, FR 4/2. See also William Schlich to Hebdomadal Council, January 17, 1909, OUA, FR 4/1; Letter proposed by William Schlich to be sent by Delegates of Forestry to the Treasury, December 3, 1910, OUA, FR 4/1; C. Leudesdorf to William Schlich, December 12, 1910, OUA, FR 4/1.

[182] Report on IFI Policy, 1927, OUA, FR 4/4.

[183] Provisional Board of Governors, Minutes of the 1st meeting, March 24, 1924, OUA, Weston Library, Oxford, Papers of the Department of Forestry, FR 1/16.

[184] Summary of Position of Forestry at Oxford, 1927, OUA, FR 4/3.

The staff of the Imperial Forestry Institute reflected the imperial nature of forestry expertise.[185] H.E. Champion, the lecturer in silviculture, was plucked from the Indian Forest Service.[186] Ronald Neil Chrystal, a forest entomologist, had spent five years as "field officer for Forest Insects" for the Canadian Department of Agriculture.[187] Ray Bourne, the lecturer on forest management, had followed up his Oxford forestry diploma with ten years in the Indian Forestry Service. He came back to teach at Oxford (with Schlich's recommendation) from the Indian Forestry Service's training center in the foothills of the Himalayas at Dehra Dun.[188] J. Burtt Davy, a systematic botanist, had spent most of his career in South Africa, where he had established himself as "the authority on the flora of South Africa" and was "very much respected by [Jan] Smuts and other men who are well qualified to judge."[189] A.H. Lloyd, the Conservator of Forests in Burma and the director of the forest school at Pyinmana was hired to be a lecturer in Forest Engineering.[190] When it came time in late 1925 to advertise for a new lecturer in silviculture, Robinson, himself a governor and former student of Schlich's, noted that the new lecturer "should

[185] See, e.g. Board of Governors, Minutes of meeting, October 15, 1924, OUA, FR 1/16.

[186] Provisional Board of Governors, Minutes of the 2nd meeting, July 30, 1924, OUA, FR 1/16.

[187] Application of Ronald Neil Chrystal, June 2, 1925, OUA, FR 4/33/18. Of the four other applicants for the job, only one had experience in *British* forests. The others were applying from Fiji, India, and Malaya. R.S. Troup to R.D. Furse, May 5, 1925, OUA, FR 4/33/18.

[188] Letter of Recommendation from William Schlich, February 16, 1922; Statement of academic qualifications, n.d. [1921 or 1922], OUA, FR 4/33/8.

[189] A.R. Shipley to Lord Lovat, November 21, 1924, OUA, FR 4/33/13. Burtt Davy had organized an economic herbarium for the US government. In 1903, he was invited by Lord Milner's government to lead a new Botany division for the Transvaal Department of Agriculture & Forests. J. Burtt Davy to IFI, November 19, 1924, OUA, FR 4/33/13.

[190] See Papers relating to A.H. Lloyd, OUA, FR 4/33/35.

have had or should be enabled to obtain experience in Canada, Australia and other parts of the Empire."[191]

At the same time, the IFI was planted firmly in Britain, training over a dozen officers for the Forestry Commission and DSIR in its first few years.[192] In a 1927 evaluation of IFI policy, the first entry under the heading "Research Priorities" was "Research into British problems". This research would be "essential for the training of men who are to carry out such work elsewhere."[193] In the margin, someone had scrawled, "at first teaching fundamental methods in Britain. Only when men trained + doing work in Colonies will coordination of colonial work be possible." The Forestry Commission was the IFI's largest single contributor.[194] The IFI's board of six governors was chaired by Lord Clinton of the Forestry Commission and included Robinson, Lovat, and Courthope.[195] The Imperial Forestry Institute was thus the keystone of an emergent and newly cohesive community of imperial foresters. But it was also a distinctly British institution, funded largely by British taxpayers. The state organ with which it had the closest connection was not the India or Colonial Office, but the Forestry Commission. Like the FPRB, the IFI was a manifestation of imperial commercial interests driving British domestic state growth.

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[191] Board of Governors, Minutes of meetings, December 9, 1925, OUA, FR 1/16. Schlich deemed Robinson his most brilliant student. David E. Evans, "Robinson, Roy Lister, Baron Robinson," *Oxford Dictionary of National Biography* (2004), https://doi-org/10.1093/ref:odnb/35800.

[192] See Student Records, 1924-1930, OUA, FR 3/3/1-6.

[193] Report on IFI Policy, 1927, OUA, FR 4/4.

[194] At the outset, the Forestry Commissioners paid £2,000 and the colonies (and Colonial Office) collectively contributed £3,000. Forestry Commission, *Fifth Annual Report*, 13. Imperial Forestry Institute, Statement of Receipts and Expenditure, March 31, 1926, OUA, FR 1/27/1.

[195] The other members were R.S. Troup, Ralph Furse (the Colonial Office's recruiting officer), and Herbert Warren, Oxford's vice chancellor. Summary of Position of Forestry at Oxford, 1927, OUA, FR 4/3. Furse marveled at how these men – especially Lovat and Clinton – brought their experience in "public affairs, politics, and business" to the management of the imperial forestry effort. Ralph Furse, *Acuparius: Recollections of a Recruiting Officer* (London: Oxford University Press, 1962), 77-78; 149-150.

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In the meantime, the activities of the Forestry Commission were growing by leaps and bounds. In 1924, the Forestry Commission undertook a massive census of British woodlands and an equally massive census of homegrown timber production, the first such surveys in British history. Conducted largely by volunteers using techniques outlined by Schlich, the Forestry Commission canvassed the entirety of the United Kingdom, surveying the nearly 3 million acres of woodland in the UK.[196] The Board of Agriculture and Fisheries had conducted limited woodland surveys in the past, but none of wide scope before World War I. As the President of the Board of Agriculture noted in 1917, "A Commission appointed in 1787 to enquire into Crown Woods expressed regret" that there was no survey; "in the interval of 127 years no effort in this direction was made: it was still true in 1914."[197] The resulting report evaluated woodlands – previously understood in terms of conservation – in explicitly economic terms, just as forests were evaluated in India and elsewhere in the Empire. In 1924, Britain produced some £1,703,962 worth of timber. Moreover, 19,220 people were employed permanently in Forestry occupations.[198] And, in a year that timber imports had climbed back to pre-war levels for the first time, the British timber industry itself had also climbed back to pre-war figures. Wood pulp production now well exceeded pre-war yearly averages.[199]

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[196] Report on Census of Woodlands and Census of Production of Home-Grown Timber 1924, 1928, TNA, F 22/1, f. 16.

[197] R.E. Prothero, Memorandum, April 8, 1917, TNA, RECO 1/235.

[198] Census of Production of Home-Grown Timber, 1924, TNA, F 22/1.

[199] Forestry Commission, *Fifth Annual Report*, 37-39. Whereas Britain produced an average of 859 tons of pulp per year between 1909 and 1913, in 1924, it produced 1,226 tons.

With each successive year, the state reached into new parts of the British countryside, acquiring and planting (often with non-native seeds), an expansion made easily visible by the maps that the Forestry Commission produced annually (see figure 4.5). There were new education programs to train British foresters to be employed by the state. Parliament granted the Commission

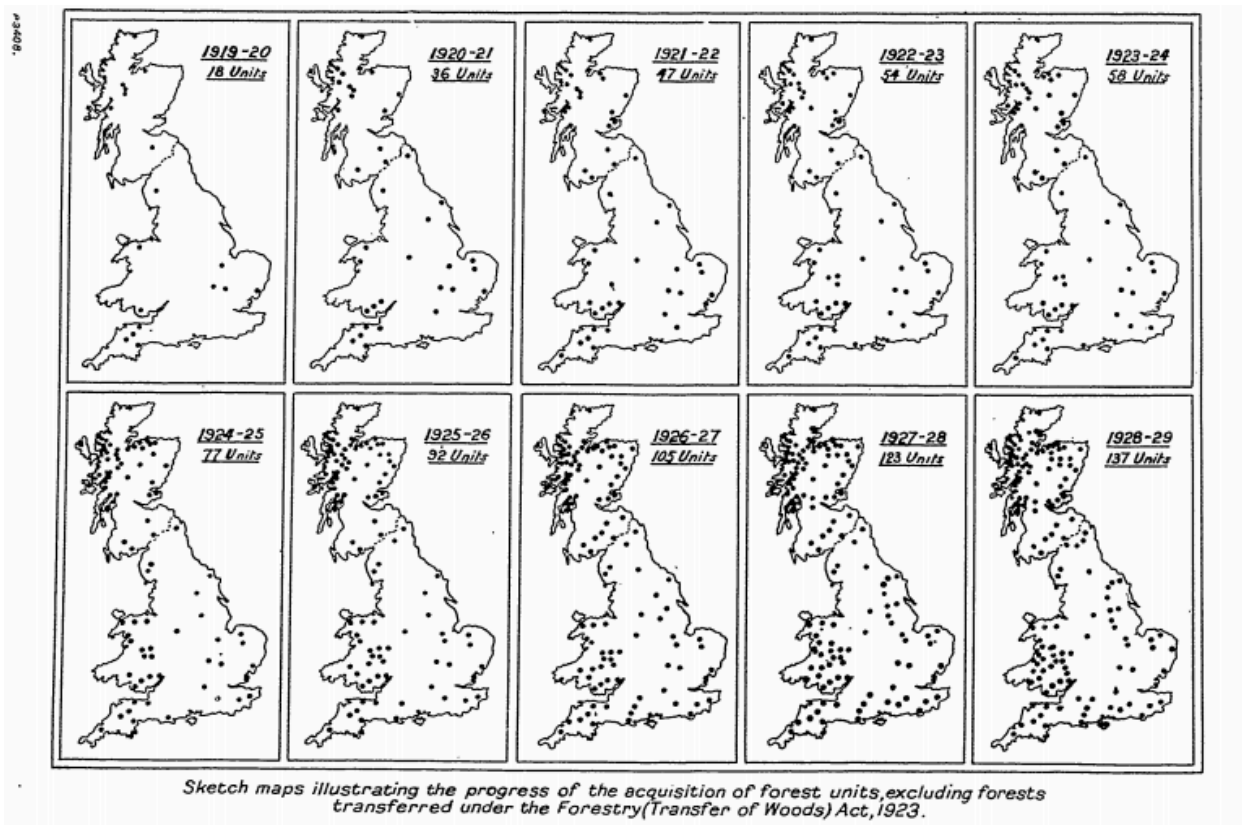

Figure 4.5: Maps of Forestry Commission Expansion. Forestry Commission, *Tenth Annual Report of the Forestry Commissioners, Year Ending September 30th, 1929* (London: HMSO, 1930), 16-17.

£430,000 for unemployment relief works, and the new forests had become the site of countercyclical spending, with unemployed men put to work planting and pruning.[200]

By 1930, ten years after the Forestry Commission had been established, it had planted 138,279 acres of forests and had assisted private owners and local authorities with planting 76,736

[200] Forestry Commission, *Fifth Annual Report*, 14. Unemployment alleviation had been a goal since at least 1909, with the Development and Road Improvement Fund Act. See James, *A History of English Forestry*, 203.

more. It had acquired 310,230 acres of plantable land on which to conduct further forestation.[201] Counting land that was not destined for afforestation, the Commission had 602,000 acres under its control, about the size of Oxfordshire.[202] In ten years, the Forestry Commission had spent £4.5 million, hundreds of millions in today's terms. A new organization had grown up and spawned a new bureaucracy. In 1930, the commission boasted 170 full time employees – 70 technical, 100 clerical.[203] Over the same time period, the Forestry Commission had come to serve as a linchpin of a cohesive imperial forestry community, unified by a "forestry creed" articulated by Roy Robinson at the third Empire Forestry Conference, held in 1928 in Australia. The creed stressed sustained yield and economic usage, the importance of data and surveys, and an active state policy of reservation and management; it was a creed that formalized Indian principles. At the same time, the state had set up both the IFI and a series of training programs in forests across the country for apprentices. 325 forest apprentices "attended courses of training at the Forestry Commission's schools, 201 have received certificates and 154 have been appointed to positions under the Forestry Commission."[204]

CONCLUSION

The formation and growth of the Forestry Commission, the Imperial Forestry Institute, and Forest Products Research Board were each examples of the British state expansion in the aftermath of World War I. Together, they constituted an underappreciated and important instance of the

[201] Forestry Commission, *Tenth Annual Report*, 10.

[202] Ibid., 15-16.

[203] *The Third Empire Forestry Conference: Proceedings, Resolutions and Statements* (London: HMSO, 1928), 21; 26.

[204] Ibid., 84; Rajan, *Modernizing Nature*, 148.

burgeoning British business-state, whose growth responded to commercial and imperial imperatives springing from the exigencies of World War I. As with other instances of British state expansion, when the state turned its attention to forests and forest products, it necessarily drew on imperial sources, and sought to tie in British business interests.

Within the British Empire, expertise related to both scientific forestry and the timber trade timber, was not centered in Britain, but rather in the far-flung forests of Canada, Ceylon, India, Burma, and British Honduras, where forests were sources of profit. When building up state-supported forest management and research in the United Kingdom at the end of World War I, planners drew from expertise and technical talent from these places. Without a pool of qualified British foresters, the natural place to look for men and women with experience in forest administration was the Empire. And so, though the top leadership of the Forestry Commission largely consisted of landed aristocrats with great holdings in Scotland, the middle management and technical experts employed by the commission (not to mention the research and testing institutions that it supported) had learned and practiced their trade in the overseas empire.

But for the development of British forestry, empire was more than just a repository of knowledge and expertise. It informed the political and ideological justifications for investing in forestry and timber science. The Empire Forestry Conferences – first in Britain, then in Canada, then in Australasia – that so energized and justified the Forestry Commissioners, pushed British policymakers to equate investments in domestic forestry with empire itself.[205] Imperial unity especially among the dominions, as propounded by Lord Milner and his supporters, was a powerful political mobilizer, a platform plank in which the foresters believed and that they leveraged.[206]

[205] See Rajan, *Modernizing Nature*, chapter 4.

[206] On the Empire in British home politics, see Thompson, *Imperial Britain*.

Commitments made at the Imperial Forestry Conferences may not have had legal force, but they carried with them a moral weight. Forestry boosters understood and accepted that Britain had a unique responsibility to *lead* the Empire. Forestry research, seen through this lens, was a noble imperial responsibility, one that would elevate and benefit the twinned causes of science and industry all over the regions shaded red on the map. The boundary between "home" and "empire" was never complete and always permeable.[207] So too were the boundaries between public and private, governmental and commercial.

For though forestry might have been a vector of imperial unity, it represented no less a shrewd imperial economic investment. Empire not only provided the expertise and physical materiel for British forestry, but also conditioned the state's fundamental approach to forests as economic resources that produced value – resources that fit neatly into a system that catered to British commerce and industry. It served the bottom line of British investors in the Empire and British industrialists who used empire timber in their manufacturing processes. Schlich's understanding of forests as stores of commercial value was transposed to Britain from India, where they had served colonialist commercial exploitation. British forests, then, grew out of the Empire, and so too did their meaning. The centrality of industrial interests in "forest product research" and the close ties between the Forest Commissioners and private commercial interests showed how state growth depended on the combination of imperial expertise and business connections.

In the United Kingdom, state forestry quickly came to serve a purpose of economic development. Replanting would not come cheaply: the original block grant issued to the Forestry

[207] On this central plank of the new imperial history see, for instance, Zoë Laidlaw, "Breaking Britannia's Bounds? Law, Settlers, and Space in Britain's Imperial Historiography," *Historical Journal* 55, no. 3 (September 2012): 807-830; Catherine Hall and Sonya Rose, eds., *At Home with the Empire: Metropolitan Culture and the Imperial World* (Cambridge: Cambridge University Press, 2006); Jordanna Bailkin, *The Afterlife of Empire* (Berkeley: University of California Press, 2012).

Commission for the job anticipated the new organization spending almost half a million pounds a year, a significant sum for a government already struggling to balance its budget while servicing a wartime debt that cost well over £300 million per year.[208] Boosters of the program stressed the economic boons of forests – the employment of nearly 20,000 Britons, the stimulation of the timber industry, and woodworking trades – and they were closely joined with private associations that would protect both trade and landowning interests. The Forestry Commission's insistence that the DSIR engage in industrial rather than "pure" research on timber and wood products highlights the extent which economic thinking permeated official state forestry policy.

That thinking had imperial and imperialist origins. So too did the whole forestry apparatus itself. British forests were planted with Canadian seeds; research agendas concerned both domestic and imperial woods and timbers; and experts working in Britain hailed from the four corners of the Empire. The scope of the British Empire undergirded the growth of the domestic British state. In fact, when it came to the IFI and the FPRB, initiatives to increase imperial cohesion themselves drove state expansion.

[208] Over its first ten years, the Forestry Commission spent just over £4.5 million. Forestry Commission, *Tenth Annual Report*, 6. Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom*, new edition (London: George Allen and Unwin, 1967), 169.

Chapter 5

Selling Empire; Projecting Britain:
The Empire Marketing Board

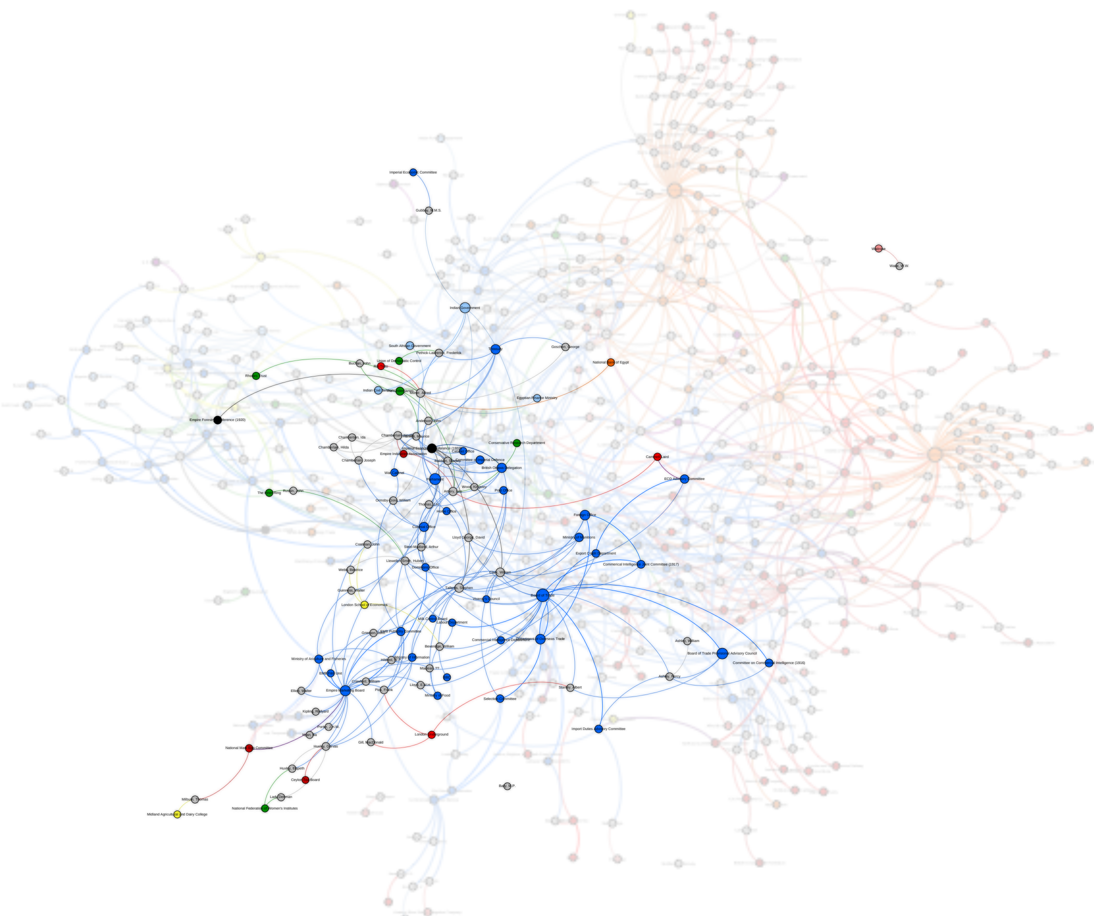

Figure 5.1: Network Visualization of the Business-State, Chapter 5. This graph features the 38 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In 1929, British shoppers might have noticed something new about the eggs for sale in their local grocer's shop. Many of the cartons bore a new image: a stenciled outline of England over a Union Jack. This "national mark," which indicated that the eggs were produced in Britain, was introduced to the British people with great fanfare and publicity. One pamphlet, addressed "to the HOUSEWIFE," outlined the advantages of buying national mark eggs:

> "If you wish to make certain of quality, you will, of course, ask for National Mark New Laid eggs"
>
> "That's all very well, you may say, but how can you guarantee the quality of eggs? The answer is that every egg that is sold under the National Mark passes what might be called an X-ray test. It is held before a very powerful artificial light, which shows the contents clearly"[1]

Home-produced eggs, inspected and graded, bore the imprimatur of state power: a label. Behind the label was a complex of schemes meant to help British farmers, British retailers, and the British public. The state had coordinated a battery of new food safety controls, including the "x-ray test", based on new state-funded academic research. Less visible, but equally striking, it had organized a cartel to distribute home-produced eggs and fix their prices. Finally, as the pamphlet demonstrated, the state actively advertised the new egg. In doing so, it leveraged the scientific prestige of its own industrial research.

The story of the national mark egg is a story about the growing power and scope of the British domestic state. But it is equally a story about empire and business. Agricultural research depended on imperial networks. The funds for industrial research came from the Empire Marketing Board (EMB), a state body established to push imperial produce on British consumers. The EMB also handled the "propaganda" for the national mark. The story of the Empire Marketing Board

[1] Advertising Pamphlet, n.d. [after 1931], The National Archives, Kew, United Kingdom (hereafter TNA), MAF 34/553.

demonstrates the overlooked ways in which empire facilitated the growth of the domestic state. It also reflects how British ambitions for an overseas empire of export-based commerce gave way to the promotion of products from the formal empire within the United Kingdom. But even as expansive informal empire gave way to retrenchment and eventually to tariffs, the state's economic role continued to grow.

In the 1920s, imperialists made powerful efforts to forge more substantive economic bonds between Britain and its dominions. Members of Milner's Kindergarten, the British Empire Union, and the *Round Table,* worked to foster imperial unity, whether through a new constitutional federal structure, emigration, an imperial currency, or shared taxation schemes. They were especially eager to encourage closer cooperation with the large dominions: Canada, Australia, New Zealand, and South Africa.[2] For many imperialists, the Empire Marketing Board was a tool to that end; like schemes to encourage the emigration of white Britons, the EMB was to facilitate cultural unity across "Greater Britain".[3] It was to do so by bolstering intra-imperial science and trade, making each constituent part of the Empire more dependent upon the others. In particular, the EMB worked to market the primary resources of the dominions to the consumers of Great Britain. But as the example of the national mark egg demonstrates, the Empire Marketing Board became a new tool of the British domestic state, one that was leveraged by domestic British interests. What started as

[2] See Mark Mazower, *No Enchanted Palace: The End of Empire and the Ideological Origins of the United Nations* (Princeton: Princeton University Press, 2008), chapter 1.

[3] Duncan Bell, *The Idea of Greater Britain: Empire and the Future of World Order* (Princeton: Princeton University Press, 2007); James Belich, *Replenishing the Earth: The Settler Revolution and the Rise of the Anglo-World, 1783-1939* (Oxford: Oxford University Press, 2009); Ian M. Drummond, *Imperial Economic Policy, 1917-1939: Studies in Expansion and Protection* (London: George Allen and Unwin, 1974), chapters 2 and 3. On a later period, see Kathleen Paul, *Whitewashing Britain: Race and Citizenship in Postwar Britain* (Ithaca: Cornell University Press, 1997). W. David McIntyre, *The Britannic Vision: Historians and the Making of the British Commonwealth of Nations, 1907-48* (Basingstoke: Palgrave Macmillan, 2009). On "Greater Britain", see J.R. Seeley, *The Expansion of England: Two Courses of Lectures* [1883] (Cambridge: Cambridge University Press, 2010).

a metropolitan gift to the periphery became another instance of the Empire facilitating the growth of the domestic business-state. New investments in industrial research, new private-public partnerships, and new state-run publicity schemes all fundamentally increased the scope of the state's role and redounded to the interest of British producers.

BEGINNINGS

The Empire Marketing Board was born of compromise. In the fall of 1923, representatives from eight governments across the British Empire convened in London for a major Imperial Economic Conference. Britain was in depression. Unemployment was rising and the newly elected Conservative government of Stanley Baldwin had plans to institute tariffs that would protect British industry and give preference to empire-produced goods. The strict government controls of World War I had weakened the old arguments for Free Trade (and the political coalition that propounded them), and at the conference's end, Baldwin pledged his government to protectionism.[4] The conservative dream of imperial preference seemed, finally, to be at hand.

Within Britain, Tories painted imperial preference as a way to protect domestic employment in the face of a deepening slump, ever-mounting American competition, and decreasing British competitiveness.[5] To the dominions and colonies gathered at the Imperial Economic Conference, new tariffs were framed in a different way: a meaningful gesture of

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[4] On the decline of Free Trade, see Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford: Oxford University Press, 2008), particularly chapter 6; Tim Rooth, *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s*, chapter 2.

[5] On the politics of free trade in this period, see Trentmann, *Free Trade Nation*, chapter 5; Anthony Howe, *Free Trade and Liberal England, 1846-1946* (Oxford: Clarendon, 1996), 276-286. See also David Thackeray, *Forging a British World of Trade: Culture, Ethnicity, and Market in the Empire-Commonwealth, 1880-1975* (Oxford: Oxford University Press, 2019), chapters 1 and 2; W.R. Garside, *British Unemployment, 1919-1939: A Study in Public Policy* (Cambridge: Cambridge University Press, 1990), chapter 6.

imperial solidarity. The dominions – Canada, Australia, New Zealand, and South Africa – had long accorded British goods preferential trade terms not reciprocated by Britain itself, and the asymmetry was a frequent nationalist plaint, especially in South Africa. One way or another, the renewed push for tariffs heralded retrenchment. At home, the language of imperial preference could put a brave face on the harsh reality of declining economic fortunes, excusing the loss of Britain's economic competitiveness through a gesture to imperial solidarity. To the dominions, tariffs were held out as an offer of long-delayed reciprocity, even as negotiators understood them as a concession to keep hold of valuable markets for British goods.

But tariffs were still a highly contentious issue for the British electorate and Baldwin had made a campaign pledge to hold a fresh general election before instituting them.[6] After his promises at the 1923 Imperial Conference, he called for elections that December. This proved to be a serious miscalculation. Baldwin lost his majority in Parliament, Free Trade hung on, and for the first time, the Labour Party formed a government.[7] Labour lasted less than a year – by November 1924, a chastened Baldwin was back in Downing Street – but the electoral shake-up failed to furnish Baldwin with his desired mandate for imperial preference. Still, the Government was determined to do something to placate the dominions in place of the promised tariffs. Doing so was not just a matter of saving face; it was understood as vital in order to secure continued trade concessions from the dominions themselves.[8] The month after returning to power, Baldwin

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[6] Keith Middlemas and John Barnes, *Baldwin: A Biography* (London: Macmillan, 1969), chapter 10.

[7] Trentmann, *Free Trade Nation*, 222-227; Martin Pugh, *The Making of British Politics, 1967-1939* (New York: St. Martin's Press, 1982), 229-233; Peter Clarke, *Hope and Glory: Britain 1990-2000* (New York: Penguin, 2004), chapter 4. See also Chris Cook, *Age of Alignment: Electoral Politics in Britain, 1922-1929* (London: Macmillan, 1975). On Baldwin in particular, see Roy Jenkins, "Sailing Steadily On: Baldwin," *Times Literary Supplement*, March 6, 1987, p. 223.

[8] "The Origins of the Empire Marketing Board," n.d., Tallents Papers, Institute of Commonwealth Studies, Senate House Library, London, United Kingdom (hereafter ICS), 79/1, f. 1

declared that though, "we cannot touch the question of meat or fruit by taxation," he hoped "to devise some scheme where…we may be able to alter to some extent the course of trade to the benefit of the Empire." The scheme unveiled shortly thereafter involved a new and active role for the state: Baldwin promised to spend a million pounds per year to develop imperial trade, "in particular to enable Empire producers to secure a larger share of the home market."[9] This would be accomplished in two ways: by marketing empire goods to British consumers and by funding industrial and agricultural research to help imperial producers.

£1 million was a significant sum and the budget-conscious Treasury balked at the expenditure. Maurice Hankey, the powerful Cabinet Secretary, tried to delay the first grant of the £1 million because of budgetary constraints. Over the protestations of the Round Tabler and arch imperialist Secretary of State for Dominions, Leo Amery, the government reneged on its commitment and pledged only £500,000 in the first year, with the full million yearly allocation pledged for subsequent years. For Amery, the reduced funding was a second promise broken after failing to deliver on imperial preference, a "severe slap in the face" to the dominions.[10] Nevertheless, a body to administer the funds was formed, and a staff of the new "Empire Marketing Board" slowly assembled.

The Board in the "Empire Marketing Board" referred to a committee of imperial representatives that nominally oversaw a permanent administrative staff of British civil servants. At the head of the permanent staff was the Board's secretary, Stephen Tallents. Tallents had very little experience in marketing. He had, however, plenty of experience working in both the formal and informal empire. Tallents had risen through the civil service at the Board of Trade, the

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[9] Ibid.

[10] Leo Amery, "Empire Marketing Commission," March 15, 1926, Tallents Papers, ICS, 79/1, f. 11.

Ministries of Munitions and Food, and the Milk Control Board. A reformer, he had worked closely with Hubert Llewellyn Smith and William Beveridge on Labor Exchanges. After the war, he oversaw relief efforts in Poland and served as British Commissioner to the Baltic.[11] In the early 1920s, he was working on the literal edge of empire; based in Belfast, he was closely involved in drawing the border between Northern Ireland and the Irish Free State.[12]

1926 found Tallents eager to return to England. Tallents had developed a close rapport with one of his superiors in Ireland, John Anderson, future wartime Chancellor of the Exchequer.[13] In Tallents's telling, it was Anderson who alerted him to the fact that there was a fund of a million pounds "knocking about". "If the idea of handling it appealed to me," Tallents recalled, "I should see Mr. Amery…when I came over to London." For Tallents, recollecting in a memoir he never published, the Empire Marketing Board "seemed as remote and disembodied as had the first wireless programme I heard – Melba's voice reaching me in a distant valley of the Tyrone."[14] Yet despite Anderson's misgivings, Tallents was intrigued "by the idea of becoming a vicarious millionaire" and he lost little time in speaking with Amery. The interview went well and Tallents got the job.

Though Tallents returned to London, he had no intention of turning his back on the Empire. To run the EMB, Amery had chosen a likeminded imperialist, one who, reflecting on a long career

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[11] Stephen Tallents, Draft of Chapter 2: The Start, n.d., Tallents Papers, ICS 79/26. Stephen Constantine, "Tallents, Sir Stephen George," *ODNB* (October 2008), accessed online August 19, 2019, https://doi-org/10.1093/ref:odnb/36412.

[12] See Correspondence between John Anderson and Stephen Tallents, 1925-1926, TNA, HO 246/3. Stephen Tallents to John Anderson, March 5, 1923; June 4, 1923, TNA, HO 317/68.

[13] At the time, Anderson was Joint Under-Secretary in Ireland. See J. W. Wheeler-Bennett, *John Anderson, Viscount Waverley* (London: Macmillan, 1962).

[14] Stephen Tallents, Draft of Chapter 2: The Start, n.d., Tallents Papers, ICS 79/26.

in state service, would declare, "empire is nothing else…but care for the well being of others."[15] Tallents's values may have been spot on for the EMB, but he knew virtually nothing about it or its work when he agreed to run it. He was "scarcely less ignorant" by its first preliminary meeting in May 1926. So, shortly after his appointment, Tallents set out to speak to the most ardent imperialist that he knew: a man, "whose son had been a fellow officer of mine in the Irish Guards".[16] The man in question, Rudyard Kipling, showed "considerable interest in the Board's purposes and had signified his willingness to help," offering free use of any of his quotations, and pitching a set of slogans, none of which were found suitable.[17] Kipling was full of advice; one piece that Tallents would follow was to avoid issuing "a special paper or periodical", to instead "stick to the ordinary papers."[18] He also stressed the importance of a logo, and in Tallents's recollection "he seized a pen, as he pressed this point, and made a rough sketch" (see figure 5.2).

Tallents's commitment to a unified and strong empire (especially among the dominions) mirrored Kipling's and the imperialists of the Round Table.[19] One of the very first documents he produced as secretary of the Empire Marketing Board was a memorandum calling for greater imperial federalism. There were plenty of ideas for more centralized forms of imperial governance and economic cooperation – among


Figure 5.2: Kipling's sketch of EMB logo, Tallents Papers, ICS 79/28.

[15] Stephen Tallents, Draft of Prologue to *Empire Experiment*, n.d. [1944-1948], Tallents Papers, ICS 79/25, p. 1.

[16] Stephen Tallents, Draft Chapter 2, The Start, n.d. [1943-1945], Tallents Papers, ICS, 79/26.

[17] Publicity Committee, Minutes of 5th meeting, September 1, 1926, TNA, CO 760/23.

[18] Stephen Tallents, Draft Chapter 2, The Start, n.d. [1943-1945], Tallents Papers, ICS, 79/26.

[19] On Kipling, see Lord Birkenhead, *Rudyard Kipling* (New York: Random House, 1978).

them an imperial currency, a trade union, and a system of shared taxation, many of which had been considered by Milner's Kindergarten.[20] But prompted by Amery to put his ideas in writing, Tallents proposed a particularly strong organization to serve as an instrument of imperial unity and economic integration.[21] Tallents contended that it was "customary to regard the United States as the ideal economic unit", characterized by "standardization, and mass production within a single unified territory".[22] Could Europe emulate the United States? Tallents doubted it; "the racial conditions of the Continent" would prevent "even the shadow of a single economic unit." Moreover, even a united Europe would still need to import resources – like rubber – from warmer climes. Indeed, "the ideal economic unit of the future" was one that combined "both temperate and tropical climates" and that had "space for migration within its borders." The "British Empire affords a unique opportunity for the formation of such a unit." The Empire's own "racial conditions" would pose no problem; Tallents simply assumed that Anglo-Saxons would be in charge everywhere.

Tallents saw the Empire Marketing Board as a tool to create this white imperial federation. The EMB was a "groping and exploratory attempt" to form an imperial polity that tackled "the

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[20] John Kendle, *Federal Britain: A History* (London: Routledge, 1997), chapters 3 and 5; Thackeray, *Forging a British World of Trade,* chapter 2. see also R.F. Holland, *Britain and the Commonwealth Alliance, 1918-1939* (London: Macmillan, 1981), chapter 2 and MacIntyre, *The Britannic Vision,* chapter 1. In the late summer of 1926, M.M.S. Gubbay, an Indian representative on the Imperial Economic Committee, had circulated a memorandum proposing the Committee essentially become a permanent clearinghouse of economic information. Note on Gubbay Memorandum, August 30, 1926, Tallents Papers, ICS, 79/3, f. 5.

[21] Stephen Tallents, Note on Gubbay Memorandum, n.d. [mid-late 1926], Tallents Papers, ICS, 79/3, f. 13; Stephen Tallents to Leo Amery, September 16, 1926, Tallents Papers, ICS, 79/3, f. 15. On the EMB as a tool of imperial cohesion, see Ashley Kristen Bower, *Rebranding Empire: Consumers, Commodities, and the Empire Marketing Board, 1926-1933*. Master's Thesis, Portland State University, Portland, OR, 2020. See also Thackeray, *Forging a British World of Trade.*

[22] Stephen Tallents, "The Problem of Imperial Economic Development," September 16, 1926, Tallents Papers, ICS, 79/3, f. 16. On America as a perceived threat to British geopolitical dominance, see Sven Beckert, "American Danger: United States Empire, Eurafrica, and the Territorialization of Industrial Capitalism, 1870-1950" *The American Historical Review* 122, no. 4 (October 2017): 1137-1170.

fundamental problems of production, transport, and storage," and that would organize "economic investigations into every stage of the marketing process". With proper nurturing, the Empire Marketing Board could herald a "new economic model", albeit one that depended on old forms of colonialism. It could also herald a new political model; Tallents suggested developing it into a body with executive power that was responsible to "all the Prime Ministers of the Empire".[23]

Imperialists in Whitehall widely lauded Tallents's expansive vision for the EMB. Milner's old friend Maurice Hankey himself envisioned two parallel bodies on which "Dominions were strongly represented", one that handled imperial defense and the other that was concerned with the "economic sphere", and he saw Tallents's proposal as a blueprint for the latter.[24] Walter Elliot, a rising political star who sat on the EMB's research committee, expressed his "delight in and fascination with, the whole document." But he – and others – found the plan premature: "arranging marriages for our children in their infancy is terribly fallacious".[25]

MARKETING EMPIRE

In the end, little came of Tallents's memo; he was simply directed to get on with the business of promoting imperial trade and the sales of empire products in Britain. However, though

[23] Ibid. There was some precedent for this. One of the results of the 1923 Imperial Economic Conference had been the establishment of a permanent Imperial Economic Committee, with representatives from dominions, India, the colonies, and the protectorates. It was this committee that first recommended the composition of the EMB. See Wendy Way, *A New Idea Each Morning: How Food and Agriculture Came Together in One International Organisation* (Canberra: ANU Press, 2013), chapter 3.

[24] Maurice Hankey to Stephen Tallents, September 20, 1926, Tallents Papers, ICS, 79/3, f. 20.

[25] These sentiments were echoed by William Ormsby-Gore, the undersecretary of state for the colonies, who found the plan "too ambitious", though correct about the importance of the EMB tackling questions of empire-wide research, production, and transport. Walter E. Elliot to Stephen Tallents, September 13, 1926, Tallents Papers, ICS, 79/3, f. 18. Gordon F. Millar, "Elliot, Walter Elliot," *ODNB* (2011), accessed June 17, 2019, https://doi-org/10.1093/ref:odnb/33003; William Ormsby-Gore, Two Notes, n.d. [September 1926], Tallents Papers, ICS, 79/3, f. 17.

structural reform of imperial governance was off the table, the ideology of imperial cohesion motivated the EMB's activities throughout its existence. Without the ability either to forge a formal imperial council or to legislate, Tallents and his team sought to use trade, business, and scientific research to bind the Empire together. Doing so would involve major expansions of the state's role.[26]

The most visible of the Empire Marketing Board's activities was marketing itself. Marketing was a new activity for the peacetime British state, and one that spoke to the extent to which the state was drawing from the repertoires of private businesses. From its beginning, the EMB invested heavily in creating a visual identity for the Empire, in the first instance, through posters. During the war, the government had advertised war bonds and mounted propaganda campaigns across the country.[27] The EMB took its cue from these efforts, but it quickly surpassed them. Drawing from the experience of private ad men, particularly William Crawford, who became Tallents's close advisor, the EMB embarked on bold new initiatives.[28] Through the DOT, the state had become a bank; through the Bank of England it had become a private investor. Through the EMB, the state became a marketing firm. It arranged for employers to hang posters in their plants,

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[26] E.M.H. Lloyd, an EMB staff member who had previously worked for the Ministry of Food, was particularly vocal in his desire to restore the state to its wartime strength and to limit free trade. See Trentmann, *Free Trade Nation*, 261-269; E.M.H. Lloyd, *Experiments in State Control* (Oxford: Clarendon, 1924).

[27] See Mariel Grant, *Propaganda and the Role of the State in Interwar Britain* (Oxford: Clarendon Press, 1994).

[28] Scott Anthony, *Public Relations and the Making of Modern Britain: Stephen Tallents and the Birth of a Progressive Media Profession* (Manchester: Manchester University Press, 2012), 37-40. Tallents recalled that "William Crawford was our first, as he was always our most sensitive, adviser in publicity…In all my time at the E.M.B. I never wrote a line for public use which I did not show in draft to Crawford for criticism." Stephen Tallents, "The Men and the Women" Draft Chapter for "Empire Experiment", n.d., Tallents Papers, ICS 79/41, p. 5. See also see Stefan Schwartzkopf, "Who said 'Americanization'? The Case of Twentieth-Century Advertising and Mass Marketing from a British Perspective," in *Decentering America,* ed. Jessica C.E. Gienow-Hecht (New York: Berghahn Books, 2007): 52-56; Stefen Schwartzkopf, "Creativity, Capital, and Knowledge: The Crawford Agency and British Advertising in the Interwar Years," *Journal of Cultural Economy* 1, no. 2 (July 2008): 181-197.

especially in the factories working on goods bound for the overseas empire.[29] With the cooperation of the railway companies and municipalities (to which it paid rent), the EMB began erecting frames for its posters in railway stations and gathering places across Britain.[30] By late 1926, 700 sites had been selected for the frames – 200 in London, 40 in Manchester, 35 in Birmingham, 30 each in Glasgow and Liverpool, with the remaining 365 placed in 38 other large towns so that there were about 4 frames for every 100,000 people.[31] Half a year later, frames were still being built, with plans to have a network of 2,800 frames, covering all towns with more than 10,000 inhabitants.[32] The poster frames would hold *only* EMB material; and they were custom-designed to display a five-poster series – one large central tableau, with four flanking vertical posters. Each set would "be changed at intervals of 2 to 6 weeks in accordance with their success with the public."[33] Before the first posters were placed around the country, Tallents arranged for them to be exhibited at the Royal Academy, where they were visited by "some 1000 guests".[34] These were works of art as well as grand pieces of propaganda. But they were, first and foremost, spectacular propaganda. The first frame to be completed and hung with EMB materials was officially opened by the Prince of Wales on January 5, 1927.

It had been agreed "that a scheme of poster display, illustrating the commercial geography of the Empire and its products, would form a suitable basis for the Board's initial publicity work."

[29] Poster Subcommittee, Publicity Committee, Minutes, March 3, 1927, TNA, CO 760/26.

[30] The average estimated yearly rent for a poster frame at a privately owned railway station was £45. See Poster Subcommittee, Publicity Committee, Minutes, November 11, 1926, TNA, CO 760/26.

[31] Poster Subcommittee, Publicity Committee, Minutes, December 1, 1926, TNA, CO 760/26

[32] Poster Subcommittee, Publicity Committee, Minutes, June 30, 1927, TNA, CO 760/26

[33] Poster Subcommittee, Publicity Committee, Minutes, October 27, 1926, TNA, CO 760/26.

[34] Publicity Committee, Minutes of 7th meeting, December 1, 1926, TNA, CO 760/23.

Key to this work was Frank Pick, the General Manager of the (still private) London Underground, who had crafted its signature aesthetic from the architecture of its stations to the typeface of its advertisements.[35] Tallents placed Pick on the committee handling posters, and the other members generally deferred to him on matters of design.[36] Pick and the rest of the committee drew on artists who had worked on Tube posters. Among them was MacDonald Gill. With "commercial geography" as the initial theme, the Board commissioned a host of dramatic and colorful posters, the most prominent of which was Gill's "Highways of Empire".[37] A large, illustrated map of the Empire's sea-routes, "Highways of Empire" (figure 5.3) placed Britain in the center of the world. From it emanated sea lanes connecting it to the four corners of the world.[38] The initial posters brought the Empire home; to place the exotic in the midst of the familiar. There was a set of posters on Empire Timber, which placed "Reafforestation at Home" alongside Australian Jarrai, Tropical Mahogany, British Columbian Pine, and Burmese Teak (figure 5.4). Blond Canadian lumberjacks and English foresters existed beside Burmese mahouts. There was a set on fishing around the Empire; a set on tropical fruits, one entitled "Empire Buying Begins at Home", featuring posters of British farming. There were images of English milk production (some featuring photographs of

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[35] Pick's boss was the former President of the Board of Trade, Albert Stanley, who had so advocated for the British Trade Corporation. Pick himself worked for the Board of Trade during World War I. John Elliot, revised by Michael Robbins, "Pick, Frank," *ODNB* (2004) accessed online May 20, 2019, https://doi-org/10.1093/ref:odnb/35522; Christian Barman, *The Man Who Built London Transport: A Biography of Frank Pick* (London: David and Charles, 1979).

[36] See minutes of the Publicity Committee, 1st Subcommittee, July 8, 1926, TNA, CO 760/24.

[37] Poster Subcommittee, Publicity Committee, Minutes, October 27, 1926, TNA, CO 760/26.

[38] On the map, see Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power* (London: Allen Lane, 2002), 320. This most famous of EMB posters originally contained an error: polar bears in the Antarctic. Tallents discovered this error just before the poster was to be shown to prime ministers and other dignitaries assembled at the 1926 Imperial Conference. Tallents later recalled finding a solution, suggesting "that we might save the situation by looping round the mouths of our bears, in strip cartoon style, such puzzled remarks as 'Where are we.'" Stephen Tallents, "Advertising and Public Relations To-Day," *Journal of the Royal Society of Arts* 104, no. 4967 (December 1955), 96.

Tallents's own children), and a series of "Burmese scenes" commissioned from the Burmese painter Ba Nyan, a set of posters on British "brown cattle", sets commemorating the 50th anniversary of British control of Cyprus, and showcasing East Africa, the Irish Free State, and the newest part of Britain's semi-official empire: mandated Palestine (figure 5.5).[39]

Figure 5.3: MacDonald Gill, "Highways of Empire," 1927. Fom Library and Archives Canada Collection, see https://thediscoverblog.com/2016/07/29/empire-marketing-board/.

[39] Poster Subcommittee, Publicity Committee, Minutes, August 18, November 10, and November 16, 1927, TNA, CO 760/26.

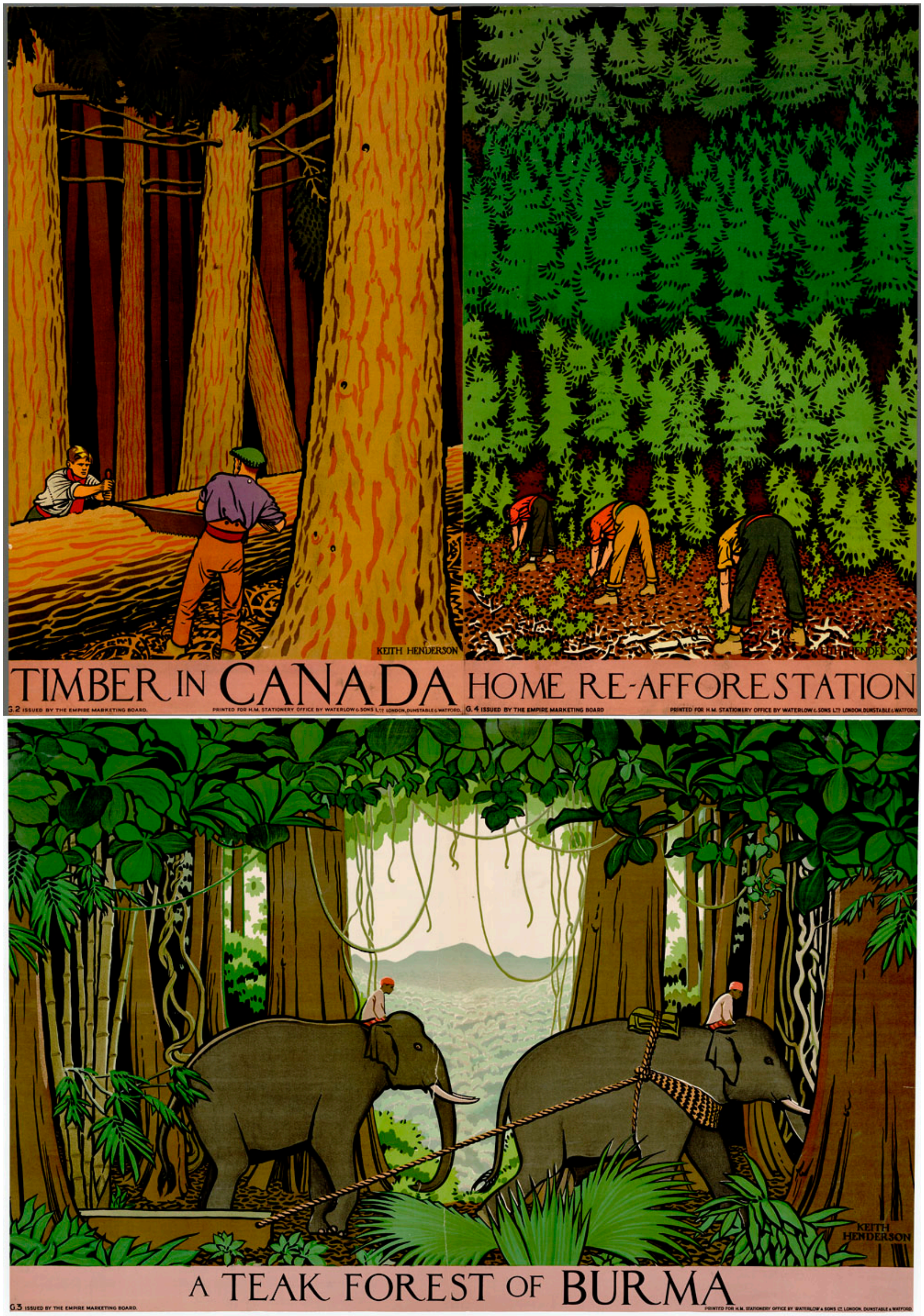

Figure 5.4: Posters from Keith Henderson's "Timber Set," n.d. [1927-1932]. From Library and Archives Canada Collection, see https://thediscoverblog.com/2016/07/29/empire-marketing-board/.

Figure 5.5: Frank Newbould, "Jaffa," 1929. From the Palestine Poster Project, see https://www.palestineposterproject.org/poster/jaffa.

Collectively, the posters served to remind Britons not just that they belonged to something much greater than themselves, but also that they *belonged.* The posters sought to inspire a feeling that Britain – particularly England – was imperial, intimately linked with the four corners of the world. Right below MacDonald Gill's map, was printed an exhortation that would become a slogan for the EMB: "Buy Empire Goods from Home and Overseas." Home – that is, Britain – was as much a part of the Empire as was India, Canada, or the Gold Coast. The posters were meant to give Britons a visual sense of the vastness of the Empire, but equally to connect their own lived experience to the imperial project. An "industrial" series highlighted industry across the Empire, from Britain to Canada, and New Zealand. A series on mining served a similar end, highlighting the Empire's productiveness and mineral wealth.[40]

The EMB's publicity campaigns strove to effect a balance between commercial encouragement and the development of an overall positive image of the Empire. When the General Secretary of the British Empire Union wrote to Stephen Tallents to complain that, though the posters were attractive, they were likely not to induce people to buy imperial goods, Tallents held his ground.[41] The posters were part of a larger effort; the General Secretary should wait to see how it all fit together. In fact, the EMB planned to alternate less commercial posters with others, "less artistic perhaps in design, but also less subject to your particular criticisms."[42] Those in charge of the posters "were clear that their first aim must be to establish a background and to develop gradually a permanent Empire consciousness rather than to try and create an immediate demand for goods which existing sources in many cases could not satisfactorily fill." For EMB planners, "the effect of such publicity work could only be judged over a period of years." The EMB was planning to make a lasting impact: it was particularly interested in the dissemination of its posters

[40] Poster Subcommittee, Publicity Committee, Minutes, August 30, 1928 and June 6, 1929, TNA, CO 760/26. On dominion identity and the posters, see Felicity Barnes, "Bringing Another Empire Alive? The Empire Marketing Board and the Construction of Dominion Identity, 1926-33," *The Journal of Imperial and Commonwealth History* 42, no. 1 (April 2014): 61-85.

[41] Reginald Wilson to Stephen Tallents, November 2, 1926, TNA, CO 758/104/1.

[42] Stephen Tallents to Reginald Wilson, November 6, 1926, TNA, CO 758/104/1.

to schools across the country.[43] Changing hearts and minds through peacetime public relations pushed the state deeper than ever into the economic lives of its citizens.[44]

Though many of the EMB's posters highlighted aspects of imperial production, the EMB's focus was always, if subtly, on consumption, particularly consumption of dominion goods. After all, this was its stated purpose. One of the earliest slogans that was considered by the EMB's publicity committee – which included the ad man William Crawford and the DOT's William Clark – was "Empire Buyers are Empire Builders", a motto that put an actionable spin on posters featuring "an allegorical character representing the makers of Empire."[45] There was a set of posters on trade statistics, showing how Britain depended on imperial commerce (figure 5.6).[46] In the late fall of 1927, the Empire Marketing Board launched a publicity campaign built around a giant Christmas pudding. The conceit was that the pudding was prepared with produce from around the Empire: currants from Australia, cinnamon from India, rum from Jamaica, flour from the United Kingdom, sugar from British Guiana, cloves from Zanzibar. The EMB blanketed the country in recipe cards and posters, with images of smiling housewives transforming the bounty of the Empire into a familiar British dessert.[47] Endorsed by King George V and produced by the royal chef, the

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[43] Publicity Committee, Minutes of 11th meeting, June 9, 1927, TNA, CO 760/23. Higgins and Varian contend that in economic terms, the posters made little difference in shifting consumption patterns. David M. Higgins and Britain D. Varian, "'Money Talks – Give Yours an Empire Accent:' The Economic Failure of the Empire Marketing Board, 1926-1933." Paper presented at the Economic History Society 2019 Annual Conference, Belfast, April 2019.

[44] On a related form of state growth, see Patrick Joyce, *State of Freedom: A Social History of the British State since 1800* (Cambridge: Cambridge University Press, 2013).

[45] Publicity Committee, Minutes of 5th meeting, September 1, 1926, TNA, CO 760/23.

[46] Poster Subcommittee, Publicity Committee, Minutes, November 21, 1929, TNA, CO 760/26.

[47] See F.C. Harrison, "Making the Empire Christmas Pudding," 1927, TNA, CO 956/62. On the genealogy of the pudding, see Kaori O'Connor, "The King's Christmas Pudding: Globalization, Recipes, and the Commodities of Empire," *Journal of Global History* 4, no. 1 (March 2009): 127-155. The EMB had contracted an advertising firm to design an empire pudding the previous year for Christmas, but the more famous pudding was released in 1927.

pudding was fit for a King-Emperor; at once grand and familiar, foreign and domestic. In the film that the EMB commissioned to celebrate the pudding, a small boy dreams of visiting Buckingham Palace after reading about the pudding in a local newspaper.[48] Conceived originally by Rudyard Kipling, the film expanded to become “an ambitious excursion in fantasy”, wherein the boy travelled across the Empire to collect ingredients for the dessert.[49] Its title was “One Family”.

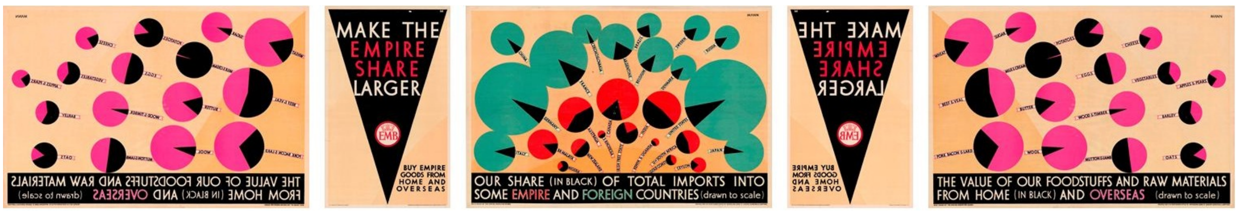

Figure 5.6: “Make the Empire Share Larger”, n.d. [1926-1932]. From Library and Archives Canada Collection.

In the 1920s, film itself was new, modern, and sleek, and Tallents was among the first within the British state to grasp its potential, setting up a film unit within the EMB in 1928.[50] The state’s turn towards mass media, whether film or radio, was increasingly widespread in the 1920s, from the Soviet Union to Mussolini’s Italy, to Calvin Coolidge’s radio addresses in the United States.[51] The EMB pushed Britain into the use of film for state propaganda. In an antecedent to modern video advertisements on billboards, the Board partnered with the Southern Railway to install a special poster frame with a “cinema centre panel to be exhibited at Victoria Station.” The center panel screened “a short milk film…specially edited for the purpose.” But the experiment

[48] The film itself took the better part of three years to complete. Empire Marketing Board Film Committee Minutes, May 7, 1928 and April 30, 1930, TNA, CO 760/37.

[49] Stephen Tallents, “Cinema” draft chapter for “Empire Experiment”, n.d., Tallents Papers, ICS 79/35, pp. 3, 12.

[50] See Anthony, *Public Relations*, chapter 3; Scott Anthony and James G. Mansell, editors, *The Projection of Britain: A History of the GPO Film Unit* (London: Palgrave Macmillan, 2011).

[51] See D.L. LeMahieu, *A Culture for Democracy: Mass Communication and the Cultivated Mind in Britain Between the Wars* (Oxford: Clarendon Press, 1988); Pierre Sorlin, “A Mirror for Fascism: How Mussolini Used Cinema to Advertise his Person and Regime,” *Historical Journal of Film, Radio and Television* 27, no. 1 (2007): 111-117; John L. Blair, “Calvin Coolidge and the Advent of Radio Politics,” *Vermont History* 44, no. 1 (Winter 1976): 28-37.

was doomed by its own success. “On two occasions an attempt was made to start the display but in each case hundreds of people were immediately attracted and it was found impossible to continue the experiment.”[52] The EMB invested heavily in film; it funded a cinema at the Imperial Institute in London, which received 370,000 visitors in 1930 alone. It distributed promotional reels to schools nationwide.[53] According to a report on the school program, “there was general agreement as to the intense interest which the films created. The children’s attention never wavered, and they were full of zest…on returning to school it was frequently found that the children were anxious to discuss what they had seen.” In the words of one student, “you can remember what you see in the pictures but you are apt to forget what the teacher says.” For another, “if every Geography lesson was like this it would be great.”[54]

Before the EMB, the British government had employed only one official “cinematograph”, a man who divided his time between working at Customs and Excise and cataloging the Imperial War Museum's film collection.[55] To run the EMB’s film unit, Tallents turned to a young Scot, John Grierson. Before coming to the EMB in 1927, Grierson had spent two and a half years on a Rockefeller grant in the United States, where he had studied the psychology of popular appeal at the University of Chicago.[56] While in America, Grierson “went closely into cinema questions, and

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[52] Publicity Committee, Minutes of the 16th meeting, February 1, 1928, TNA, CO 760/23.

[53] EMB Memo C/52 for the Film Committee, January 5, 1931, TNA, CO 760/37; EMB Memo C/55 for the Film Committee, May 7, 1931, TNA, CO 760/37; EMB Publicity Committee, Minutes of 7th Meeting, December 1, 1926, TNA, CO 760/23, f. 24.

[54] Report from the Board of Education, EMB memo C/64, December 11, 1931, TNA, CO 760/37.

[55] Ibid., 66.

[56] Jack C. Ellis, *John Grierson: Life, Contributions, Influence* (Carbondale, Illinois: Southern Illinois University Press, 2000), chapter 2.

met most of the leading people in the American cinema industry."[57] Grierson was a rising star; he had already coined the term "documentary" the previous year in a review of Robert Flaherty's *Moana* and he was eager to make use of both specialized exhibition films and films influenced by "mass entertainment along American lines."[58]

His initial memoranda for the EMB on the possibilities of film for use by the Board were widely acclaimed.[59] John Buchan, the novelist and Round Table member, extended his "sincere compliments to Mr. Grierson." Buchan's impulse, however, was more for pageantry than documentary. "We want to combine the sweep of the epic with the fantastic homeliness of the fairy tale," he wrote.[60] This was the strategy taken by "One Family," the film about the empire plum pudding directed by Walter Creighton, whose principal experience in entertainment came from staging military tattoos.[61] As it turned out, "One Family" was a box office and critical disaster.[62] Even Tallents, usually upbeat about the EMB's activities later confessed feeling "an uneasiness…about the film almost from its earliest days."[63]

Tallents himself was gravitating toward a different style of filmmaking, one pioneered by Grierson and a growing number of acolytes. Grierson was strongly influenced by Soviet film; he organized monthly screenings of foreign pictures for the EMB staff and chose *The Battleship*

[57] Stephen Tallents, Covering note, April 29, 1927, TNA, CO 760/37.

[58] Notes by Grierson, EMB Memo C/4, July 28, 1927, TNA, CO 760/37; Ellis, *John Grierson*, 27-28.

[59] Memorandum by Grierson on the State of Cinema, EMB Memo C/2, April 29, 1927, TNA, CO 760/37.

[60] John Buchan to Walter Elliot, June 8, 1927, TNA, CO 760/37.

[61] Stephen Tallents, Draft Chapter entitled Cinema, n.d. [1943-1945], Tallents Papers, ICS, 79/35, p. 3.

[62] Anthony, *Public Relations and the Making of Modern Britain*, 66-68.

[63] Stephen Tallents, Draft Chapter entitled Cinema, n.d. [1943-1945], Tallents Papers, ICS, 79/35, p. 3.

Potemkin (which the EMB staff translated as "Crusier Potemkin") and *Turk Sib* as the first to be screened. Grierson's blend of journalistic and poetic styles fit neatly with the EMB's mission: to make "the Empire alive to the minds of its citizens."[64] Grierson's first film took this impulse to heart; instead of filming a fantasy in the halls of Buckingham Palace, he travelled north to the Shetlands to capture life's "essentially dramatic qualities" on a herring boat. The result, *Drifters*, which premiered in October 1929 was a sensational hit.[65] Capitalizing on his success, Grierson built a small school of young filmmakers, who would produce films in the style of *Drifters* for the EMB out of a cramped studio in Soho.[66] Notably, one of the first things he did was to produce a "talkie" for the Federation of British Industries.[67] Tallents was all in favor; in pitching the project to the Treasury, he stressed that the film would "serve as indirect propaganda for British Industry."[68] Even the state's new initiatives in film production were to serve business interests.

TARGETING SELLERS AND CONSUMERS

Posters and films were merely the tip of the EMB's marketing spear; much of its publicity work was less visible to the general public. Particularly important for the Board's mission was building a close relationship with people and organizations involved in actually selling empire goods. In the first instance, this meant grocers. The EMB wasted little time in setting up a Grocers'

64 Ibid., 5-9.

65 See Progress Report, EMB Memo C/33, January 28, 1930, TNA, CO 760/37.

66 EMB Memo C/39, April 28, 1930, TNA, CO 760/37; Progress Report, EMB Memo C/44, June 20, 1930, TNA, CO 760/37. On the influence of this style, see Paul Swann, *The British Documentary Film Movement, 1926-1946* (Cambridge: Cambridge University Press, 1989).

67 John Grierson to Stephen Tallents, February 24, 1930, TNA, CO 760/37.

68 Stephen Tallents to A. Lunn, February 1930, TNA, CO 760/37.

Advisory Committee, through which it furnished retailers with "the periodical supply of display materials."[69] The displays proved popular, especially with "the better class shops", which were "far more keen on advertising Empire goods" than the smaller shops, as "so long as the price is right the working class do not care whether the goods are empire or not."[70] There was greatest interest in London, but even in the Midlands, where relatively few merchants displayed the materials, the grocers "curiously enough…express their appreciation of the efforts of the Board and very few of them wish for the discontinuance of supplies."[71]

The EMB held countless strategy meetings on how to shift public opinion; its attention to getting inside the heads and the purses of Britain's consumers represented a new and particularly invasive kind of state growth. An understanding of class dynamics was a precondition of advertising programs. By mid 1929, officials felt that they had made significant inroads among the middle classes but struggled to sway the "intelligentsia" and the "poorer classes of the community". To win over the first group, it concluded that "an indirect attack was probably the most advantageous." For instance, "the recent creation of a Chair at the London School of Economics" – home of Fabian socialism and reformism – "would probably affect their opinion more effectively than any direct propaganda."[72] As for the poor, the EMB's leadership concluded the board "should direct their attention to the retailers who served…people such as teachers, scout

[69] Retailers' Scheme, September 2, 1927, TNA, CO 760/24.

[70] Inspectors' Reports on Retail Display Materials, November 8, 1928, TNA, CO 760/24.

[71] Ibid.

[72] Notes on Publicity Policy, 30 April 1929, TNA, CO 760/26. The EMB funded a five-year long chair in Imperial Economic Relations, held by John Coatman, an Indian Civil Servant active in the Round Table movement. "The London School of Economics, 1895-1945," *Economica*, New Series 13, no. 49 (February 1946), 24.

masters and clergy who were in a position to affect their opinions."[73] By 1929, the Board had developed a standing list of 22,000 schools that received its new publicity materials.[74]

While children were an important vector of publicity but insofar as the EMB's objective was the sale of produce, the real targets were women. Women's organizations had already been active in encouraging imperial consumption. The Women's Patriotic League had pioneered the concept of an "Empire Shopping Week" in 1922 and had helped develop it into a mass event.[75] The Women's Unionist Organization – a million members strong – similarly campaigned for increased imperial consumption. Women's organizations – largely conservative in orientation – were at the forefront of creating a mass movement of imperial consumption.[76] By 1930, the Empire Marketing Board was spending over £10,000 annually on lectures, both contracting lecture societies and hiring speakers outright. That year, the EMB sponsored 2,413 lectures, reaching an estimated audience of 547,000.[77] Many lecture titles evoked an exotic and exciting empire, brought home to village halls, YMCAs, and libraries by travelling speakers: "A Magistrate in the South Seas," "Across the Himalayas," "Airways of Empire," "The White Man in the Dark Continent," "From Labrador to Klondyke," "The Lure of the Diamond".[78] Though it is impossible to reach a precise figure, a majority of the audiences for these lectures were women. Many of the lectures were delivered to exclusively women audiences. In fact, in 1929-30, of the 780 lectures given by

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[73] Notes on Publicity Policy, 30 April 1929, TNA, CO 760/26.

[74] Publicity Committee, Minutes of 26th meeting, March 27, 1929, TNA, CO 760/23.

[75] Trentmann, *Free Trade Nation*, 229-233; O'Connor, "The King's Christmas Pudding," 142-143.

[76] Women voters were also more likely to favor protectionism. Alan de Bromhead, "Women Voters and Trade Protectionism in the Interwar Years," *Oxford Economic Papers* 70, no. 1 (January 2018): 22-46.

[77] Report on Lectures (EMB/PC/147), June 16, 1930, TNA, CO 760/25.

[78] Ibid.

speakers directly employed by the EMB, 270 were to women's groups, as opposed to just 40 given to men's organizations.[79] The lecturers themselves included women; of the 21 employed directly by the EMB at that time, 9 were women.[80]

The lectures given to specifically women audiences were typically not travel narratives, but instead more explicitly about *support* of the Empire. Captain J.H.W. Porter's lecture, "The British Empire and What it Means to Us" to over 100 members of the Bermondsey Women's Unionist Association was a hit: audience members were "very impressed and asked that he might come again soon." Another of Porter's lectures, "Sisterhood and the Empire", gave "plenty of food for thought". "Undoubtedly," an EMB memo noted, "the women are the deciding factors in the marketing world."[81] Women were often the members of the household who made primary consumption decisions. If they could be persuaded to buy from the Empire, at home and overseas, the EMB's task would be accomplished. Lectures to women were thus more likely to focus on specific commodities, as was the case for "Milk," a talk given at the Northampton School for Girls.[82]

Among the most important venues for EMB lecturers were Women's Institutes, branches of a national federation that offered educational and social outlets for women around Britain.[83] The first Women's Institute was founded in Canada in 1897, modeled on the Farm Institutes

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[79] Note that if "grocer's classes" were counted as men's groups, that number would rise to 110. Ibid, appendix II.

[80] Ibid., Table E.

[81] Reports on Lectures (EMB/ESC/18), January 4, 1929, TNA, CO 760/25.

[82] On milk as a symbol of the regulatory state and tariffs (as opposed to the "Free Trade Loaf") see Trentmann, *Free Trade Nation*, 204-222.

[83] See Maggie Andrews, *The Acceptable Face of Feminism: The Women's Institute as a Social Movement*, rev. ed. (London: Lawrence and Wishart, 2015).

operating there. The first institute in Britain opened in 1915.[84] By 1932, there were 4,984 institutes across the country, collectively boasting nearly 300,000 members.[85] These were perfect venues for EMB lecturers. Resolutely patriotic – the official publication of the National Federation of Women's Institutes (NFWI) was called *Home and Country* – they allowed the EMB to target sympathetic consumers. The connection between the EMB and the Women's Institutes was strong and personal. Lillian Nugent Harris, the Federation's "national organizer" and the editor of its monthly magazine, *Home and Country* was married to an EMB lecturer, who, along with almost a dozen others, spoke at scores of institutes from Montgomeryshire to East Kent about the importance of buying imperial goods "from home and overseas".[86] The NFWI's treasurer in the late 1920s and 1930s was Elspeth Huxley, who served as an EMB assistant press officer from 1929 to 1932.[87] It was, not coincidentally, during this time that EMB sent significantly more speakers to the institutes.[88] Born in Kenya, Huxley was an ardent imperialist, as was her husband, Gervas Huxley, a more senior official in the EMB. Both Huxleys were drawn into the Women's Institute

[84] Ibid., chapter 2; Lillian Nugent-Harris, Paper on the History of the NFWI, n.d., The Women's Library at the LSE (hereafter TWL), 5FWI/H/2, Box 273B.

[85] National Federation of Women's Institutes, 16th Annual Report, 1932, TWL 5FWI/A/2/2/4, Box 40.

[86] National Federation of Women's Institutes, 15th Annual Report, 1931, LSE, TWL 5FWI/A/2/2/4, Box 40, p. 114. National Federation of Women's Institutes, 16th Annual Report, 1932, LSE, TWL 5FWI/A/2/2/4, Box 40, pp. 101

[87] Mary Bull, "Huxley [née Grant], Elspeth Josceline," *ODNB* (2011) accessed online June 16, 2019, https://doi.org/10.1093/ref:odnb/64695. In her Desert Island Discs interview, Huxley called it "quite an interesting job". Interview with Elspeth Huxley, Desert Island Discs, BBC (1981), accessed January 15, 2020, https://www.bbc.co.uk/sounds/play/p0144ms9.

[88] The NFWI Annual Reports from 1928 and 1929 do not mention any EMB speakers. The 1930 Report (and subsequent Reports) do. National Federation of Women's Institutes, 12th Annual Report, 1928 and 13th Annual Report, 1929, LSE, TWL 5FWI/A/2/2/4, Box 40.

movement; Elspeth's mother had been close friends with Lady Denman, the NFWI's longtime chair and Gervas wrote Denman's biography in the early 1960s.[89]

HOME MARKETING

The Women's Institutes were particularly useful in spreading the word about *domestic* agricultural produce. In this, too, they were of great use to the Empire Marketing Board. For the Board, originally meant to placate governments outside Britain, was quickly coopted into helping interests closer to home. Less than a month after the start of formal negotiations, the Minister of Agriculture and Fisheries, Walter Guinness, insisted that "home producers" be included as beneficiaries in the scheme and that their representatives be added to whatever committee administered funds.[90] The demand was honored; the EMB governing body consisting of members nominated by the various governments of the Empire always reserved two seats for representatives of British agriculture.[91] From the EMB's first preliminary meeting in May 1926, the British agricultural representatives advocated for their constituency, emphasizing "the importance of securing the confidence of the home farmer in the scheme by some definite assistance to home marketing systems."[92] The Conservatives were in power; empire was one part of their platform, but so too was the protection of landowners and farmers. Though tariff reform may have been off the agenda, agricultural support was not. In fact, the Conservatives had recently enacted a law

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[89] Gervas Huxley, *Lady Denman G.B.E.: For Home and Country* (London: Chatto and Windus, 1962), 32-33; 140-145.

[90] Ministry of Agriculture and Fisheries, Memorandum, November 20, 1925, Tallents Papers, ICS, 79/1, f. 8.

[91] Committee on Empire Marketing, Report, February 22, 1926, Tallents Papers, ICS, 79/1, f. 10.

[92] Bledisloe would become the governor general of New Zealand. Empire Marketing Board, Minutes of Preliminary Meeting, May 20, 1926, Tallents Papers, ICS, 79/2.

(crafted by their Labour predecessors) that would heavily subsidize (to the tune of £12 million over 6 years) the British domestic production of sugar beets, much to the consternation of West Indian sugar interests.[93]

One of the first grants that the Empire Marketing Board issued was to the Ministry of Agriculture and Fisheries (MAF) for the "marketing of Home Agricultural Produce."[94] As Tallents wrote, "the home producer's claim ranked first. We met it to a large extent by a grant of £40,000 a year in support of the new marketing policy which the Ministry of Agriculture was then developing."[95] By the fall of 1927, the Ministry concluded "that competition of imported produce – much of which is marketed under an actual or implied guarantee of quality – can only be met by creating a corresponding degree of confidence in home-grown supplies." To that end, "some form of national mark is desirable…as an indication of guaranteed quality."[96] The solution, then, was to mark certain foodstuffs produced in the United Kingdom with a symbol of national origin, a mark that would stand for quality and patriotism. It was thus that in early 1927, the Ministry contacted the Trade Mark Office to register a "National Mark." "Such a mark," the Ministry held, "might serve the triple purpose of introducing standardisation, of identifying the goods as home-produced and of affording a basis for effective advertisement."[97] In this, the Ministry was not only funded by the Empire Marketing Board, it was responding to the Board's own actions; "the Empire Marketing Board," one MAF official noted in the department's application to the Trade Mark

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[93] Trentmann, *Free Trade Nation,* 310-311.

[94] Empire Marketing Board, *Note on the Work and Finance of the Board and Statement of Research and Other Grants* (London: HMSO, 1929) [Cmd. 3372], p. 4.

[95] Stephen Tallents, Draft Chapter "Marketing for Empire Experiment", Tallents Papers, ICS 79/30, p. 9.

[96] A.W. Street to F. Lindley, September 21, 1927, TNA, MAF 34/469.

[97] A.W. Street to Registrar of Trade Marks, May 9, 1927, TNA, MAF 34/469.

Office, "is widely advertising Dominion produce." Without a mark signaling British produce, "any advertisements of home produce at the present time can only be in very general terms and ensures to the advantage of Dominion and foreign produce as much as, or possibly more than, to that of home produce."[98]

Stephen Tallents offered the Empire Marketing Board's design team to spruce up the proposed national mark logo – it was a little dull for Tallents's taste – and suggested that a British national mark could feature some of the same design elements as the visual branding the EMB was using for other imperial countries.[99] Percy Ashley, the Board of Trade official responsible for the Trade Mark Office, signed off on the logo in November; shortly after, the Ministry began using it on British-grown apples and pears.[100] By early 1929, nearly 200,000 "standard packages of graded fruit" had "already passed into trade."[101] Apples and pears were followed by eggs in February 1929 and flour the next year. Other produce marketing schemes came soon after.[102] They were all advertised with Empire Marketing Board funds.

INVENTING the BRITISH EGG

The national mark scheme required significant government coordination. As Minister of Agriculture Walter Guinness asserted, it was "a scheme to which the producer, the trade, the

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[98] A.W. Street to F. Lindley, September 21, 1927, TNA, MAF 34/469.

[99] Stephen Tallents to A.W. Street, October 24, 1927, MAF 34/469. Streets, of the MAF, replied enthusiastically, though with reservations; the reason the design was so drab was that it needed to be stenciled on hundreds of thousands of crates. A.W. Street to Stephen Tallents, October 26, 1927, MAF 34/469.

[100] Percy Ashley, Memorandum, November 7, 1927, TNA, MAF 34/469.

[101] Walter Guinness, "The National Mark: A Symbol of Reform," n.d. [February 1929] TNA, MAF 34/469.

[102] See regulations for apples, pears, and eggs, TNA, MAF 34/470; Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 14th meeting, February 19, 1930, TNA, CO 760/24, f. 49. Agricultural advertisement was ushered in formally by the Agriculture Produce (Grading and Marking) Act of 1928.

Ministry of Agriculture, the Empire Marketing Board through a grant, and Parliament have all contributed."[103] Even more strikingly, it involved the state actively grouping domestic producers into "trade associations…in those areas of England and Wales whence that commodity is regularly 'exported' in wholesale quantities."[104] Just as the Board of Trade was encouraging manufacturers to associate and cartelize, so too did the EMB and Ministry of Agriculture push cooperation in agricultural production.

The national mark scheme for eggs demonstrates how the Empire Marketing Board drove domestic state growth in unexpected ways, ways that were as significant and lasting as the more publicized millions of pounds of annual subsidies for sugar beet cultivation, introduced around the same time.[105] Inspections, food safety standards, price fixing, and nation-wide advertising all grew directly out of the EMB's original remit to help empire producers. EMB's marketing and research agendas worked in concert to serve the producer and consumer. In this process, science was the connective thread. "In the public mind," Tallents would later write, "the EMB figured chiefly as a publicity organization." However, "in reality, it devoted far greater resources to the support of scientific research than it ever expended on publicity; and there it found the greatest of its many opportunities."[106] As Tallents wrote:

> For every penny that the EMB is spending to enlist the sympathy of the home buyer, it is prepared to spend more than a penny in helping the Empire producer, whether at home or overseas, to grow more and better produce; to grade and pack it better; to transport it more safely; to put it on the home market in just the form in which

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[103] Walter Guinness, "The National Mark: A Symbol of Reform," n.d. [February 1929] TNA, MAF 34/469.

[104] A.W. Street to Registrar of Trade Marks, May 9, 1927, TNA, MAF 34/469.

[105] P.E. Hart, "Competition and Control in the British Sugar Industry," *Oxford Economic Papers* 5, no. 3 (September 1953): 317-332.

[106] Stephen Tallents, Draft Chapter entitled Scientific Research, n.d. [1943-1945], Tallents Papers, ICS, 79/29.

> you would like to find it waiting for you on the counter of your grocer's or your fruitier's shop."[107]

What Tallents left out was how science, marketing, and the state encouragement of cartels, led to a closed system that benefited specific economic interests.

In 1929, when the national mark was introduced for eggs, home produced eggs were more expensive than eggs imported from the Baltic, but there was no clear way of distinguishing them from their foreign competitors. For the Ministry of Agriculture and the Empire Marketing Board, the national mark was a necessary pre-requisite to establishing in the minds of consumers a fundamental difference between home and foreign produce. In a "wide range of newspapers in England and Wales," the MAF, operating with an EMB grant, "told the housewife what marks to look for on the shells of eggs."[108] That summer, another newspaper campaign featured "a special advertisement on the National Mark, giving particulars of the various English products being marketed under the scheme."[109]

To grocers and other retailers assembled by the EMB, the Ministry of Agriculture stressed that the national mark eggs were of superior quality; "the only way in which home produced eggs could consistently obtain top prices was as the result of the National Mark scheme which would ensure that such eggs were definitely the best on the market in all respects."[110] The results were immediately positive. Prices of domestic eggs rose across Britain, boosting egg producers'

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[107] Stephen Tallents, Draft Chapter 2, The Start, n.d. [1943-1945], Tallents Papers, ICS, 79/26.

[108] Publicity Committee, Minutes of 26th meeting, March 27, 1929, TNA, CO 760/23, f. 115.

[109] Publicity Committee, minutes of 28th meeting, July 25, 1929, TNA, CO 760/23, f. 130.

[110] Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 13th meeting, January 21, 1930, TNA, CO 760/24, f. 31; A.W. Street, "National Mark Scheme, Addendum A", in Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 14th meeting, February 19, 1930, TNA, CO 760/24, f. 49.

incomes by about half a million pounds in the first year of operation. To the Ministry of Agriculture and Fisheries, "there was not the slightest doubt that the scheme had been directly beneficial to the producer."[111]

Like British butter or the British apple, the British egg, as a recognizable commodity, was born of empire. It was explicitly created as an empire product, alongside Canadian apples and Indian teak. By the end of 1930, British eggs had made it into the large and sometimes incongruously grand posters that the Empire Marketing Board placed around the country (see figures 5.7 and 5.8). In addition, the Ministry of Agriculture and Fisheries had launched its own campaign, one that involved renting the EMB poster sites to market home produce.[112] Imperial knowledge helped create the domestic egg in a more direct way as well. At an EMB publicity committee meeting, British grocers and egg packers listened to a representative of the South African Poultry Association describe the intricacies of egg grading, both for export and domestic use.[113] Empire, together with the domestic British state, had hatched an egg.

[111] Ibid. Domestic egg prices are difficult to track as the Board of Trade only included foreign egg wholesale prices in its annual statistical abstracts. As the EMB reported increasing home egg process, prices of standard Danish imported eggs continued to fall. From about 18 shillings per 10 dozen in 1929 to just over 10 shillings in 1934. *Statistical Abstract for the United Kingdom in Each of the Fifteen Years from 1913 and 1923 to 1936, Eighty-First Number* (London: HMSO, 1938), [Cmd. 5627], 257.

[112] Publicity Committee, Minutes of 41st meeting, March 11, 1931, TNA, CO 760/23, f. 184.

[113] Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 10th meeting, September 23, 1929, TNA, CO 760/24, f. 31.

Figure 5.7: F.C. Herrick, "Buy Home Eggs," n.d. [1929-1932]. TNA, CO 956/570.

Figure 5.8: "A National Mark Egg Packing Station," n.d. [1929-1932]. TNA, CO 956/206.

But the egg was raised by private industry, to which the state turned for help in enforcing its new regulations. At first, the Ministry periodically inspected egg-packing facilities to ensure that individual packers were abiding by government quality control standards.[114] The inspections were carried out by the five-person National Mark Egg Committee, which included two farmers, a representative of consumers, one of retailers, and an academic agriculturalist.[115] But in February

[114] The inspections were the responsibility of the Egg Board, itself overseen by the National Mark Committee of the Ministry of Agriculture and Fisheries. See National Mark Committee, Minutes, TNA, MAF 24/472; National Mark Scheme for Eggs, Regulations, 1928, TNA, MAF 34/553.

[115] The chair was Thomas Milburn, PhD, of the Midland Agricultural and Dairy College. Appointment of National Mark Egg Committee, December 3, 1928, TNA, MAF 34/554.

1930, the Ministry organized a company – the National Mark Egg Central, Ltd. – to coordinate the efforts of all British egg packers using the methods approved by the National Mark Scheme. The National Mark Egg Central, Ltd was a cartel of egg packers authorized by the state to sell marked eggs (see figure 5.9). Egg packers were wholesalers – they purchased eggs from a network of local farmers and sold packed eggs to distributors and retailers. In the egg supply chain, packers were the natural place for the state to control standards. This the state did, though with a light hand. The National Mark Egg Central, Ltd. was to be a self-policing body, though with a Ministry of Agriculture Official on its board.[116] Like a guild, the Egg Central could fix a minimum price for national mark eggs in Britain.[117] Also like a guild, the Egg Central was to ensure that its constituent packers abided by state-set regulations. Maintenance of standards was a legal requirement for using the national mark; but it also redounded to the economic interests of the packers. Public faith in the mark undergirded the higher prices that the national

Figure 5.9: National Mark for Eggs. TNA, MAF 34/553.

[116] Minutes, National Mark Egg Central Ltd, March 8, 1932, TNA, MAF 34/556

[117] Egg central rules dictated that "the A.D. [approved distributor] shall not resell to the trade at prices below the minimum fixed by the [Egg Central] pricing committee." The pricing committee would be three directors or packers, one representative of the London Egg Exchange, and one representative of the Smithfield Egg Distributors Association. It met weekly to determine prices across Britain. Draft Scheme for National Mark Egg Central Ltd, October 6, 1931, TNA, MAF 34/556.

mark eggs could command. Those prices would be set by the Egg Central at weekly meetings.

The standards themselves were drafted by the MAF based on imperial scientific research. The first, set out in 1928, outlined three sizes of home-produced eggs: "special, standard, and pullet standard." There was also a grading system that evaluated quality. To be of "first quality", "the egg must not have been preserved by any process, the shell must be clean and sound, the yolk translucent or faintly but not clearly visible, the white translucent and firm and the air space must not exceed ¼ inch in depth."[118] As the months passed, the regulations governing egg classification were adapted to reflect ongoing investigations on eggs, investigations that were carried out at research stations established and funded by the Empire Marketing Board.

In 1930, Egg Central and Ministry of Agriculture officials began receiving complaints about bad eggs. There were "grass eggs", or eggs with greenish yolks, and, more commonly, eggs with thin or watery whites. Inquiries were made; a researcher at the Norfolk Agricultural Station (funded by the EMB) confirmed that there were "abnormal quantities of weak eggs" circulating in Britain, and that greenish yolks were indeed a problem.[119] Miss M.P. Bally, a correspondent in Pembrokeshire, Wales similarly noted the circulation of weak egg whites.[120] As guarantor of the National Mark, the state was implicated in the quality of British produce as never before. But it had at its disposal new tools to ascertain the cause of weak eggs: a network of scientific researchers funded by the EMB. And so, the EMB issued a grant to Professor Parkhurst at the National Poultry Institute to investigate green yolks and arranged for research at the Cambridge School of Agriculture and the Low Temperature Research Station, also at Cambridge, "with special reference

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[118] Statutory Rules and Orders, 1928, No. 984," 1928, TNA, MAF 34/553. The rules were revised in 1930.

[119] E.H. Flatt to Mr. Vigor, December 18, 1930, including interview with F. Rayns, TNA, MAF 34/555.

[120] G.E. Reddaway "Investigation into Causes of Weak Eggs", September 12, 1931, TNA, MAF 34/555.

to the occurrence of 'watery white'".[121] These inquiries produced useful findings. "Eggs packed in cartons lost weight from 15 to 20% more rapidly than those packed with flats and fillers in the ordinary way," meaning spoilage.[122] A different EMB-funded study suggested *why* packing mattered. When eggs were jostled, small air bubbles formed, which in turn produced watery whites.[123] Other testing under commercial conditions, carried out at the EMB-funded Hillsborough Experimental Research Station in Northern Ireland, also found that the main factor determining the incidence of watery whites was how the eggs were packed. The study recommended that eggs be stored and transported with their air cells (the less pointed end) up, rather than down.[124] The Ministry passed this information on to "authorized packers" of national mark eggs, also cautioning them to "use well-sprung vehicles" and "antivibration" packing.[125] In short, the state funded research to ensure that national mark eggs remained of higher quality than their foreign competition, and then marketed the home egg as scientifically superior.

The results of the natural mark scheme were striking. W.W. Waite, of Waitrose, the upscale chain of London grocery stores, noted in February 1932, "the trade for English Eggs has been on a much better plane since the introduction of National Mark eggs." The whole scheme, according

[121] J.H. Gorvin to Egg Packers, April 29, 1932, TNA, MAF 34/555.

[122] A.J.M. Smith (Low Temperature Research Station, Cambridge), Report on Loss of Weight of Eggs in Standard Packages, n.d. [1932], TNA, MAF 34/555, p. 11.

[123] E.H.. Flatt, "Watery Whites in Eggs," May 28, 1932, TNA, MAF 34/555.

[124] "Factors Affecting the Keeping Qualities of Eggs," n.d. [1931-1932], TNA, MAF 34/555; J.C. Parkinson, Memorandum, November 2, 1932, TNA, MAF 34/555; J.H. Gorvin to Ministry of Agriculture (Northern Ireland), November 23, 1932, TNA, MAF 34/555; Imperial Committee on Economic Consultation and Co-operation, *Report* (London: HMSO, 1933) [Cmd. 4335], Table 3.

[125] "Watery White of Egg," January 24, 1933, TNA, MAF 34/555; J.H. Gorvin to Authorized Packers, February 3, 1933, TNA, MAF 34/555.

to Waite, was "creating a very good will for English Eggs."[126] This assessment was borne out by other data collected as part of a nationwide "Retail Egg Survey," conducted by the Empire Marketing Board at over 1,000 shops between December 1931 and June 1932. Consumption was up and there had been a wide-spread changeover from the "small Russian egg to a bigger and better [home] egg."[127]

This change in consumption was the payoff of the EMB's efforts to enlarge the state and involve it in the process of distributing, branding, and marketing eggs. The National Mark schemes certainly drove sales, which helped retailers, and they were pitched as a way of helping British agricultural producers. But in the first instance, the beneficiaries were the packers and wholesalers, which formed price-fixing cartels with official blessing. The National Mark Egg Central Ltd was just one instance of this; eggs were far from the only product brought under the system of national mark branding, regulation, and cartelization. By 1936, there was a national mark for dressed poultry, for butter, for cheese, apples, berries, currants, plums, a whole host of vegetables (fresh and canned), jam, honey, cider, malt, and flour. In each case, the model of the eggs was, to some degree, replicated. Wholesalers and packers formed self-policing groups and were able to command higher prices.[128] In the case of each commodity, the British government could offer scientific research – often conducted with EMB funds – to help British growers. The matrix of science, publicity, and cartelization, all enabled by the EMB, pushed the state into a new role as guarantor of British commercial agriculture.

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[126] W.W. Waite to Lachlan Maclean, February 10, 1932, TNA, CO 758/94/6.

[127] Retail Egg Survey, in in Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 25th meeting, February 21, 1933, TNA, CO 760/24, f. 136.

[128] Ambrose Heath and D.D. Cottington Taylor, *The National Mark Calendar of Cooking* (London: Ministry of Agriculture, 1926).

SCIENTIFIC RESEARCH

The national mark eggs, and the national mark more generally, were EMB products par excellence. Created as an exercise of branding, they were improved by science and then marketed as such. As a result, Empire (in this case British) producers of basic resources got an edge on their foreign competitors, and British consumers gained access to new, improved products. Science was at the heart of this process. When Tallents was planning the EMB's activities in 1926, he placed primary emphasis on scientific research into "the fundamental problems of production, transport, and storage."[129] Throughout its existence, the Empire Marketing Board spent most of its funds on scientific research, largely in the service of imperial economic development. It was, thus, primarily a grant-writing institution. Though not staffed by scientists, according to Tallents, "members and officers of the EMB quickly came to feel the liveliest interest in the projects which the scientists put before them." That said, "they always referred scientific questions to the verdict of the scientist."[130]

Tallents's words should be taken with a grain of salt, but the fact remained that in the 1920s and early 1930s, the Empire Marketing Board was one of the largest state funders of non-military research, second only to the Department of Scientific and Industrial Research, which spent about half a million pounds per year during the 1920s, and with which the EMB closely collaborated.[131] In fact, the EMB made significant financial contributions to state-run facilities administered by the

[129] Stephen Tallents, "The Problem of Imperial Economic Development," September 16, 1926, Tallents Papers, ICS, 79/3, f. 16.

[130] Stephen Tallents, Draft Chapter entitled Scientific Research, n.d. [1943-1945], Tallents Papers, ICS, 79/29, p. 2

[131] Harry Melville, *The Department of Scientific and Industrial Research* (London: George Allen and Unwin, 1962), 32-38.

DSIR: not only the Forest Products Research Lab, covered in the previous chapter, but also the Low Temperature Research Station and Food Research Stations.[132]

Like (and overlapping with) the larger military-industrial state described by David Edgerton, the business-state was driver of scientific expertise and research in the interwar period. By 1930, the DSIR was employing over 300 civilian research scientists. Moreover, as the research on timber at the Royal Aircraft Establishment at Farnborough discussed in the last chapter illustrates, many of the experiments carried out in military facilities had direct commercial application. The nearly £3 million Britain spent per year on military research in the early 1930s, therefore, had significant spillover effects.[133]

The EMB, in particular, facilitated the movement of scientists and their ideas throughout the Empire, both in the dominions and in the colonies. The research might have been pitched as improving living conditions of imperial subjects – Tallents wrote of the immense waste of life, especially in South Asia – caused by malnutrition and disease.[134] But the real rationale was economic development. In 1926, the whole of the Empire spent less than half of what the United States spent on agricultural research.[135] Like publicity for empire products, funding agricultural research was, in the first instance, a benefit provided by the imperial center to the hinterlands.[136] But if this was the primary effect, there were plenty of second-order benefits to Britain itself. About

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[132] Ibid., chapter 9; Frank Heath and A.L. Hetherington, *Industrial Research and Development in the United Kingdom* (London: Faber and Faber, 1945), chapter 33.

[133] Edgerton estimates that Britain spent £2.8 million on military research in 1932, including over £400,000 at Farnborough. For comparison, ICI spent half a million pounds on research in 1932. The armed services employed over 600 research scientists. David Edgerton, *Warfare State: Britain, 1920-1970* (Cambridge: Cambridge University Press, 2006), 116-120, and chapter 3 more generally.

[134] Stephen Tallents, Draft Chapter entitled "The Task", n.d. (1943-1945).

[135] Ibid.

[136] On hinterlands, see Belich, *Replenishing the Earth*.

a tenth of the British workforce was employed in agriculture and agricultural interests in Britain carried significant political power.[137] More systemically, imperial economic relations worked on the exchange of raw materials from the dominions and colonies for finished and capital goods from the British Isles. Britain was the dominions' most important market. In 1930, over a quarter of Canadian and half of Australian exports by value went to Britain. The figures for New Zealand and South Africa were higher: about three quarters.[138] Cheaper and better raw materials would redound to the benefit of the British consumer and to the interests of British industries that made use of imported raw goods.

Finally, though the EMB funded research outside of Great Britain – notably the College of Tropical Agriculture in Trinidad and the Oderstepoort Veterinary Research Institute in South Africa – the vast majority of the money that the EMB distributed for science was spent inside Great Britain, building up British research facilities and expertise (see table 5.1).[139] The EMB established eight "Inter-Imperial Bureaux" for scientific research, what Tallents called "Senior Institutes" that would receive funding from all over the Empire.[140] All were in Britain. On top of these, EMB funds flowed to the Royal Botanic Gardens at Kew, to Cambridge University for testing insect specimens, and to the laboratory at Princes Risborough for investigations on wood by the Forest

[137] *Statistical Abstract for the United Kingdom in Each of the Fifteen Years from 1913 and 1923 to 1936*, 125.

[138] Rooth, *British Protectionism*, 80.

[139] Barry Butcher, *Of Vets, Viruses and Vaccines: The Story of CSIRO's Animal Health Research Laboratory, Parkville* (Collingwood, Victoria: CSIRO Publishing, 2000), chapter 1.

[140] These were the Rothamsted Experimental Station in Hertfordshire for Soil Science, the Rowett Research Institute in Aberdeen for Animal Nutrition, the Veterinary Research Laboratory in Weymouth for Animal Health, the Animal Breeding Research Department at Edinburgh University, The Institute of Agricultural Parasitology at St. Albans, The Plant Breeding Institute at the School of Agriculture at Cambridge, the Welsh Plant Breeding Station, and the Research Station in East Mailing, Kent for fruit production. See Stephen Tallents, "The Projection of England", in Anthony, *Public Relations and the making of Modern Britain,* 216-219.

Products Research Board.[141] Of the £2,110,627 the Empire Marketing Board spent on scientific research between 1926 and 1933, only 30% – £641,428 – was distributed to governments and research organizations outside of the United Kingdom. Cambridge University alone received over £330,000 in EMB grants.[142] In short, the EMB represented a major expansion of the state's commitment to industrial research.

Institution	Support
Ministry of Agriculture and Fisheries (England and Wales)	£346,255.00
Low Temperature Research Station, Cambridge	£274,199.00
Imperial College of Tropical Agriculture, Trinidad	**£120,800.00**
Australian Commonwealth Council of Scientific and Industrial Research	**£92,475.00**
Imperial Institute of Entomology	£67,035.00
Government of Union of South Africa	**£65,000.00**
East Malling Horticultural Research Station	£63,120.00
Department of Scientific and Industrial Research [UK]	£58,700.00
Rowett Research Institute, Aberdeen	£52,051.00
Agricultural and Biological Departments, University of Cambridge	£50,200.00
Royal Botanic Gardens, Kew	£41,702.00
Colonial Office	**£41,000.00**
Research Station, Amani, Tanganyika Territory	**£39,000.00**
Department of Agriculture for Scotland	£36,465.00
Imperial College	£31,711.00

Table 5.1: Top 15 recipients of EMB scientific grants over the EMB's existence, with the grants outside the United Kingdom highlighted. Taken from Imperial Committee on Economic Consultation and Co-operation, Report, (London: HMSO, 1933) [Cmd. 4335], Table 3. The bolded rows indicate grants spent outside the UK.

BUY BRITISH CAMPAIGN

In the early 1930s, the EMB's work shifted even more explicitly toward serving domestic economic interests. At the 1930 Imperial Conference, held that fall in London, delegates from

[141] Stephen Tallents, Draft Chapter entitled Scientific Research, n.d. [1943-1945], Tallents Papers, ICS, 79/29. On grants to the Forest Products Research Lab, see Memo on Timber (EMB/MC/4), May 20, 1930, TNA, CO 760/34.

[142] See Imperial Committee on Economic Consultation and Co-operation, *Report* [Cmd. 4335], Table 3.

around the Empire were greatly enthusiastic about the EMB's work.[143] For the dominions, there was little to criticize. The Board marketed dominion goods at the cost of the British taxpayer, and delegates were "impressed with the potentialities of the cinema."[144] A Dominions Office committee charged to assess the EMB's activities produced a similarly glowing report, but its recommendations for expanded activities and empire-wide participation came to nothing.[145]

The reason was that even as its boosters were calling for the Empire Marketing Board's expansion as a linchpin of imperial unity, many within the government – especially within the Treasury – saw it as fat to be trimmed in an age of austerity.[146] In its own report in 1931, the Committee on National Expenditure recommended the Board's dissolution.[147] Leo Amery, the Dominions Secretary, sprang to the defense. If the EMB were abolished, he wrote in a stinging memo, "it would involve a breach of successive undertaking publically given both by the present Government and by their predecessors." It would be especially shameful in light of what British representatives had promised in "explicit terms…to the Imperial Conference less than nine months ago".[148] Still, the EMB was an easy target for adherents of austerity. It was founded, in theory, as an imperial venture, one that would both serve and represent the dominions. But it was also meant to be an offering *to* the dominions by the British government, funded by taxpayers in the United

[143] Imperial Conference, 1930, Summary of Proceedings (London: HMSO, 1930) [Cmd. 3717], 52-53; 64.

[144] Memorandum on Imperial Conference and Empire Marketing Board, n.d. [1931], Tallents Papers, ICS, 79/4.

[145] Report of the EMB Constitution Committee, June 1, 1931, Tallents Papers, ICS, 79/4, f. 19.

[146] Frederick Pethick-Lawrence, the financial secretary to the Treasury, flatly declared that the Treasury had no intention of abiding by any recommendations made by the Dominions Office committee on the EMB. Frederick Pethick-Lawrence to J.H. Thomas, March 3, 1931, Tallents Papers, ICS, 79/4. On the Treasury's power, see G.C. Peden, *The Treasury and British Public Policy, 1906-1959* (Oxford: Oxford University Press, 2000), chapter 5.

[147] *Report of the Committee on National Expenditure*, (London: HMSO, 1931) [Cmd. 3920].

[148] Leo Amery, Recommendation in Regard to the Empire Marketing Board, August 1931, Tallents Papers, ICS, 79/5, f. 4.

Kingdom. And while administrators at the Board and their immediate superiors at the Dominions Office were committed to the EMB serving formal imperial unity, the Treasury was not. The Board was spending hundreds of thousands of pounds per year; the salaries of its 108 staff members came to £42,426, almost half the staff expenses for the entire Dominions Office.[149]

Against this background, the emphasis in the EMB's marketing shifted. In the early years, those directing the Board's major campaigns "sought posters dealing with the broad questions of Empire trade and its importance for this country" rendered with artistry that would make them "stand out completely from ordinary commercial advertising."[150] The EMB, in this model, was selling the idea of empire. The purpose of the campaigns, especially leading up to the 1930 imperial conference had been the "character of our overseas empire trade and its bearing on our own people". Though newspaper advertisements might focus on individual products, posters stressed a more general imperial connectedness; there was a revised Empire Builder Series, and a set of posters depicting the flags of the dominions and India.[151] But dominion representatives on the Empire Marketing Board grew concerned that not enough was being done to promote the sale of goods. The public had become accustomed to flashy posters featuring harbor scenes and prairies; "it was undoubted that there was a marked lessening of interest in the Board's posters."[152] Thus, over the protests of the permanent staff, the poster campaigns began to shift toward highlighting particular imperial commodities. Commercial, material imperatives had prevailed over visionary

[149] The higher staff included 1 secretary to the board; 3 principals; 1 publicity manager; 1 press publicity officer; 2 publicity assistant. Estimates for Staff, 1930, n.d. [1929], TNA, CO 758/23/4. For the same year, the estimate for the Dominions Office was £87,973.

[150] Poster Subcommittee, Publicity Committee, Minutes, August 28, 1930, TNA, CO 760/26.

[151] Publicity Committee, Minutes of 27th meeting, April 24, 1929, TNA, CO 760/23.

[152] Poster Subcommittee, Publicity Committee, Minutes, August 28, 1930, TNA, CO 760/26; Publicity Committee, Minutes of 38th meeting, November 12, 1930, TNA, CO 760/23, f. 171.

imperial idealism. By December 1930, the poster sets under consideration reflected this change: “Empire fruits for the summer”, “Empire fruits for the winter”, and “Empire Canned Fruits” were all options, as were “Empire Eggs and Bacon” and “Empire Meat”.[153] Importantly, the commodities featured should come “from both Home and oversea sources”; for every five-poster set, one “should be allotted to the Home National Mark product.”[154] Even as the focus of the advertising campaign shifted toward commodities, the EMB strove to paint Britain as part of the Empire. The “Empire Breakfast Table Set” featured “figures of a [British] man and woman at a breakfast table” laden with fruits of the Empire; and the “Empire Tea” series demonstrated how that most British of staples was an imperial product.[155] In short, the EMB shifted from selling the idea of empire to using imperial patriotism to sell products; a technique that had long been deployed by private firms and advertising agencies.[156]

In 1931, as the Great Depression spread to Europe, the Empire Marketing Board re-oriented its priorities yet again. By the beginning of the 1930s, the logic of domestic protection had simply outpaced that of imperial unity. In the fall of 1931, Prime Minister Stanley Baldwin issued an appeal for British consumers to purchase the products of British labor. Responding to this sort of political rhetoric in the midst of the burgeoning depression, the EMB sprang into self-promotional action. “An urgent need of the moment,” it held, “is a scheme designed to concentrate the publicity resources of the country for a short period in an intensive nation-wide appeal to buy British goods. The press, the poster, the shop window, the cinema and the broadcast appeal should be

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[153] Poster Subcommittee, Publicity Committee, Minutes, December 11, 1930, TNA, CO 760/26.

[154] Ibid.

[155] Poster Subcommittee, Publicity Committee, Minutes, February 26 and May 28, 1931, TNA, CO 760/26.

[156] See Schwartzkopf, “Who said ‘Americanization’?,” particularly 38-44.

synchronized for this purpose." The Empire Marketing Board was itself "an instrument peculiarly well qualified to serve as the spearhead of such a campaign" as it was "accepted by the public as a non-political but official body, enjoying the active goodwill of all political parties."[157]

The result was the rollout of a new EMB campaign: the "Buy British Campaign", run by William Crawford, that urged consumers to shop specifically for British-produced goods – not just agricultural products, but manufactured goods as well.[158] Of course, what "British" meant was open to some interpretation. The Empire, after all, was British, and the EMB had consistently used the slogan "Buy Empire Goods from Home and Overseas", in order to paint Britain as *part* of the Empire. This served the ideological inclinations of its patron, Leo Amery, while simultaneously providing political room for the Board to spend its funds – meant for the promotion of empire goods – on assisting domestic producers. But in 1931, "Buying British" meant purchasing goods produced in the United Kingdom. When the "Buy British" Campaign was introduced in 1931, the EMB contended that it did not represent a new policy, merely a change in emphasis. The EMB's "consistent policy has been to urge the public to buy home products first and oversea Empire products second. That appeal, modified only by an increased emphasis upon its first part, is precisely what is needed."[159]

The Buy British Campaign was *domestic*, but it was the culmination of the experience the EMB had gained in public relations in the service of the *Empire* over the past five years. It would be "the largest scale campaign ever launched, in peace time, to bring home a message to the people

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[157] Poster Subcommittee, Publicity Committee, Minutes, February 26 and May 28, 1931, TNA, CO 760/26.

[158] Anthony, *Public Relations*, 37-40.

[159] Buy British Campaign Memorandum, September 29, 1931, TNA, CO 758/94/2.

of this country."[160] On the eve of its launch, "4,000,000 items of display material had been prepared", and a million window bills distributed to 1,200 Employment Exchanges and Local Offices as well as to "many large firms." Post Offices across the country would all display large posters; 125,000 bills had been printed for motorcars and taxis, 25,000 posters had been sent to schools and the boy scouts were helping distribute material. There was to be a press blitz, advertisements and speeches on the BBC, and short documentary films in cinemas across the country. Sidings and posters would adorn railways, the underground, buses, and trams. Piers and harbors, and the Navy, Army, and Air Force institutes would all sport displays, as would greyhound racetracks and football clubs, which would also distribute handbills included in the football programs.[161] There was also to be a massive sign erected in Trafalgar Square.

Through October, the EMB met with contacts to "rope in the necessary outside organisations to help".[162] The NFWI agreed that one of the principal tasks of the Institutes in 1931 was to "help in restoring the balance of trade". To that end, institutes and members would assist "with the official 'Buy British' Campaign" and lend "active help in distributing and displaying leaflets and posters."[163] The EMB requested that, for one week, private firms advertising British goods give "their whole space in the newspapers to a simple appeal over their own names to 'Buy British'" and that retail shops were display special window bills.[164] Toward the end of the month, Tallents could report that the EMB was "receiving so much voluntary support from outside

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[160] Buy British" Memorandum, n.d. [Fall 1931], Tallents Papers, ICS 79/6, f. 8.

[161] Retail Grocers' Sub Committee of the Publicity Committee, Minutes of the 28th meeting, September 24, 1931, TNA, CO 760/24, f. 112; J. Dewar to Gervas Huxley, November 28, 1931, TNA, CO 758/94/3.

[162] Stephen Tallents to Thomas Allen, October 14, 1931, TNA, CO 758/94/2.

[163] National Federation of Women's Institutes, 15th Annual Report, 1931, LSE, TWL 5FWI/A/2/2/4, Box 40, p. 8.

[164] Buy British Campaign Memorandum, September 29, 1931, TNA, CO 758/94/2.

agencies" that the campaign was "branding the E.M.B. symbol on the country for ever."[165] Or so Tallents hoped.

For the EMB's frenzied preparations had a dual purpose. In the first instance, there was a widespread understanding that the country was in trouble; unemployment reached 16.4% in 1931.[166] But the EMB was also fighting for its own life. The Board had been set up with the promise that it would receive £1 million per year, a promise that was met only once. In mid 1931, amidst renewed calls for economies, the Treasury had pushed the EMB to cut £125,000 from its budget, bringing its total expenditures to £300,000.[167] The writing was on the wall and the EMB leadership felt that it needed to demonstrate its usefulness.[168] The Buy British Campaign would do just that. In working towards a program of domestic consumption that had been urged by the Prime Minister himself, the EMB was hitching its wagon to a political winner. Baldwin and the rest of the National Government were running for re-election in October, and had been campaigning on economic recovery.[169] Tallents had written to Baldwin directly; with disingenuous naïveté, Tallents noted that the Board thought that campaign would "meet with your sympathy, and they hope that it may also receive your active support."[170]

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165 Stephen Tallents to N.G. Scorgie, October 22, 1931, TNA, CO 758/94/2. The EMB also encouraged the Board of Trade to launch a corresponding "Sell British" Campaign that would target retailers. See TNA, BT 56/46 and BT 56/27.

166 Garside, *British Unemployment,* 5.

167 *Empire Marketing Board* (London: HMSO, 1932) [Cmd. 4121], 6.

168 Memorandum (EMB 667), October 20, 1931, TNA, CO 758/94/2.

169 On this period, see Middlemas and Barnes, *Baldwin,* chapter 11; Reginald Bassett, *1931: Political Crisis* (London: Macmillan, 1958).

170 Stephen Tallents to Stanley Baldwin, n.d. [October 1931], Tallents Papers, ICS, 79/6, f. 1.

The initial onslaught of publicity, which launched with the "simultaneous display of…posters throughout the country on the morning of November 16th" and a radio address by the Prince of Wales, was deemed a triumph.[171] By early December, there was widespread recognition of "the astonishing success of th[e] inexpensive and brilliantly administered work."[172] Enthusiastic communication with importers, producers, wholesalers, and retailers "lead irresistibly to the conclusion that the commercial results have been definite, remarkable and in excess of expectations."[173] Tallents was particularly proud of the campaign's low cost. "The free publicity secured in the press and on the hoardings alone was, he estimated, not far short of a million pounds."[174] The head of the outdoor publicity section – which covered posters and hoardings – estimated the "commercial equivalent value of the 'Buy British' publicity secured by my Section" to be £7,175 per week.[175] Factories – from those owned by Goodyear Tires, to those of British Aluminium – wrote in to ask for posters to display.[176] Singer and Co. Motors was particularly enthusiastic, volunteering to mount posters on the exterior walls of their Coventry factory, which faced the railway tracks.[177] W.W. Waite, the managing director of Waitrose, wrote to the EMB with reports filled with praise from store managers around London. The manager of the Fulham Road branch was, "without a doubt that this Campaign appealed to the public, to such an extent

[171] Stephen Tallents to Ministry of Labour Employment Exchange, October 28, 1931, Tallents Papers, ICS, 79/6, f. 3.

[172] Empire Marketing Board, Minutes, December 1, 1931, TNA, CO 758/94/2.

[173] Commercial Results of the Buy British Campaign (EMB/MC/78), December 9, 1931, TNA, CO 760/34.

[174] Empire Marketing Board, Minutes, December 1, 1931, TNA, CO 758/94/2.

[175] J. Dewar to Gervas Huxley, 28 November 1931, TNA, CO 758/94/3.

[176] British Aluminium to EMB, December 18, 1931, TNA, CO 758/94/3; Goodyear Tyre to EMB, November 28, 1931, TNA, CO 758/94/3.

[177] Singer and Co. Motors to EMB, November 14, 1931, TNA, CO 758/94/3.

that, whatever they were served with, the same question was asked, 'Is this British or Empire; if not where did it come from?'"[178] Other retailers were similarly enthusiastic. One noted that "most certainly, the public are asking for British goods. In fact, it appears to be one of their first questions."[179] A representative of Woolworth's highlighted "a very definite demand for goods of British make."[180]

The EMB also succeeded in convincing local authorities to buy domestically produced goods. The London County Council had enforced a preference for home-produced goods for the past 25 years, but the EMB's efforts were instrumental in bringing this practice to other parts of the country.[181] The EMB approached "143 local authorities and 87 mental hospitals" to make a policy of prioritizing the purchase of British goods and to instruct contractors to enforce the same priority. The result was that "supplies in respect of 1,250 institutions are now covered by the instruction."[182] *The Municipal Journal and the Public Works Engineer* noted with approval that "public opinion has undergone substantial change" about local purchasing. "To buy cheaply from abroad may not be sound economy when, by the importation of goods of foreign origin, a unit of labour and capital is thrown out of employment."[183]

But the understanding of what constituted "goods of British make" had slipped from the original aspirations of the Empire Marketing Board's founders, especially Leo Amery and the

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[178] W.W. Waite to Lachlan Maclean, February 23, 1932, TNA, CO 758/94/6.

[179] Wilsons (London and Provinces) to EMB, February 3, 1932, TNA, CO 758/94/6.

[180] W.L. Stephenson to EMB, February 2, 1932, TNA, CO 758/94/6.

[181] Marketing Committee, Minutes, January 24, 1933, TNA, CO 760/34.

[182] "Local Authorities and British Trade", *The Municipal Journal and the Public Works Engineer*, April 27, 1932, in TNA, CO 760/34.

[183] Ibid.

imperialists of the Round Table. The EMB had transitioned from promoting fruits of imperial agriculture to the manufactures of British big industry. In his BBC address written by the EMB to launch the Campaign, the Prince of Wales had drawn a clear distinction between home and empire products. "First choice for home products. Second choice for the products of the Empire overseas. That is the rule which I ask you to follow in great purchases and small."[184] The distinction had a purpose: "we cannot rest content with our fortunes while so many of our people are unemployed and so many of our producers find it difficult to market what they have grown." What, precisely, was meant by "our"? Those living in Great Britain had a greater claim on "our" than imperial subjects in India, or Canada. The last line of the speech read: "Buy British, and so employ British labour by land and sea." But even in that evocation of the greater polity, bound together by the highways of empire, the meaning of "British" remained ambiguous. British "labour by sea" called to mind the country's vaunted merchant marine fleet more than Australian wool farmers.

AFTERLIVES

By the middle of 1932 – half a year after the "Buy British" Campaign's launch – Tallents admitted that "the public had tired of the appeal to buy British" and the EMB's marketing committee was discussing the campaign's "waning influence."[185] The committee suggested "a new and reasoned appeal": a series of talks on the BBC "by eminent men" (including former DOT head Arthur Steel-Maitland) about buying British.[186] But the idea was delayed until the fall. With delegates from around the British Empire in Ottawa for the latest British Empire Economic

[184] Address of the Prince of Wales, November 16, 1931, Tallents Papers, ICS 79/6, f. 10.

[185] Marketing Committee, Minutes, May 26, 1932, TNA, CO 758/94/2. See also minutes in TNA, CO 760/34.

[186] See Arthur Steel-Maitland, Radio Address, September 24, 1932, National Records of Scotland, GD 193/354.

Conference, the time was deemed not "particularly opportune…for reviving the campaign."[187] It could, after all, lead to awkward questions about why the Empire Marketing Board, a body established because of promises about imperial integration, was now devoting its energies to promoting home-produced goods. The future was uncertain. As explored in the next chapter, Britain had instituted a general 10% tariff in early 1932, and delegates at Ottawa were discussing the terms of imperial preference. Tallents, for his part, recognized that "popular opinion was that tariff duties would rule out foreign goods," obviating the raison d'être for the EMB altogether.[188]

After a month of negotiations in Ottawa, imperial representatives agreed in late July to a system of imperial preference. As Tallents predicted, the political will for maintaining the EMB evaporated. In the final account, then, it was not the penny-pinching British Treasury that undid the Empire Marketing Board, but instead an imperial body.[189] Ottawa proved that the EMB had always depended on the economics of intra-imperial trade, even if it had become a tool used by the domestic state to provide assistance to British interests. Certainly, the lofty dreams of an imperial executive, of an imperial research organization, of an imperial publicity agency were fed by – dependent upon – the colder realities of exports and imports. With the advent of imperial preference, the EMB ceased to perform its publicly stated function, and thus to serve its political purpose. Even Amery admitted that after Ottawa, "the change in our fiscal policy created a wholly different position, and there is no longer any case for the continuance of the Board unless the Dominions are prepared to support it by appropriate contributions."[190]

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[187] Memorandum, July 21, 1932, TNA, CO 758/94/2.

[188] Marketing Committee, Minutes, May 26, 1932, TNA, CO 760/34.

[189] Imperial Committee on Economic Consultation and Co-operation, Report [Cmd. 4335], p. 187; UK Delegation to IEC Conclusions of 12th Meeting, July 22, 1932, TNA, CAB 32/101.

[190] Leo Amery, Memorandum CP 141 (33), May 27, 1933, Tallents Papers, ICS 79/3, f. 3.

To Tallents, the EMB's disbandment "would leave the Empire with a much smaller measure of Imperial economic co-operation than it has enjoyed in recent years."[191] Tallents struggled to preserve the EMB, whether at the Imperial Institute, or the Dominions Office.[192] In doing so, he shifted his ambitions and justifications for British official public relations, particularly the EMB Film Unit.[193] In a short essay entitled "The Projection of England", Tallents wrote about the importance of crafting an image of Britain itself, particularly through film – the "acknowledged medium of international communication" whose yearly audiences in picture houses already topped 15 billion. "The moral and emotional influence of the cinema is incalculable," he wrote.[194] The Americans already grasped the potential of film as a lever of geopolitical power and influence. They understood that "a foot of film is worth a dollar of trade" and had already "turned every cinema in the world into the equivalent of an American consulate."[195]

In Tallents's narration, film was a powerful technology, but an even more powerful metaphor. Tallents called for the British Empire to take active steps to project itself by using film, but also project itself *like* a film. England – Britain – needed to invest in the new art of "national projection." It needed to cast itself onto the screens of the world, to remind the world what it stood for, what it offered. It had plenty that would be appealing. "A tradition of justice, law and order"; "a reputation for fair dealing" in commerce, in manufacture, "a reputation for quality." Britain represented fair play, institutions, gardening, tailoring, the Underground, Oxford, home, Big Ben,

[191] Stephen Tallents, Memorandum, May 22, 1933, Tallents Papers, ICS 79/3, f. 5.

[192] Stephen Tallents, notes, June 14, 1933, Tallents Papers, ICS 79/8.

[193] Anthony, *Public Relations*, 63-64.

[194] Stephen Tallents, "The Projection of England," in Anthony, *Public Relations,* 221-224.

[195] Ibid. On the interplay of British and American advertising culture, see Schwartzkopf, "Who said 'Americanization'?".

and football.[196] Britain, according to Tallents, needed to sell these images and disseminate them to subjects as well as to would-be partners and customers overseas.

Britain needed to sell *itself,* just as a business did. Tallents was intensely aware of Britain's slipping position as workshop of the world. "England to-day is more dependent than any other country in the world upon…overseas markets for her manufactured goods. Is her position in those markets so secure that she can afford to dispense with an up-to-date presentation of her manufacturing power to her customers?" Tallents noted that the trade of the world was increasing, but that Britain's share decreasing. Taking into account Britain's turn toward dominion markets, Tallents noted:

> England's future export trade will depend upon her ability to sell less her old staple products than the new, highly finished goods which are bought by people living above the subsistence line. Those are the people who are most susceptible to the new art of national presentation. They listen in on the wireless, they go regularly to the cinema, they read of other countries. If we are to win their custom, we must first win their minds; and to win their minds we must set ourselves to project all the new means of modern international communication a picture of England's industrial qualities.[197]

In short, Tallents called for the British state to shift its focus from pushing imperial products on British consumers to pushing British products on dominion (and world, even American) consumers.[198] National projection would benefit British business – especially exporters. In Tallents's vision, the state was the only institution that could forcefully declare that Britain was open for business. The Projection of England – to be undertaken by a retooled EMB – was to be

[196] Tallents, "The Projection of England," in Anthony, *Public Relations*, 210-211.

[197] Ibid., 213-214.

[198] See Fred M. Leventhal, "Public Face and Public Space: The Projection of Britain in America before the Second World War," in *Anglo-American Attitudes: From Revolution to Partnership*, eds. Fred M. Leventhal and Ronald Quinault (Aldershot: Ashgate, 2000), 212–26.

the projection of British industry and British business *by* the business-state, a continuation and expansion upon the efforts already undertaken by the Department of Overseas Trade.

"The Projection of England" was a visionary manifesto of public relations, but it was equally an attempt on Tallents's part to keep the EMB alive. Tallents's allies also tried to preserve the organization. Maurice Hankey at the Cabinet Office pushed Stanley Baldwin, Walter Elliot (by then, Minister of Agriculture), and Chancellor of the Exchequer Neville Chamberlain on the matter; Jan Smuts also pressed Chamberlain about it, but to no avail.[199] The imperialists, in the words of one of the many people who sought to console Tallents, were characterized by "disappointing skinniness"; "hampered by high politics and low finance."[200] In July 1933, Dominions Secretary J.H. Thomas informed Tallents that the Cabinet had decided to disband the EMB.[201]

The same day, Amery wrote Tallents a letter. Though he commiserated about the "disastrous" decision to fold the EMB, he noted that the economic council would carry on the EMB's ambitious research funding program. And, he declared, "you are to be provided for."[202] Three days later, Amery wrote to the head of the General Post Office (GPO), Kingsley Wood. It would be "a great capture", Amery opined, "to have Sir Stephen Tallents join the Post Office in the same capacity as he was on the Empire Marketing Board, and to take with him some of his best men."[203] The next day, Wood – who had started his career as a solicitor specializing in

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[199] Maurice Sankey to Stephen Tallents, June 24, 1933, Tallents Papers, ICS 79/8, f. 8.

[200] C.L. Stocks to Stephen Tallents, June 18, 1933, Tallents Papers, ICS 79/11, f. 3. Stocks was a Treasury official.

[201] J.H. Thomas to Stephen Tallents, July 31, 1933, Tallents Papers, ICS 79/8, f. 29.

[202] Leo Amery to Stephen Tallents, July 31, 1933, Tallents Papers, ICS 79/11, f. 8.

[203] Leo Amery to Kingsley Wood, August 3, 1933, Tallents Papers, ICS 79/11, f. 9.

industrial insurance – wrote Tallents to tell him that he had formally applied for Tallents's transfer to the General Post Office (GPO). He would also consider bringing some of Tallent's top deputies.[204] So Tallents, along with Grierson and the EMB film unit, moved to the Post Office.

At the GPO – itself a branch of the state that functioned as a business – Tallents rebuilt the EMB in miniature, from a small, existing sales and publicity section, which he had previously advised.[205] The task and work of the EMB, in Tallents's view, "did not differ essentially from those of this Department" and he urged a "strengthening of the staff".[206] By 1934, the Treasury noted that "the growth of the Post Office staff engaged on publicity is somewhat alarming." Five years before, the staff had consisted of five people and had cost just over a thousand pounds a year.[207] In 1935, the total budget for publicity had risen to £71,000, £24,000 of which paid the salaries of headquarters staff of nearly 40.[208] At the Post Office, Tallents commissioned new posters and press advertisements. He oversaw a large publicity campaign for telephones. And with Grierson by his side, he embarked on a major effort to produce propaganda reels and other films for the GPO. By late 1934, twenty had been completed, including *Night Mail*, a touchstone of British documentary film.[209]

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[204] Kingsley Wood to Stephen Tallents, August 4, 1933, Tallents Papers, ICS 79/11, f. 10.

[205] Treasury to GPO, February 9, 1932 and April 28 1933, Postal Museum, London, United Kingdom, POST 33/3576. Stephen Tallents, Minute, June 9, 1931, TNA, CO 758/93/5.

[206] Stephen Tallents to E. Raven, October 28, 1933, Postal Museum, POST 33/3576. See also Anthony, *Public Relations and the Making of Modern Britain*, chapter 4; Grant, *Propaganda and the Role of the State*, chapter 4.

[207] F.P. Robinson to H.F. Sambrook, April 13, 1934, Postal Museum, POST 33/3576.

[208] Report of Committee of Enquiry into Post Office Publicity, July 1935, Postal Museum, POST 33/3577.

[209] Grierson had already begun directing and producing a few films for the GPO while still at the EMB. Publicity Section, General Post Office, First Annual Review, November 8, 1934, Postal Museum, POST 33/3576; File on Post Office Advisory Publicity Committee, TNA, CO 758/93/5. See Anthony and Mansell, eds., *The Projection of Britain*; Ellis, *John Grierson,* chapter 4. See also interviews with Basil Wright and Forsyth Hardy in James Beveridge, *John Grierson: Film Master* (New York: Macmillan, 1978), 63-78; Swann, *The British Documentary Film Movement*.

Tallents saw his task at the GPO as continuous with his efforts at the Empire Marketing Board: speaking to the public in a way that combined "the well tried methods of commercial advertising and the largely unexplored and almost wholly unpractised methods of government publicity." In many ways, the General Post Office was a perfect place for Tallents to continue his work. Britain's largest employer with hundreds of thousands of employees, the Post Office operated like a business: it charged money for services, and it had a virtual monopoly on letter and package delivery, as well as telegraph and telephone services. In this, it was functionally and culturally separate from other government branches.[210] At the same time, the Post Office was a government department and its purpose was for the public good rather than for profit. In a moment of self-congratulation, Tallents noted that "official publicity" – a field that he had practically invented by adapting private advertising techniques – demanded "first class organizing ability and first class taste."[211]

State publicity efforts were growing rapidly in importance to the government. For Tallents, the reason was twofold. First, there was a more connected, more aware, and more politically engaged populace. The government needed to communicate its message to "a much greater electorate than even twenty years ago", an electorate that was better educated and versed in new media like the wireless and cinemas. Propaganda and mass media were on the rise in Britain, the United States, and, more dramatically, in authoritarian European states. The BBC was an established venture, politicians of every stripe broadcasted addresses to ever larger audiences, and

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[210] Howard Robinson, *The British Post Office* (Princeton: Princeton University Press, 1948); Michael Heller, "The Development of Integrating Marking Communications at the British General Post Office, 1931-39," *Business History* 58, no. 7 (2016): 1034-1054.

[211] Publicity Section, General Post Office, First Annual Review, November 8, 1934, Postal Museum, POST 33/3576, 3-4.

even in the United States – the hotbed of mass consumerism – liberal economists were concerned about the ubiquity of rhetoric replacing substantive discussion.[212]

As importantly, the state itself had more to publicize. As Tallents put it,

> the state enters far more into the lives of us all than it did even twenty years ago. You need not go back many years to find the state confined for the most part to little more than the activities of restraint. Today the state is always being called upon by Parliament to undertake new tasks of organization and to provide new services.[213]

And the Post Office – with its "staff of 230,000…permeating every town and village, and visiting every house" was a key instantiation of the growing state.[214] Those services needed to be brought home to the public. Publicity in the service of the state was a public service, but also a new art. Tallents was an artist, or at least an agent of the arts: "I am convinced that one of the great tasks of modern government is to employ the arts for the interpretation of its actions and its policies." This was publicity.[215] The state was not just promoting business; it had become very much like a business, advertising itself to its consumers.

Other old EMB hands were also busy selling the state to its citizens. Gervas Huxley, who after the EMB continued to advertise empire products on behalf of the Ceylon Tea Board, soon

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[212] The economist Frank Knight was especially vocal. See Angus Burgin, "The Radical Conservatism of Frank Knight," *Modern Intellectual History* 6, no. 3 (November 2009): 513-538. On mass communications, see LeMahieu, *A Culture for Democracy* and also Heidi J.S. Tworek, *News from Germany: The Competition to Control World Communications, 1900–1945* (Cambridge: Harvard University Press, 2019).

[213] Ibid., 6.

[214] Stephen Tallents, "BBC Public Relations", September 1936, BBC Written Archive Centre, Caversham, United Kingdom, R 13/319/1, p. 27. See also Joyce, *State of Freedom*, chapters 2 and 3.

[215] Stephen Tallents, Post Office Publicity, Post Office Green Papers, No. 8, 1934, Postal Museum, POST 92/1502, p. 8.

moved to the Air Ministry, where he coordinated propaganda.[216] "I shall always feel terribly glad to have been associated with [the EMB]," he told Tallents, "and have never, for a moment, regretted the lunch with you in May 1926 which decided my fate. I think that all your staff must realise what a wonderful…ground the EMB has been for us."[217] W.P. Hildred, who directed the EMB's finances, had moved first to the Ministry of Agriculture and Fisheries and then the Export Credits Guarantee Department of the Department of Overseas Trade. There, he sought to emulate Tallents. "I admire in retrospect your methods at the E.M.B.," Hildred wrote to Tallents. "I am going to do my best to copy them here. This Department needs good will and friendship and it needs publicity + it needs trade contacts." To solve all of these problems, Hildred looked to the EMB. He wished he "could get hold of [former EMB official] Maclean who is not too happy at the Board of Trade." And he was already "in treaty for Horgan [contacts] + Hood [publicity], whom you will remember at the EMB."[218]

When Tallents left the GPO in 1935, he left a well-developed and growing publicity branch.[219] Tallents himself decamped to run public relations for what was probably the most exciting and dynamic department in the British state: the British Broadcasting Corporation, another business-like organization, which had been formed as a public-private partnership between radio

[216] On Huxley, see Erika Rappaport, *A Thirst for Empire: How Tea Shaped the Modern World* (Princeton: Princeton University Press, 2017), 245.

[217] Gervas Huxley to Stephen Tallents, July 13, 1933, Tallents Papers, ICS 79/11, f. 7.

[218] W.P. Hildred to Stephen Tallents, November 13, 1935, Tallents Papers, ICS 79/9, f. 16.

[219] Report of Committee of Enquiry into Public Relations in the Provinces, February 1937, Postal Museum, POST 108/10; "Public Relations in the United Kingdom Post Office," *Union Postale* 4 (April 4, 1959), in Postal Museum, POST 108/18. See also POST 33/3577.

manufacturers and the Post Office.[220] From there, he was instrumental in planning for the next great experiment in public relations: the wartime Ministry of Information. Even by 1935, public relations departments and principles had become increasingly common across the British state.[221] Departments used old EMB poster frames to advertise health campaigns and new housing developments. As the state moved further into the traditional realm of private business, it took on sales and marketing techniques that Tallents had pioneered. The state had firmly committed to peacetime commercial propaganda, just as it had firmly committed to a peacetime industrial research regime.

CONCLUSION

The real legacy of the Empire Marketing Board was the permanent expansion of the state. Tallents had managed a politically acceptable mechanism for investing in agricultural and industrial research. As importantly, and certainly more strikingly, he had led the British state into the business of peacetime public relations, an activity that it would never give up. Importantly, these state expansions hinged on the Empire. The Empire Marketing Board started as a way to mollify the dominions. In a way, the EMB was a product of Britain's weakening position as the "mother country" of its dominions; after all, during the 1926 Imperial Conference, Arthur Balfour had famously declared that the United Kingdom and the dominions were "autonomous Communities within the British Empire, equal in status", a pronouncement that would be given

[220] On the BBC, see Asa Briggs, *The History of Broadcasting in the United Kingdom: Volume II: The Golden Age of Wireless* (Oxford: Oxford University Press, 1995); Simon J. Potter, *Broadcasting Empire: The BBC and the British World, 1922-1970* (Oxford: Oxford University Press, 2012), especially chapter 3.

[221] See Anthony, *Public Relations and the Making of Modern Britain,* chapter 4; Kevin Moloney, *Rethinking Public Relations: PR Propaganda and Democracy* (London: Routledge, 2000), chapter 5.

legal teeth by the Statute of Westminster in 1931.[222] The EMB was created as a concession to increasingly nationalist and wealthy dominions whose governments saw fewer and fewer benefits in according British imports preferential treatment. Britain needed to offer something to preserve its place at the head of the Empire and all the attendant benefits. But at the same time, the EMB could be understood as a reflection of the *strength* of Britain's position within the Empire. Britain promised the dominions £1 million per year to be spent on advertising. The funds themselves could be pitched as gifts to the Empire, rather than *concessions*, as tariffs obviously would be. Projecting the Empire to British consumers – as Gervas Huxley continued to do for the Ceylon Tea Board – in no way upset the accepted pattern of intra-imperial relations: Britain invested in the Empire, the Empire produced raw goods for Britain, and Britain produced finished goods for the Empire. The EMB thus offered a way to maintain the imperial status quo without forcing British leaders to fully confront the harsh reality that British manufacturers increasingly relied upon dominion markets. Such realities would become impossible to ignore in the face of the Great Depression.

Nevertheless, the basic fact that British domestic producers – whether agricultural or industrial – struggled was increasingly clear even in the 1920s. The result was that the EMB, the organization set up to promote dominion goods to British consumers, ended up being harnessed to promote primarily domestic British economic interests. Its grants went to fund industrial research for major British firms. Its posters urged consumers to "Buy British". The EMB's work promoting the humble British egg reflects how the EMB was able to leverage its substantial powers to fund research, coordinate with retailers, advertise, and invent a distinctively British product, protected by price controls and a state-sponsored cartel. In short, the Empire Marketing Board did not just

[222] This was the so-called Balfour Declaration.

market, but also created a new state apparatus for the systematic promotion of British commerce and industry. In so doing, it developed a powerful new tool for the business-state.

Chapter 6

Protecting Business; Protecting the Empire:
Tariffs and the Business-State

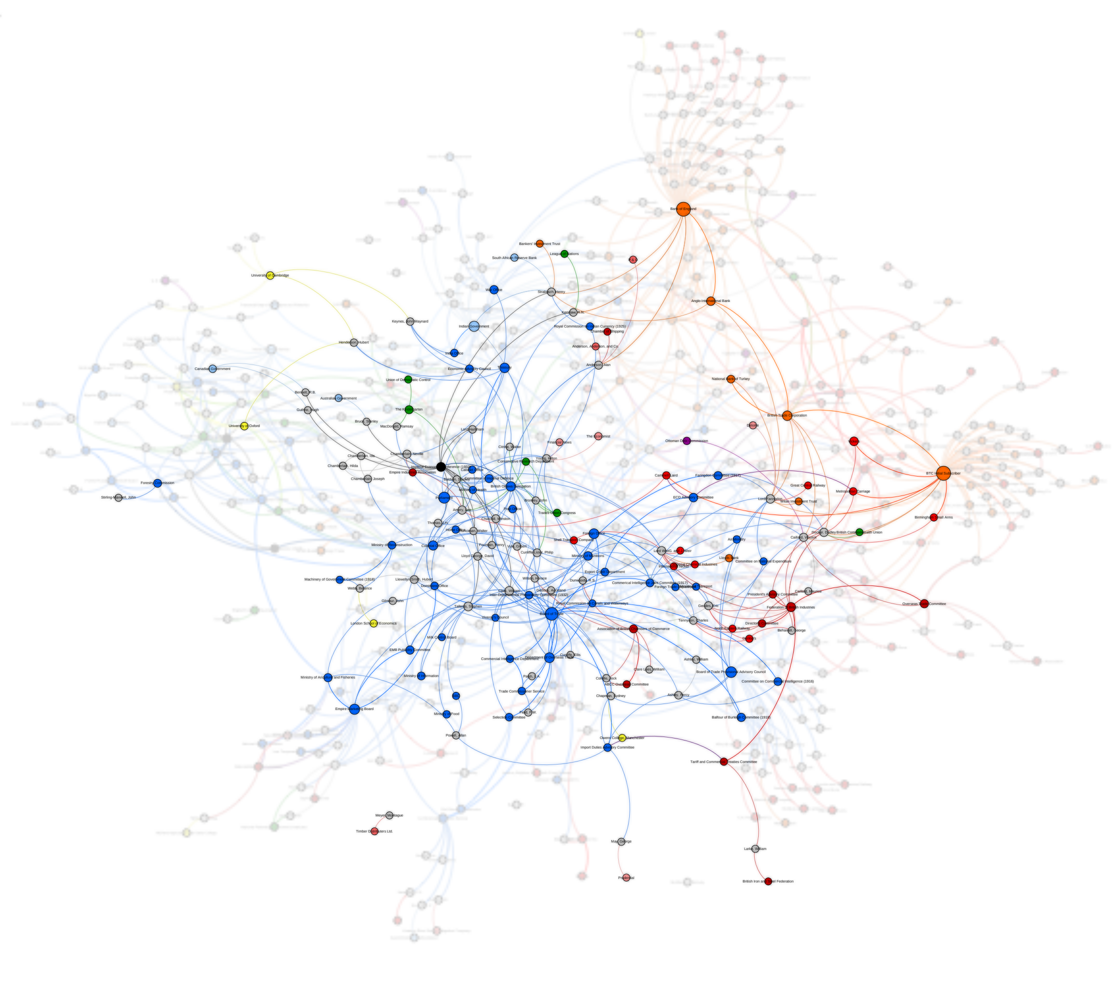

Figure 6.1: Network Visualization of the Business-State, Chapter 6. This graph features the 50 historical individuals mentioned by name in this chapter as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

In July 1932, before the demise of the Empire Marketing Board, Stephen Tallents was in a first-class cabin in an ocean liner bound for Canada. His destination was the Imperial Economic Conference, which would open in Ottawa in two weeks.[1] Tallents was one of scores of people the British Government was sending to the Canadian capital. His boss, J.H. Thomas, was one of the delegates; his old patron, Leo Amery, would also be in attendance. Seven official delegates, all cabinet ministers, led the group. Accompanying them were six senior officials from the Board of Trade, one from the Department of Overseas Trade, and five trade commissioners, specially recalled from their posts in India, Canada, Australia, South Africa, and New Zealand.[2] A senior member of the Federation of British Industries was attached to the delegation as an adviser, as was a leader of the Association of British Chambers of Commerce. These "industrial advisers" themselves brought along a whole coterie of figures described as "advisers to advisers."[3] Bank of England director Alan Anderson travelled with them, as did the Australian-born Bank of England adviser, R.N. Kershaw. Sir Henry Strakosch, Montagu Norman's onetime confidant, would also be in attendance, though as a representative of the Government of India.[4] William Clark, the former

[1] E. Harding, Memorandum, April 14, 1932, The National Archives, London, United Kingdom (hereafter TNA), DO 35/238/1.

[2] The trade commissioner stationed in New Zealand was L.A. Paish, the former Board of Trade official who had urged manufacturers to form trade associations. See chapter 1.

[3] List of Business Advisers and Advisers to Advisers, June 1932, TNA, DO 35/242/1. For a detailed analysis of the Ottawa Conference, see Ian Drummond, *Imperial Economic Policy*, 1917-1939 (London: George Allen & Unwin, 1974), chapter 6.

[4] At the conference, Strakosch and dominion supporters established a monetary committee, in which he pushed for "vigorous monetary action" to raise British prices. R.N. Kershaw, Diary from Ottawa, August 1, 1932, Bank of England Archives, London, United Kingdom, (hereafter BOE), G 1/390. Strakosch's proposal was "dangerous" for Britain. UK Delegation to IEC Conclusions of 21st Meeting, July 29, 1932, TNA, CAB 32/101; R.N. Kershaw to Montagu Norman, August 5, 1932, BOE, G 1/390, f. 47. The British were able to side step the question of imperial monetary policy by stressing the priority of trade and by appealing to "sensible" and "reasonable sober" counterparts, often over rounds of golf at the Royal Ottawa Golf Club. R.N. Kershaw, Diary from Ottawa, July 23 and 27, 1932, BOE, G 1/390.

Department of Overseas Trade administrator, was already in Ottawa as the first High Commissioner to Canada. In short, the Imperial Economic Conference in Ottawa brought together some of the most important figures of the British business-state. The occasion was the end of free trade.

The end of free trade and the beginning of imperial preference happened in a quick two-step process in 1932. A 10% general tariff came first, with the passage of the Import Duties Act in February. Imperial preference – that long-deferred dream of the Milnerite imperialists – followed with the Ottawa Conference that summer. Together, the two events marked turning points in British trade policy and in British history. Before them, free trade clung on; after them, protection and imperial preference finally triumphed.[5]

Scholars – historians, political scientists, and economists – have long approached the end of free trade as a response to economic crisis and, by extension, a tacit admission of Britain's waning economic might and inability to maintain the global economic order.[6] By the early 1930s, Britain could no longer rely on the "imperialism of free trade".[7] As Eric Hobsbawm put it, the argument for imperial tariffs relied on "the rather defensive assumption" that "as British industry could no longer dominate the whole world, it might as well concentrate on the quarter of it which

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[5] See, e.g. Peter Clarke, *Hope and Glory: Britain, 1900-2000* (New York: Penguin, 2004), 175-177; John Darwin, *The Empire Project: The Rise and Fall of the British World System, 1830-1970* (Cambridge: Cambridge University Press, 2009), 436-438.

[6] See, e.g. Barry Eichengreen and Douglas A. Irwin, "The Slide to Protectionism in the Great Depression: Who Succumbed and Why?" *The Journal of Economic History* 70, no. 4 (December 2010): 871-897; Derek Aldcroft, *The Inter-war Economy: Britain 1919-1939* (London: Batsford, 1970), 285-291; W.D. Boyce, *British Capitalism at the Crossroads, 1919-1932: A Study in Politics, Economics, and International Relations* (Cambridge: Cambridge University Press, 1987), 366-369. See also Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge: Harvard University Press, 2018), 96-99.

[7] John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review* 6, no. 1 (August 1953): 1-15

was in a British Empire fenced off against the aggressive foreigners."[8] Tariffs explicitly made the Empire – particularly the increasingly wealthy dominions – into a resource that could guarantee British domestic prosperity.[9] In the midst of the greatest depression in memory and an unsettled world order, the lure of prosperity was enough to overturn a century-long Liberal commitment to Free Trade and to dismantle a vibrant social movement built around consumer interests.[10] Historians have marked 1932 as a momentous year for Britain: it was a year of political upheavals and imperial reorientation. But historians have often underappreciated the extent to which 1932 marked a fundamental expansion of the British state, and the business-state in particular.

The institution of a tariff – the end of free trade – was Britain's response to the Great Depression. Britain's response to the depression was by no means as dramatic as those of Germany or the United States. Unemployment in Britain never rose to the same levels as in those countries, and there was no real British equivalent to the National Recovery Administration, the Tennessee Valley Authority, or Hitler's ambitious program of government spending.[11] From a macroeconomic point of view, Britain hardly engaged in a program of Keynesian spending, as the Nazi regime did. But it did follow Keynes's actual advice when it instituted a general 10% tariff. That tariff should be understood as the British comparator to the German and American reactions to the depression. The fact that the United Kingdom did not construct massive highways or towering dams should not detract from the magnitude of its own response to the depression. In its

[8] Eric Hobsbawm, *Industry and Empire* (New York: Penguin, 1969), 243.

[9] Darwin, *The Empire Project*, 442-443.

[10] Anthony Howe, *Free Trade and Liberal England, 1846-1946* (Oxford: Oxford University Press, 1998), chapter 8; Frank Trentmann, *Free Trade Nation: Commerce, Consumption, and Civil Society in Modern Britain* (Oxford: Oxford University Press, 2007), chapter 7.

[11] Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Penguin, 2007).

context, the end of free trade represented a radical expansion of the British state's role in the economy.

Importantly, in its motivation and in its administration, the adoption of tariffs was also a key instantiation of the business-state. The new taxes were driven by fears of British unemployment and industrial decline; the particularities of the tariff schedules were hashed out by officials working closely with industry leaders. Ultimately, the Import Duties Act and the Ottawa Agreements both resulted from the state's commitment to British industry and the employment that industry provided. There was a reason that protection preceded preference; the logic of protecting British employment and British markets led the state to draw a cordon around the Empire. That cordon, a tariff wall, represented imperial consolidation par excellence. This chapter tells the familiar story of the end of free trade from a new perspective, that of the meso-level business-state. Following the stories of businessmen and mid-level civil servants through primary sources recasts the events of 1932, not just as a victory for imperialists or a shift in Britain's trade policy, but also as a triumph of British business lobbying and as a fundamental expansion of the state's role. By the mid 1930s, the state had abandoned free trade. In its place was a patchwork system of price fixing, import quotas, and tariffs. Powerful government committees that had largely been captured by British big business determined the details of these new regulatory devices. In short, the end of free trade saw the state build an extensive bureaucratic apparatus in order to make empire safe for British industry.

TARIFFS and the STATE

For over a century, tariffs had been a major political fissure in Britain, pitting great landowners, the backbone of the Conservative Party, against urban commercial interests, the principal constituents of the Liberal Party. The 1815 passage of the Corn Laws – tariffs on grain – was a victory for the landowners; their repeal in 1846, was a triumph for the liberal traders and manufacturers dependent on foreign raw products. Especially for liberals, free trade became a rallying point, and spawned mass political movements built around keeping the price of basic foodstuffs low.[12] To liberal political economists, from Mill to Keynes, free trade was both an economic boon and a social imperative; protecting a few producers at the expense of consumers violated basic principles of distributional justice.[13] But there was a different economic effect of tariffs, one that made them particularly attractive in the interwar period. Tariffs were taxes and taxes raised money. The principles of public finance in the early 20th century were straightforward. Governments determined how much they needed to spend and then set taxes accordingly. Barring an emergency like a war, states calibrated revenues to meet expenditures; deficits were anathema.[14] For hundreds of years, Britain had relied on customs and excise taxes to balance its budget.[15] In this context, tariffs could furnish significant new revenues. Yet, despite their desire to expand social services in the early 20th century, Liberals had staunchly refused to raise import duties.[16]

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[12] Ibid., chapter 1; Howe, *Free Trade and Liberal England*; Trentmann, *Free Trade Nation*. On the Corn Laws, see Boyd Hilton, *Corn, Cash, Commerce: Policies of the Tory Governments, 1815-1830* (Oxford University Press, 1977).

[13] See, for instance, F. Barnstable, A.L. Bowley, Edwin Cannan, Leonard Courtney, F.Y. Edgeworth, C.K. Gonner, Alfred Marshall, et al., "Professors of Economics and the Tariff Question," *The Times,* August 15, 1903, p. 4.

[14] See, e.g. A.C. Pigou, *A Study in Public Finance* (London: Macmillan, 1929). Harold James, "Financial Flows Across Frontiers During the Interwar Depression," *The Economic History Review* 45, no. 3 (August 1992): 594-613. On fiscal orthodoxy, see G.C. Peden, *The Treasury and British Public Policy, 1906-1959* (Oxford: Oxford University Press, 2000), chapter 1; Roger Middleton, *Towards the Managed Economy: Keynes, the Treasury and the Fiscal Policy Debate of the 1930s* (London: Methuen, 1985), chapter 2.

[15] John Brewer, *The Sinews of Power: War, Money, and the English State, 1866-1783* (Cambridge: Harvard University Press, 1990); Martin Daunton, *Just Taxes: The Politics of Taxation in Britain, 1914-1979* (Cambridge: Cambridge University Press, 2002).

[16] This refusal led to the major political conflicts of the Asquith government: the impasse over the People's Budget and the severe restriction of the power of the House of Lords. See Clarke, *Hope and Glory*, chapter 2. Howe, *Free Trade and Liberal England,* chapter 7; Sydney H. Zebel, "Joseph Chamberlain and the Genesis of Tariff Reform," *Journal of British Studies* 7, no. 1 (November 1967): 131-157.

That staunch refusal ended with World War I, when the government enacted duties (33 1/3 %) on imported luxury goods, among them musical instruments, clocks, film, and automobiles imported from outside the empire. The tariffs, primarily meant to free up wartime cargo space on inbound steamers, also succeeded in raising £1 million, about 1% of the yearly prewar budget. Though intended to be a stopgap, the duties persisted until World War II.[17] In fact, they were supplemented several times over the 1920s through various "safeguarding" acts, meant to protect the domestic production of a few niche commodities deemed essential for wartime readiness: certain chemicals, magnets, and optical glass.[18]

By 1932, the fiscal rationale for tariffs had never been stronger. Servicing Britain's wartime debt (about £300 million per year) accounted for about a quarter of the yearly budget and with the onset of the Depression, revenues collapsed.[19] By the standards of the day, as historian Frank Trentmann put it, "the national debt made the wartime emergency a permanent fiscal one."[20] For though the war had upended material conditions, it had not shaken the pillars of the Treasury's balanced-budget orthodoxy. This orthodoxy had led to sweeping budget cuts in the 1920s premised on the assumption that government economy would bring recovery. The so-called "Geddes Axe",

[17] The so-called McKenna Duties were revoked in 1924 but reinstated in 1925. Howe, *Free Trade and Liberal England,* 280-281; Trentmann, *Free Trade Britain,* 318-319; Brian D. Varian, "The Growth of Manufacturing Protection in 1920s Britain," *Scottish Journal of Political Economy* 66, no. 5 (November 2019): 703-711; Tim Rooth, *British Protectionism and the International Economy: Overseas Commercial Policy in the 1930s* (Cambridge: Cambridge University Press, 1993), chapter 2; Garside, *British Unemployment*, chapter 6.

[18] Varian, "The Growth of Manufacturing Protection". Other industries could petition to be safeguarded, but only a few small ones – like fabric glove producers – launched successful bids. Andrew Marrison, *British Business and Protection, 1903-1932* (Oxford: Clarendon Press, 1996), chapter 9; Rooth, *British Protection,* 43; De Bromhead et al. treat British tariffs as nonexistent until 1932. Alan de Bromhead, Alan Fernihough, Markus Lampe, and Kevin Hjortshøj O'Rourke, *American Economic Review* 102, no. 2 (February 2019), 328. C.f. Varian, "The Growth of Manufacturing Protection".

[19] Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom*, new edition (London: George Allen and Unwin, 1967), 165, 169.

[20] Trentmann, *Free Trade Nation*, 318-319.

which chopped departmental budgets, was named after former man of "push and go", Eric Geddes, the chairman of the committee which recommended them (another member was Lord Faringdon). These cuts had been roundly supported by big business; Geddes became president of the FBI in 1923. In the midst of fiscal austerity and declining revenues, tariffs could help balance the budget. Speaking in 1925, even the free-trade Chancellor of the Exchequer, Winston Churchill, defended tariffs simply as "a revenue."[21] As unemployment rose and calls for public relief intensified, the demand for new revenues mounted, and the estimated £34 million that a 10% tariff would raise became increasingly compelling.[22]

Economic depression and the attendant unemployment drove the rationale for tariffs in a different way. The 1920s and 1930s were a time of economic crisis on a national scale. Unemployment, which hit 17% in 1932, spread across Britain, especially in heavy industries.[23] There were strikes, riots, and a series of "hunger marches" on London, the largest of which stretched from Glasgow to London and drew a hundred thousand.[24] Fears were such that the police mobilized a force of 70,000 in response. There were portents of a breaking point. The same year, the reformer Beatrice Webb, posing an increasingly common question, published an article entitled "Has the Capitalist System Failed?"[25] The answer was by no means clear. By the early 1930s, many economists – even traditional free traders like John Maynard Keynes – had come to see a

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[21] Ibid. On financial orthodoxy, see Garside, *British Unemployment*, chapter 12. Middleton, *Towards the Managed Economy*.

[22] Howe, *Free Trade and Liberal England*, 281-283; Rooth, *British Protectionism*, 66; Garside, *British Unemployment*, chapter 3

[23] Garside, *British Unemployment*, 5. See also Aldcroft, *The Inter-war Economy*.

[24] James E. Cronin, *Labour and Society in Britain, 1918-1979* (London: Batsford Academic, 1984), 96. See also James Vernon, *Hunger: A Modern History* (Cambridge: Cambridge University Press, 2007), 54-60.

[25] On the anxiety of this period, see Richard Overy, *The Twilight Years: The Paradox of Britain Between the Wars* (New York: Viking, 2009), chapter 2.

tariff as a short-term guarantor of employment and national economic health. Keynes had consulted on government economic policy off and on since the beginning of World War I and, in 1930, he helped found the Economic Advisory Council (EAC), a group of officials and industry leaders tasked with advising the Prime Minister.[26] By the early 1930s, Keynes was moving towards a more expansive vision of the state's participation in the economy, one in which the state took responsibility for maintaining employment levels. As the depression worsened, Keynes convened a committee of economists through the EAC to propose ways for Britain to weather the economic storm. The economists endorsed a 10% tariff on all imports and a symmetrical bounty on exports, at least until "abnormal unemployment" was no longer a problem.[27] Though free trade might be better in the long term, as Keynes put it, "if we are jammed for some time I think we should get some immediate relief by well-adjusted tariffs."[28] Tariffs were to get both manufacturing and agricultural Britain back to work and thereby set the country, economically and financially, on the right foot. Rather than pitting consumers against producers, tariffs subtly became understood as a policy that transcended the old political divisions: a macroeconomic tool *avant la lettre*.[29]

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[26] See Susan Howson and Donald Winch, *The Economic Advisory Council, 1930-1939: A Study in Economic Advice During Depression and Recovery* (Cambridge: Cambridge University Press, 1977). Keynes informed Ramsay MacDonald that "issues of economic diagnosis" were "the sort of thing for which economists, if they are any good at all, should be useful." John Maynard Keynes to Ramsay MacDonald, July 10, 1930, Keynes Papers, King's College Archive, Cambridge, JMK/EA/1/32. On Keynes and free trade, see Peter Clarke, *The Keynesian Revolution in the Making* (Oxford: Clarendon Press, 1988), chapter 9; Robert Skidelsky, *John Maynard Keynes: The Economist as Saviour, 1920-1937* (London: Macmillan, 1992), chapter 11, section 3.

[27] "Wages and Tariffs: Economists Differ: Reports to the Government," *The Manchester Guardian*, December 9, 1930, p. 11. The report, "Report of Committee of Economists" can be found in TNA, CAB 58/151, and is reproduced in Howson and Winch, *The Economic Advisory Council,* 180-243. The relevant sections on tariffs are on 221-225. See also Frank Trentmann, *Free Trade Nation*, 337-340; Rooth, *British Protectionism*, 49-51.

[28] Keynes's evidence to the Macmillan Committee, 1930, quoted in Garside, *British Unemployment*, 162.

[29] See Trentmann, *Free Trade Nation*, chapters 6-7, especially 337-339. Roger Middleton contends that the tariff was largely a product of economic nationalism and was not an innovation, but the period's economic nationalism itself helped elide the historical rift between British consumers and producers. Middleton, *Towards the Managed Economy*, 174-175. On the collapse of support for free trade see also Boyce, *Capitalism and the Crossroads,* 230-240.

Economists were not alone in framing tariffs in terms of employment and general industrial recovery: industrialists were also beginning to think this way. Over the 1920s, industry – especially heavy industry – slowly swung from free trade to protectionism.[30] As British industries were confronted with increasingly competitive German and American rivals, protecting home markets took on ever greater importance. The Federation of British Industries had been founded by staunch protectionists – among them Dudley Docker and Vincent Caillard – with a pro-tariff agenda, and over the 1920s, new industrial pressure groups emerged to champion protection. Among them was another group formed by Docker, the British Commonwealth Union, as well as the Empire Development Union, British Empire Producers' Organisation, and the Empire Industries Association (EIA) launched in 1925, with support from Leo Amery and Neville Chamberlain. These groups were politically connected and well funded. The EIA alone held a thousand public meetings in 1926 and 1927.[31]

The ubiquity of "empire" in the names of these groups reflects the extent to which imperialism – or Commonwealth Unity – and protectionism were allied causes. Decades of Unionist and Conservative campaigns, starting with Joseph Chamberlain's advocacy of "imperial preference", had permanently associated "tariff reform" with "imperial preference" in the public mind. When the government considered tariffs in 1923, it was after Prime Minister Stanley Baldwin had promised them to the dominions at the Imperial Economic Conference. Protection by tariffs – imperial preference – was a subject of discussion at every subsequent major imperial conference. Dominion representatives at the 1930 Conference in London had been particularly

[30] Though cotton textile manufacturers opposed tariffs until the end of the decade, the majority of the FBI's membership (including iron, steel, and engineering) supported tariffs throughout the 1920s. Marrison, *British Business and Protection*, chapter 10.

[31] Rooth, *British Protectionism*, 42-43; Marrison, *British Business and Protection*, chapters 11 and 12.

forceful in their requests for tariffs and government planners fully expected that the issue would resurface at the next Imperial Economic Conference, to be held in Ottawa in mid 1932.[32] It should be noted that "empire" here meant white empire; "unity" meant white unity. Though India and other colonies were nominally represented at imperial conferences, they were expected to toe the line set by London. British policymakers generally assumed preferential Indian and colonial tariffs that would keep these territories safe havens for British businesses. It was only the dominions that were in danger of drifting away from British economic influence. Even so, these markets were vitally important. The share of British exports destined for the formal empire had increased from 34.3% by value in 1920 to 41.1% in 1932.[33]

The economic crises and the spike in unemployment at the end of the 1920s brought business protectionist agitation from a simmer to a boil.[34] In 1930, the Federation of British Industries formed a special committee to poll its membership on tariffs. It euphemistically asked whether "more general application of safeguarding duties would contribute materially to the restoration of prosperity of British Industry and a consequent alleviation of the unemployment problem."[35] The so-called "Fiscal Policy Enquiry Committee" dispatched a questionnaire to FBI members in mid-July and met again in October to analyze the results, weighting each response "according to the number of workpeople employed by each firm." Only 3.9% of respondents were

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[32] See Drummond, *Imperial Economic Policy*, chapter 4.

[33] Werner Schlote, *British Overseas Trade from 1700 to the 1930s* (Oxford: Blackwell, 1952), 163.

[34] Marrison notes that "until 1929…business pressure was remarkably unsuccessful" in securing protection. Marrison, *British Business and Protection,* 23-24 and chapter 13. See also Trentmann, *Free Trade Nation*, 304-30. See also Rooth, *British Protectionism,* chapter 2.

[35] Report to the Grand Council of the Special Committee on Fiscal Policy, n.d. [1930], FBI Papers, Modern Records Centre, University of Warwick, Coventry, United Kingdom (hereafter MRC), MSS.200/F/1/1/74; Minutes of Fiscal Policy Enquiry Committee, 1930-31, MRC, MSS.200/F/1/1/74.

in favor “of maintaining the existing Free Trade fiscal system.” 96.1% were “in favour of change.”[36] “No industrial group in the Federation,” the committee noted, “shows a majority in support of the present system”.[37]

After the report, the FBI advocated vocally for protection. Its President’s Advisory Committee agreed that “the Federation must take vigorous steps in the matter, and while this might offend a minority it would attract others,” a position especially supported by former FBI president Eric Geddes (architect of the Geddes Axe and now chairman of Imperial Airways), Dudley Docker, and the Scottish industrialist, Lord Weir.[38] Two weeks later, the FBI’s Fiscal Policy Committee, a new body formed to put the policy into practice concluded “that the most urgent matter was to consider propaganda with a view to making this as extensive as possible.” In the months that followed, the Federation coordinated lecture series, commissioned pamphlets, posters and leaflets, and distributed letters to the press, with FBI director Roland Nugent taking a particularly active role.[39] By mid 1931, it had circulated a million leaflets and 30,000 posters. It had distributed about 10,000 copies of the pamphlet, “The Passing of Free Trade”, which it had commissioned, and had ordered 75,000 copies of a different pamphlet, “Selling British”, to be printed.[40] It organized

[36] Without weighting firms by number of employees, 95.5% were in favor of change. 72% “recorded a definite vote”. 7.4% “reported that owing to a divergence of views upon their Boards they have been unable to reach unanimous decision.” The remaining 20.6% abstained or did not send in a vote. Ibid.

[37] Howe, *Free Trade and Liberal England*, chapter 8. The Lancashire cotton industry had been traditionally pro free trade, but not universally so. P.F. Clarke, “The End of Laissez Faire and the Politics of Cotton,” *The Historical Journal* 15, no. 3 (September 1972): 493-512.

[38] FBI President’s Advisory Committee on the Fiscal Policy Question Minutes, November 5, 1930, MRC, MSS.200/F/1/1/74. On Geddes, see Keith Grieves, *Eric Geddes: Business and Government in War and Peace* (Manchester: Manchester University Press, 1989).

[39] FBI Fiscal Policy Coordinating Committee Minutes, November 20 and 26, 1930, MRC, MSS.200/F/1/1/74.

[40] FBI Fiscal Policy Coordinating Committee Minutes, February 18 and June 17, 1931, MRC, MSS.200/F/1/1/74.

regular business lunches and speeches by industrialists, many of them "prominent Conservatives".[41]

By early 1931, the Conservative Party itself had firmly committed to protection, and its Research Department set up a committee to plan for future duties on manufactures. Chaired by Philip Cunliffe-Lister and including Leo Amery, Basil Blackett, and several prominent industrialists, it met twenty-five times in the first half of 1931.[42] The scheme it produced was designed to both satisfy industry and pass through Parliament with minimal resistance. Central to the plan was a semi-independent Tariff Advisory Committee that would hear appeals and adjust rates. Modeled on one established by Australia, the committee was designed, in Stanley Baldwin's words, to take the tariff setting process "as far from politics as you can".[43] But though politics might be removed, business influence would certainly not be.

After Britain abandoned the gold standard in September 1931, support for protection only intensified. The Association of British Chambers of Commerce (ABCC) endorsed a tariff at its national meeting in Lincoln that month. Shortly thereafter, the ABCC's Overseas Committee resolved to recommend "immediate steps…to stop excessive imports," largely from continental Europe and the United States. "The urgency of the present situation", it concluded, necessitated "a general tariff."[44] The FBI's Fiscal Policy Committee (renamed the "Economic Emergency

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[41] The rest of the committee anticipated success; "the Liberal Free Trade campaign [was] hardly so formidable as reported." FBI Fiscal Policy Coordinating Committee Minutes, June 17, 1931, MRC, MSS.200/F/1/1/74.

[42] Rooth, *British Protectionism,* 58; Marrison, *British Business and Protection*, 410-414; 420-426; W.R. Garside, "Party Politics, Political Economy and British Protectionism, 1919-1932," *History* 83, no. 269 (January 1998): 47-65.

[43] Cited in Rooth, *British Protectionism,* 58. See also Richard Roberts, "The Administrative Origins of Industrial Diplomacy: an Aspect of Government-Industry Relations, 1929-1935," 98-101 in John Turner, ed., *Businessmen and Politics* (London: Heinemann, 1984).

[44] ABCC Overseas Committee Minutes, November 4, 1931, Association of British Chambers of Commerce Papers (hereafter ABCC), London Metropolitan Archives, London, United Kingdom (hereafter LMA),

Committee") similarly "urge[d] strongly the immediate imposition of a Tariff."[45] Such a measure would "check the flow of manufactured imports [principally from the United States], which we can no longer afford to buy".[46] Empire was at the heart of the FBI's rationale. A tariff would protect the home market while providing "for the widest possible extension of inter-Imperial preference so as to develop a nucleus of markets within the Empire as the main support of future British industrial prosperity."[47] As in World War I, crisis would open doors for industrialists. In the words of one committee member "now was the time for industrialists to take their place in the councils of the country, from which they had hitherto been excluded."[48] The collapse of Britain's financial regime not only strengthened the case for tariffs, it also afforded industrialists a greater role in setting state economic policy.

The next month, an election brought Ramsay MacDonald's new National Government into power. Though a prime minister from the Labour party led the government, it was essentially protectionist conservative, and parliamentary opinion was overwhelmingly in support of tariffs.[49] In November 1931, the government introduced emergency (and temporary) legislation to prevent

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CLC/B/016/MS14487/002. See also ABCC Executive Council Minutes, September 16, 1931, ABCC, LMA, CLC/B/016/MS14476/012.

[45] FBI Economic Emergency Committee Minutes, September 25, 1931, MRC, MSS.200/F/1/1/74.

[46] Draft Statement to Temper Optimism, September 25, 1931, MRC, MSS.200/F/3/E1/13/7. The United States imported about £100 million worth of goods to the UK in 1931. Germany and France together imported another £100 million. *Statistical Abstract for the United Kingdom in Each of the Fifteen Years from 1913 and 1923 to 1936, Eighty-First Number* (London: HMSO, 1938), [Cmd. 5627], 377.

[47] Most important was the "furtherance of inter-Imperial trade and the development of the resources of the Empire." Draft Report for the Economic Emergency Committee, November 16, 1931, MRC, MSS.200/F/3/E1/13/7.

[48] FBI Economic Emergency Committee Minutes, September 25, 1931, MRC, MSS.200/F/1/1/74.

[49] On the politics of this period, see Andrew Thorpe, *The British General Election of 1931* (Oxford: Clarendon, 1991) and Philip Williamson, *National Crisis and National Government: British Politics, the Economy and Empire, 1926-1932* (Cambridge: Cambridge University Press, 1992).

"abnormal" imports of several manufactured items that competed directly with troubled British industries, including cotton goods and electric lamps.[50] As more tariffs to curb "excessive imports" were debated, the FBI's leadership sensed an opportunity. The meaning of "excessive imports", a senior member noted, "would depend to some extent on the pressure exercised by established industrial bodies on the Board of Trade during the next few weeks." The FBI itself could be a "medium between the Board of Trade and its members."[51]

The FBI was to act, but in the shadows. Its new President – George Beharrell, a former Ministry of Munitions man and managing director of Dunlop Rubber – was "particularly anxious that no criticism should be leveled at the Government", but in private, the FBI intensely lobbied to shape future tariffs.[52] So too did the ABCC. The Association set up a special Tariff Consultation Committee and dispatched a delegation to the Board of Trade, which accepted the ABCC's recommendations on tariff schedules.[53] The FBI and the ABCC were both confident that they could use backchannels to accomplish their ends, and with good reason. Each organization had close contacts in high offices; the same month of the delegation to the Board of Trade, the chairman of the ABCC's Overseas Committee, Jock Colville, became the head of the Department of Overseas Trade.[54] A main reason that the FBI's leadership found the proposed Import Duties Bill

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[50] See Trentmann, *Free Trade Nation*, chapter 7. Howe, *Free Trade and Liberal England*, 283.

[51] Ramsey in FBI Economic Emergency Committee Minutes, January 13, 1932, MRC, MSS.200/F/1/1/74.

[52] Before Beharrell, Eric Geddes had been Dunlop's managing director. Charles Tennyson would join Dunlop. See Grieves, *Sir Eric Geddes*, 110-114; Charles Tennyson, *Stars and Markets* (London: Chatto and Windus, 1957), chapter 20.

[53] ABCC Overseas Committee Minutes, February 3, 1932, ABCC, LMA, CLC/B/016/MS14487/002.

[54] ABCC Overseas Committee Minutes, December 2, 1931 and January 6, 1932, ABCC, LMA, CLC/B/016/MS14487/002.

"satisfactory" was that they were confident of their influence at the Board of Trade.[55] They knew that the composition of the "free list" – that is, the list of commodities exempted from duties due to industrial needs – would "be a matter of representation to the Board of Trade", and they were confident that their representations would be heeded.[56]

IMPORT DUTIES ACT, 1932

The Conservative Research Plan was introduced to Parliament the next month, February 1932, as the Import Duties Bill.[57] The House of Commons passed the Act in a matter of days, with Chancellor of the Exchequer Neville Chamberlain emotionally claiming a final vindication of his father, Joseph Chamberlain's, dream of tariffs.[58] A general 10% ad valorem duty on goods imported into the United Kingdom came into effect almost immediately, on March 1st. A few goods – like pit props – were exempted because they were deemed vital for important national industries. Others were already subject to higher duties because of previous safeguarding legislation. The largest and most important exception concerned goods originating from within the Empire. Exports from crown colonies were permanently excepted and those from Dominions – newly autonomous because of the recently-passed Statute of Westminster – were to be excluded

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[55] Report of the Organisation and Management Committee, February 15, 1932, FBI, MRC, MSS.200/F/1/1/13.

[56] The one change to the bill they sought was "more elastic machinery enabling the Treasury to amend" the Free List. The Chancellor of the Exchequer agreed to make the desired changes. Ibid. See also FBI Executive Committee Minutes, February 10, 1932, FBI, MRC, MSS.200/F/1/1/13. Report to the Grand Council of the Special Committee on Fiscal Policy, n.d. [1930], FBI, MRC, MSS.200/F/1/1/74.

[57] House of Commons Debate, February 10, 1932, *Hansard* vol. 261, cc. 989-990. Rooth, *British Protectionism,* chapter 2. Barry Eichengreen contends that the Cabinet was primarily interested in combatting hyperinflation and exchange-rate fluctuations, while Ian Drummond and Rooth stress the primacy of unemployment and the "political domestic environment in which the government operated". Drummond, *Imperial Economic Policy*, 179; Barry Eichengreen, *Sterling and the Tariff, 1929-32,* Princeton Studies in International Finance, no. 48 (Princeton: Princeton University, 1981).

[58] House of Commons Debate*, Hansard,* February 4, 1932, v. 261, cc.279-297.

temporarily, until permanent agreements were reached with the dominion governments at the upcoming Imperial Economic Conference in Ottawa.[59]

The Import Duties Act was sweeping. It had been passed hurriedly and its framers had not taken time to study its effects on particular markets, countries, or industries.[60] But the blanket nature of the Act was part of its rationale; carveouts and exceptions were to be determined not by political negotiations, but instead by an administrative body, "as far from politics" as possible. Modeled on the Export Credits Advisory Committee, the Import Duties Advisory Committee (IDAC) was a three-person body set up with Board of Trade oversight.[61] At its head was the former company secretary of the Prudential Insurance Company, George May; its other two members were S.J. Chapman, the Board of Trade economist who had become the Government's Chief Economic Advisor, and Allan Powell, a Ministry of Agriculture official. The IDAC's secretary and administrative head was the veteran Board of Trade official Percy Ashley.

Each member of the three-person committee was given responsibility for a major sector of the British economy. The financier George May, chosen personally by Neville Chamberlain, took on oversight for the iron, steel, and coal industries. These industries were widely understood to have too many firms and too many small plants to effectively compete with German and American behemoths (as a proportion of world output, British pig iron fell from 13.2% to 8.3% and steel fell

[59] United Kingdom Tariffs and Foreign Countries, March 24, 1932, TNA, T 160/445/7. The Statute of Westminster was passed in December 1931. It precluded the British Parliament from legislating for the dominions. See Darwin, *The Empire Project*, 443-445; R.M. Dawson, *The Development of Dominion Status, 1900-1936* (Oxford: Oxford University Press, 1936), 380-389; McIntyre, *The Britannic Vision*, 185-193. See also R.F. Holland, *Britain and the Commonwealth Alliance, 1918-1939* (London: Macmillan, 1981).

[60] Questionnaire for Western European Embassies, March 19, 1932, TNA, T 160/445/7.

[61] It met for the first time on March 1. Import Duties Advisory Committee, Report of Proceedings, March 1, 1932-February 28, 1933, 1933, TNA, BT 10/80, p. 1.

from 10.2% to 8.1% between 1913 and 1929).[62] May would play a major part in the state's ongoing efforts to "rationalise" the iron and steel industry through a program of regional amalgamation, using the threat of withdrawing tariffs as an incentive for steel producers to merge and reduce inefficiencies. In 1934, this effort resulted in the creation of the British Iron and Steel Federation, a massive state-sponsored cartel backed by the Bank of England that formally coalesced Britain's metal trades. In this way, May's work helped set a key precedent for the postwar nationalization of the steel industry.[63]

The other IDAC members had less high profile, but no less important tasks. Allan Powell took charge of managing the tariffs effecting agricultural products. That left the Board of Trade economist, Sidney Chapman, to deal with all manufactured goods.[64] Two former senior Board of Trade officials – Chapman and Ashley – were thus the prime agents of protection within the British administrative state. Two veterans of a department that, even a generation before, had been a bastion of free trade thinking, were administering a staff of 46 and the most profoundly protectionist regime in Britain since the abolition of the Corn Laws.[65]

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[62] Aldcroft, *The Inter-War Economy*, 169-174. See also D.L. Burn, *The Economic History of Steelmaking, 1867-1939* (Cambridge: Cambridge University Press, 1940).

[63] Neville Chamberlain to Ida Chamberlain, February 20, 1932, in Robert Self, ed., *The Neville Chamberlain Diary Letters* vol 3, (Burlington, VT: Ashgate, 2002), 310.The previous year, as chair of the National Committee on Public Expenditure, May called for sweeping budget cuts. The Bank of England had tried to rationalize the iron and steel industry – it was principally with the steel industry in mind that Securities Management Trust was formed. But the state only intervened actively starting in 1932 through the IDAC, pushing a program of regional amalgamation, backed up by protective tariffs on steel and iron. Tariffs were the carrot that enabled the cooperation needed for state-led rationalization. See Steven Tolliday, "Tariffs and Steel, 1916-1934: The Politics of Industrial Decline", in John Turner, ed., *Businessmen and Politics: Studies of Business Activity in British Politics, 1900-1945* (London: Heinemann, 1984): 50-75; Steven Tolliday, *Business, Banking and Politics: The Case of British Steel, 1918-1939* (Cambridge, MA: Harvard University Press, 1989). See also Leslie Hannah, *The Rise of the Corporate Economy* (London: Methuen, 1976), chapter 2.

[64] See IDAC, Minutes of Meetings, TNA, BT 10/30.

[65] Import Duties Advisory Committee, Report of Proceedings, March 1, 1933-February 28, 1934, 1934, TNA, BT 10/81.

The IDAC was the arbiter of tariff rates and exemptions.[66] Committee members could "require any person to furnish…returns or other information, or to appear before them to give evidence or produce documents" and the Committee was empowered to take evidence under oath. In general, it was instructed to tax more heavily "articles of luxury or articles of a kind which are produced…in the United Kingdom in quantities which are substantial in relation to the United Kingdom consumption." In rendering decisions, committee members were also to consider the "advisability in the national interest of restricting importations into the United Kingdom, and the interests generally of trade and industry in the United Kingdom."[67] In this way, the IDAC was tasked with balancing the interests of consumers and producers. Trade barriers needed to be designed so that poor consumers did not face higher prices on staple goods, while still allowing British producers and manufacturers to gain an advantage in the home market. Complicating matters was the fact that British industry depended on raw goods from places outside the Empire, which might be subject to duties. Tariffs had to be carefully considered so as to help industry without hurting it, all while protecting the British consumer.[68]

The Committee acted quickly and decisively upon its constitution in March 1932, making "at once general recommendations of as comprehensive a character as possible." Firm action, per

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[66] Technically, the IDAC did not have authority to unilaterally alter the official schedule of duties collected on foreign imports, but its recommendations to the Treasury were seen as final.

[67] Import Duties Advisory Committee, Report of Proceedings, March 1, 1933-February 28, 1934, 1934, TNA, BT 10/81, pp. 1-2.

[68] The Committee acted at the margin. Other efforts to protect British industries had involved massive tariffs: 50% on goods under the Abnormal Importations Act (1931), or 33 1/3% under the Safeguarding Industries Act (1921). The IDAC, by contrast, typically recommended additional duties of 5 or 10% on top of the 10% ad valorem duty. Only rarely did the committee recommend bringing the total tax on a good up to 33 1/3%; many of these cases merely continued the duties levied under the Abnormal Importations Act, which expired in May 1933.Ibid., p. 5; IDAC, Minutes of 3rd Meeting, March 8, 1932, TNA, BT 10/30.

FBI leaders, would prevent uncertainty and hesitation in industry.[69] Speed also depended on the partnership of industry. The committee eschewed detailed inquiries, and instead proceeded, in Percy Ashley's description, "on the basis of information already officially available or readily obtainable." The committee decided "upon the broad outlines of their scheme" for a particular commodity, and then arranged "informal meetings" with "the Presidents or Chairman and Chief Executive Officers of a small number of the larger industrial and trade associations", particularly the FBI, ABCC, National Union of Manufacturers, and BEAMA.[70] Thus, from the start, the IDAC focused its attention where British industry directed it. In early March, the Committee agreed that it should "see confidentially a number of representatives of interests concerned with a view to ascertaining their general views on the problem before the Committee."[71] "Interests concerned" meant British industry: in the first instance Clare Lees and R.S. Dunwoody, the President and Secretary of the ABCC, and in the second, George Baharrell and Roland Nugent, President and Director of the FBI.[72] The IDAC met with major employers' groups on March 21st, March 22nd, March 23rd, March 31st, and April 4th. Two days after the final meeting, the IDAC drafted its first recommendations for amending the tariff schedule. No other outside witnesses were officially consulted.[73] When the IDAC reported that it acted quickly, on the basis of "readily available"

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69 Import Duties Advisory Committee, Report of Proceedings, March 1, 1932-February 28, 1933, 1933, TNA, BT 10/80, p. 1.

70 Ibid., pp. 7-8.

71 IDAC, Minutes of 5th meeting, March 14, 1932, TNA, BT 10/30.

72 IDAC, Minutes of 5th meeting, March 14, 1932, TNA, BT 10/30. Clare Lees found Dunwoody "not much use at creative thinking or really reflective discussion." Dunwoody had trained as an engineer and worked for the Royal Commission on Canals and Waterways before becoming the ABCC's secretary. Marguerite Dupree, ed., *Lancashire and Whitehall: The Diary of Sir Raymond Streat, vol. 1: 1931-39* (Manchester: Manchester University Press, 1987), 86.

73 IDAC, Minutes of 7th, 8th, 9th, 10th, and 11th meetings, March 21-April 4, 1932, TNA, BT 10/30.

information, what it meant was that it acted upon information "readily obtainable" from industrial interest groups. This meant that in serving the economic health of the country, the IDAC became the clear instrument of business interests.

In the aftermath of the IDAC's initial recommendations, hundreds of firms and trade organizations applied to the IDAC to change tariffs. Firms or organizations – the latter being officially preferred – applied to the IDAC for a change in the duty of a commodity.[74] If the relevant section of the IDAC deemed the application plausible in its claims, the Committee advertised in newspapers and trade journals that it was considering the tax status of that good, and invited public comment. After meeting with relevant industry groups and government officials, the committee member charged with the good would present the case for a vote. Unions were virtually never consulted, though their interests would have largely coincided with management's. Nor does the record suggest that in making judgments, the IDAC gave weight to particular regional interests. Instead, IDAC staff made decisions so as to assist one industry without hurting another and without precipitously raising the prices of basic goods demanded by a mass of British consumers. In any case, if the committee agreed on changing the status of the commodity, it would submit an official recommendation to the Treasury, which, in turn, would update the relevant tax schedules.

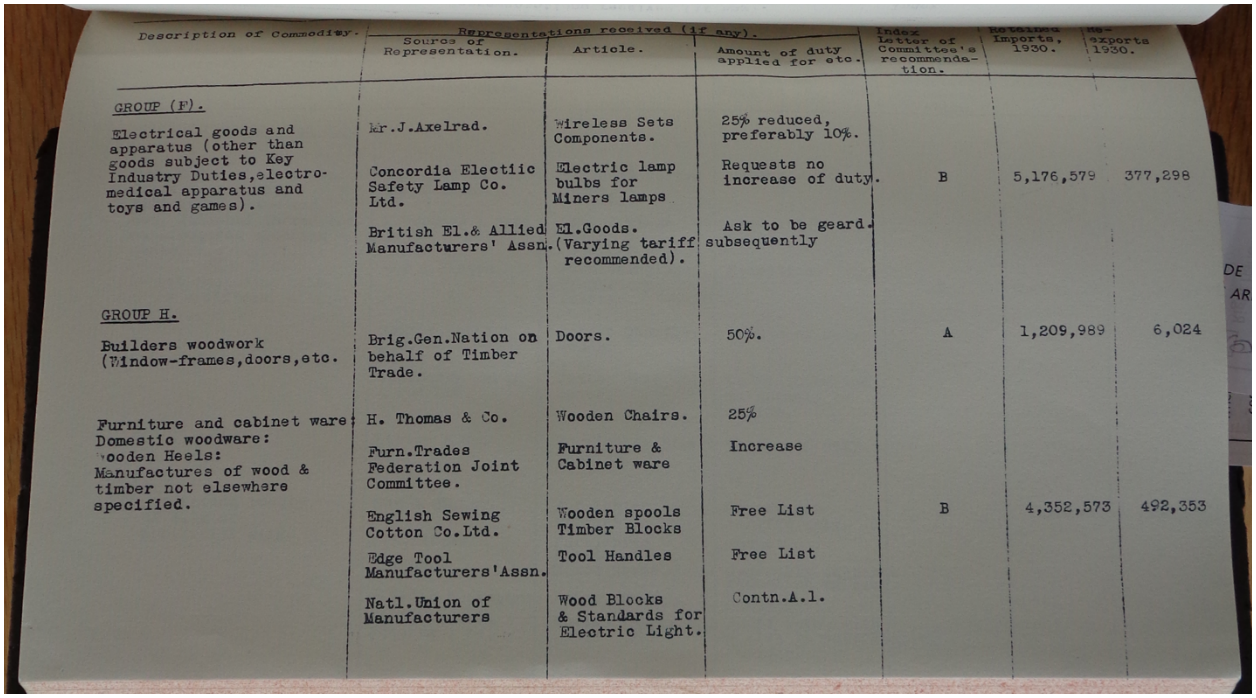
Private industry was, therefore, firmly in the driver's seat of implementing import duties. The list of applications made by organizations alone – after just two months of the IDAC's operation – ran 66 pages. Most petitions were from big firms like Imperial Chemical Industries (a conglomerate formed in 1926 to rescue the state-owned British Dyestuffs Corporation, which itself was set up to handle war production), and major organizations including BEAMA and the National

[74] Import Duties Advisory Committee, Report of Proceedings, March 1, 1932-February 28, 1933, 1933, TNA, BT 10/80, p. 10.

Federation of Iron and Steel Manufacturers. But there was also a host of petitions from smaller organizations like the Manufacturing Confectioners' Alliance and the Patent Hinge Makers' Association.[75] Industry groups could apply for the IDAC to raise or lower the duties on a particular commodity and apply they did. In the first year of the IDAC's existence, virtually every case the body reviewed was introduced because of an application from industry. This is not to say that the IDAC universally approved petitions. They refused repeated requests from carpet manufacturers; they also rejected further duties on potatoes, tar, asphalt, chewing gum base, porcelain flowers for wreaths, and safety razors.[76] Nevertheless, the IDAC's work was driven by industry appeals. The most striking document that the IDAC produced in its early work was a table – running 22 pages – that listed every recommendation the Committee made to changing the tariff schedule along with the particular representations from private industry pertinent to the change (see figure 6.2). It is clear that, with very few exceptions, each change was motivated by industry representation.

[75] ICI was formed in 1926 through the merger of Nobel Industries and the British Dyestuffs Corporation, which itself had been formed with major state investment during World War I to meet a demand for chemicals. See W.J. Reader, *Imperial Chemical Industries: A History* (Oxford: Oxford University Press, 1970), chapters 12 and 18. Applications by Representative Organisations for Articles to be Made Subject to Additional Duties (and to be put on Free List), n.d. [April 1932], BT 10/1, Paper 4.

[76] IDAC Minutes of 37th, 46th, and 47th meetings, July 5, August 23, and August 25, 1932, TNA, BT, 10/30.



Description of Commodity.	Representations received (if any). Source of Representation.	Article.	Amount of duty applied for etc.	Index Letter of Committee's recommendation.	Retained Imports, 1930.	Re-exports 1930.
GROUP (F). Electrical goods and apparatus (other than goods subject to Key Industry Duties, electro-medical apparatus and toys and games).	Mr.J.Axelrad.	Wireless Sets Components.	25% reduced, preferably 10%.			
	Concordia Electiic Safety Lamp Co. Ltd.	Electric lamp bulbs for Miners lamps	Requests no increase of duty.	B	5,176,579	377,298
	British El.& Allied Manufacturers' Assn.	El.Goods. (Varying tariff recommended).	Ask to be geard. subsequently			
GROUP H. Builders woodwork (Window-frames, doors, etc.	Brig.Gen.Nation on behalf of Timber Trade.	Doors.	50%.	A	1,209,989	6,024
Furniture and cabinet ware Domestic woodware: Wooden Heels: Manufactures of wood & timber not elsewhere specified.	H. Thomas & Co.	Wooden Chairs.	25%			
	Furn.Trades Federation Joint Committee.	Furniture & Cabinet ware	Increase			
	English Sewing Cotton Co.Ltd.	Wooden spools Timber Blocks	Free List	B	4,352,573	492,353
	Edge Tool Manufacturers'Assn.	Tool Handles	Free List			
	Natl.Union of Manufacturers	Wood Blocks & Standards for Electric Light.	Contn.A.l.			

Figure 6.2: Representations from Industry to IDAC. Excerpt from IDAC Paper 25, March 30, 1932. TNA, BT 10/1.

Through this process, big industrial groups and employers' organizations were the principal players in setting tariff schedules. The day after the IDAC came into existence, the ABCC deemed it "in the interests of the Association and helpful to the Chamber of Commerce movement…that the Association should encourage the holding of meetings at 14, Queen Anne's Gate [the ABCC's headquarters] between representatives of the different trades which may desire to make out their cases to the Tariff Advisory Committee."[77] Over the next months, the ABCC would play a coordinating role in organizing its members to petition to the IDAC and providing them with information about how to do so.

The IDAC was also in close touch with the FBI, particularly a new FBI committee formed to interface with the IDAC: the Tariff and Commercial Treaties Committee.[78] Because the FBI

[77] ABCC Overseas Committee Minutes, March 2, 1932, ABCC, LMA, CLC/B/016/MS14487/002.

[78] FBI Tariff and Commercial Treaties Committee Minutes, April 28, 1932, FBI, MRC, MSS.200/F/1/1/77. The chair of the new committee was the first director of the British Iron and Steel Federation, William Larke, who would work

worked so well with the IDAC, the Federation emerged as a strong advocate for expanding the Import Duties Advisory Committee's remit; it should, in the FBI's view, have the power to review all customs duties.[79] The Tariff and Commercial Treaties Committee argued strenuously against most-favored-nation (MFN) treaties, which would hamper the British state's flexibility in designing country- and product-specific taxation regimes. MFN treaties were, in short, undesirable because they would curtail the IDAC's discretion. The chair of the Tariff and Commercial Treaties Committee "emphasized the importance of the prestige and influence of the Import Duties Advisory Committee being maintained, so that a Government department would hesitate to suspend or alter their recommendations."[80] The reason was clear. Industry was playing a leading role in determining Britain's new, expanding and more invasive tariff regime, with the IDAC acting as its willing agent.

OTTAWA and BUSINESS

There was, however, a major area of tariff reform that the IDAC could not address: imperial preference. The Import Duties Act's drafters had purposefully left this question to be decided at that summer's upcoming conference in Ottawa, for which British officials had long been preparing. A full year before the conference, an interdepartmental preparatory committee chaired by the Board of Trade's S.J. Chapman (who would soon join the IDAC) had already done an "enormous amount of work," compiling voluminous statements on dominion tariffs and trade for thousands

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closely with George May to reform and rationalize the steel industry. Tolliday, *Business, Banking, and Politics,* chapter 13

[79] FBI Executive Committee Minutes, May 4, 1932, FBI, MRC, MSS.200/F/1/1/13.

[80] FBI Tariff and Commercial Treaties Committee Minutes, November 11, 1932 and March 13, 1933, FBI, MRC, MSS.200/F/1/1/77.

of commodities.[81] The committee produced hundreds of pages of reports and solicited thousands more.[82] There were scores of letters between officials in Britain, industrialists, bankers, and representatives across the Empire, particularly William Clark, the erstwhile administrator of the DOT, now the British High Commissioner in Canada. The DOT's trade commissioners – stationed across the dominions – were particularly instrumental in this process, providing the bulk of "information and comments" on which the Committee based its work.[83] F.W. Field, the commissioner in Montreal, alone produced a 76-page memorandum on the behavior of Canadian customs officials and a 348-page report detailing the trade position and giving recommendations for each of the 253 trade classifications indicated in the Canadian tariff schedule, from "pickles in bottles, jars or similar vessels," to "locomotive and car wheel tyres of steel", from "surgical plaster" to "guns".[84]

Industry was also closely involved in the Ottawa preparations, especially after the 1931 decision to enact tariffs, which offered leverage for securing "real concessions" from the dominions.[85] Conference planners in the Dominion Office shared all their preparatory memoranda with the FBI and ABCC for comment and the groups' recommendations were "embedded in the

[81] The group consisted of officials from the Board of Trade, Department of Overseas Trade, Dominions Office, and Treasury. R.B. Howorth, "Imperial Economic Conference", December 9, 1932, TNA, DO 35/237/3, p. 19. Ottawa Inter-Departmental Preparatory Committee Minutes of Meeting 13, March 17, 1931, TNA, BT 55/48, OTT 58.

[82] Preparatory Memoranda for Ottawa, TNA, BT 55/47.

[83] Ottawa Inter-Departmental Preparatory Committee Minutes of Meeting 13, March 17, 1931, TNA, BT 55/48, OTT 58.

[84] F.W. Field, Memorandum on Canadian Customs Treatment, February 4, 1932, TNA, DO 35/238/6; F.W. Fields, Memorandum on Trade Classifications, March 22, 1932, TNA, DO 35/239/1.

[85] Cabinet Committee Report C.O. 288(31), November 23 1931, TNA, DO 35/236/12.

schedules."[86] Government officials told ABCC secretary R.S. Dunwoody in January 1932 that they were "anxious to secure the collaboration of industry in the policy to be pursued at Ottawa". Emboldened, Dunwoody requested that the delegation include official "business advisers".[87] Planners acquiesced, suggesting that the FBI, the ABCC, and the Chamber of Shipping each nominate an official adviser to serve the government at the Ottawa conference.[88] The next month, the government asked the Trades Union Congress (TUC) to send official advisers as well.[89]

In the midst of widespread unemployment, labor and industry were united in their desire for some form of protection; if that meant imperial unity, all the better. Along with the TUC, the FBI and ABCC had advocated for increased imperial cooperation for some time; the TUC and FBI had issued a joint memorandum before the 1930 Imperial Conference advocating for an imperial economic secretariat to encourage greater intra-imperial trade. By 1932, the TUC had come to join the FBI and ABCC in endorsing tariffs as a way of boosting employment, though "with great reluctance".[90] In any case, both groups were keenly interested in the proceedings in Ottawa as a way to encourage the recovery of employment and profit, and each picked powerful figures as representatives.[91] The TUC, after ensuring that their representatives would have equal status with the industrial advisers, nominated William Citrine and John Bromley, its general secretary and

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[86] E. Harding to William Clark, December 17, 1931, TNA, DO 35/236/13; E. Harding, Memorandum on Meeting with FBI and ABCC, December 30, 1931, TNA, DO 35/236/13.

[87] Notes on Meeting, January 22, 1932, TNA, DO 35/236/13.

[88] Note for Meeting with Representatives of Export Industries, January 28, 1932, TNA, DO 35/241/5.

[89] Minutes of First Meeting with Industrial Advisers, May 5, 1932, TNA, DO 35/242/2. Minutes of Meeting with Trades Union Congress, April 7, 1932, TNA, DO 35/241/5.

[90] Quoted in Hugh Armstrong Clegg, *A History of British Trade Unions Since 1889*, vol. 2 (Oxford: Clarendon, 1985), 541.

[91] Michael Dintenfass, "The Politics of Producers' Co-operation: The FBI-TUC-NCEO Talks, 1929-1933," in Turner, ed., *Businessmen and Politics*, 84-88.

president. The FBI chose William (Lord) Weir, a Scottish industrialist, senior FBI grandee, and committed protectionist. Lord Weir's company manufactured armaments and Weir had collaborated closely with the government. He worked in the Ministry of Munitions during World War I and afterwards served on various committees: several on military readiness, and civil aviation. It had been on his recommendation in 1926 that the government created the Electricity Control Board, in essence nationalizing the country's electricity supply.[92] The ABCC's nominee was Gilbert Vyle, an electrical engineer who had been an early supporter of a "business parliament", and who had also worked for the Post Office and Colonial Office overseas.[93] The Chamber of Shipping selected Alan Anderson, a shipowner, financier, and Bank of England director, who had worked with Walter Runciman on shipping at the Board of Trade during the war.[94]

The appointment of industrial advisers followed directly in the tradition of the Board of Trade and DOT advisory committees. The advisers were to speak for cartelized and associated firms operating across the British economy; individual firms were instructed to send their representations about the Ottawa Conference to them, through ABCC secretary R.S. Dunwoody.[95] As importantly, the advisers were to legitimate the conference. According to a memo jointly authored by the Dominions Secretary and the President of the Board of Trade, "such advisers at

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[92] The company was G. and J. Weir. Richard Davenport-Hines, "Weir, William Douglas, first Viscount Weir," *ODNB* (September 2004), accessed online November 19, 2019, https://doi-org/10.1093/ref:odnb/36818; Keith Middlemas, *Politics in Industrial Society: The Experience of the British System since 1911* (London: André Deutsch, 1979), 178.

[93] ABCC Executive Council Minutes, May 4, 1932, ABCC, LMA, CLC/B/016/MS14476/012; Dupree, ed. *Lancashire and Whitehall*, 144-145; Richard Davenport-Hines, *Dudley Docker: The Life and Times of a Trade Warrior* (Cambridge: Cambridge University Press, 1984), 108.

[94] Freda Harcourt, "Anderson, Sir Alan Garrett," *ODNB* (September 2004), accessed online April 17, 2019, https://doi-org /10.1093/ref:odnb/30404.

[95] Minutes of the Second Meeting with Industrial Advisers, May 11, 1932, TNA, DO 35/242/2.

Ottawa might do a great deal to create a favourable atmosphere here [in the UK] for the results obtained." That the advisers might offer actually *helpful* advice was almost an afterthought to government planners. In a list of justifications for including industrial advisers, organizers noted that they "might be useful" because of "advice based on general industrial experience", but this benefit was listed fifth out of five.[96] The rationale for including organized labor was even more mercenary. It was driven principally by "a possible demand for representation of the Trades Union Congress", which would make the status of the industrial advisers uncomfortable, should it be turned down.[97] The advisers themselves had an inkling of their position. Gilbert Vyle told the ABCC executive council that they "had a feeling that the politicians did not like them and they would therefore have to walk warily if they were going to get their own way."[98] Fortunately for the advisers, the civil servants attending the conference – especially those from the Board of Trade – were more sympathetic to the industrialists' interests.

Those interests involved carefully calibrating imperial tariffs for maximum benefit to industry. This was a delicate business. On the one hand, a system of imperial preference, especially one with high tariff walls, might allow British exporters of finished goods to push foreign competitors out of dominion markets; American firms in Canada were of special concern. On the other hand, tariffs could also lead to higher prices of raw materials – the inputs needed to produce the finished goods Britain exported. This fact notwithstanding, the big industrial organizations' prime objective was securing dominion markets for British concerns. In 1913, Britain had supplied

[96] "Proposed Attachment of Business Advisers to the United Kingdom Delegation to the Ottawa Conference", March 12, 1932, TNA, DO 35/241/5.

[97] Ibid.

[98] ABCC Executive Council Minutes, September 16, 1931, ABCC, LMA, CLC/B/016/MS14476/012.

44.3% of all the merchandise imported by dominions and protectorates. By 1929, that figure had fallen to 34.1%. Over the same time period, the Empire was accounting for more and more of British exports, from around 35% before the war to 40% in 1930.[99] Business leaders and state administrators simply assumed that colonies in Asia and Africa would remain captive markets. India would send a delegation to Ottawa, even though the British trade relationship with the subcontinent was never in doubt; the Indian delegation was "most anxious to co-operate as closely as possible with the United Kingdom delegation."[100] Dominions, however, were a different story. In January 1932, FBI president-elect Sir George Beharrell stressed to government officials the danger of "an ever growing feeling of Nationalism in the Dominions", which was "the manifestation of the same spirit on the Continent," a clear reference to fascism. But Beharrell was more concerned with economics than with politics. Nationalism meant "loss of trade as between country and country." It meant a loss of money. Urging the Dominion Secretary J.H. Thomas to address the creep of nationalism, he noted that it was "obviously our interest that we should trade not as independent nations but as an Empire, and for the benefit of the Empire as a whole."[101]

The UK delegation left England on the *Empress of Britain* on July 13. Officially leading the mission was Stanley Baldwin, the conservative former Prime Minister who had campaigned unsuccessfully for tariffs in 1923 and who had overseen the creation of the Empire Marketing

[99] Rooth, *British Protectionism,* 32; Schlote, *British Overseas Trade,* 89. On the importance of dominion markets, see David Thackeray, *Forging a British World of Trade: Culture, Ethnicity, and Market in the Empire-Commonwealth, 1880-1975* (Oxford: Oxford University Press, 2019), chapter 2.

[100] UK Delegation to Imperial Economic Conference [hereafter IEC], Conclusions of 8th Meeting, July 19, 1932, TNA, CAB 32/101.

[101] Minutes of Conference with Export Industries, January 28, 1932, TNA, DO 35/241/5. This view was shared by another person at the meeting, the old EMB-supporter, Walter Elliott, who was now financial secretary. See also FBI Executive Committee Minutes, February 10, 1932, FBI, MRC, MSS.200/F/1/1/13.

Board.[102] Joining him was J.H. Thomas, the left-leaning Secretary of State for Dominion Affairs, who had protected Tallents's EMB, Walter Runciman, the longtime Liberal President of the Board of Trade (and himself a shipping magnate), and his onetime political rival, Philip Cunliffe-Lister, the conservative Colonial Secretary who had been instrumental in drafting the Import Duties Act. There was also Neville Chamberlain, the Chancellor of the Exchequer, John Gilmour, the Minister of Agriculture and Fisheries, and the War Secretary, the Viscount Hailsham.[103] Their official coterie ran another 65 names. Many others accompanied them, including wives, secretaries, and support staff.[104] The delegates started working as soon as they left Britain, holding seven meetings while at sea.[105] At the very first, they reiterated the important role to be played by industrial advisers. "It was agreed that the Industrial Advisers should…be treated like Official Advisers, e.g. they should be at liberty to accompany Delegates to Meetings."[106] The power of the ABCC, FBI, and Chamber of Shipping seemed confirmed.

The British delegation, their secretaries and typists, wives and advisors, arrived in Ottawa in early July 1932, taking up scores of rooms in the Chateau Laurier, the city's grand railway hotel, where Canada's prime minister, R.B. Bennett, himself lived in a suite of rooms.[107] The gathering

[102] On Baldwin at Ottawa, see Keith Middlemas and John Barnes, *Baldwin: A Biography* (London: Macmillan, 1969), chapter 25. See also chapter 21 on Baldwin's commitment to empire free trade.

[103] Imperial Economic Conference at Ottawa, 1932: Appendices to the Summary of Proceedings (London: HMSO, 1932) [Cmd. 4175], 7.

[104] Though Neville Chamberlain travelled alone, he wrote weekly dispatches to his sisters, Hilda and Ida. List of Business Advisers and Advisers to Advisers, June 1932, TNA, DO 35/242/1.

[105] The British, South African, and Southern Rhodesian delegations travelled from London together and met with one another while on the ship to Canada. UK Delegation to IEC, Conclusions of 3rd and 4th Meetings, July 15 and 16, 1932, TNA, CAB 32/101.

[106] UK Delegation to IEC Conclusions of 1st Meeting, July 14, 1932, TNA, CAB 32/101.

[107] P.B. Waite, *In Search of R.B. Bennett* (Montreal: McGill-Queen's University Press, 2012), 132-133.

in Ottawa was the first major imperial conference held outside Great Britain; the Canadian government was footing the bill – some $250,000 (£50,000) – and furnishing delegates office space in the Parliament Buildings.[108] The location of the conference reflected the shifting balance of power within the Empire. Not only had the dominions – particularly Canada – been granted equal status with the United Kingdom the previous year through the Statute of Westminster, but Britain also increasingly needed Canadian and other dominion markets, perhaps even more than the dominions needed British ones, a fact not lost on delegates. The day before the conference opened, the British "were warned that the Dominions would be found to be very hard bargainers and very unwilling to show their hands and to produce their final offers until the very last moment."[109]

Because of domestic politics, the British were committed to admitting empire goods duty free, so when confronting their counterparts at the bargaining table, they could offer only carrots, not threaten with sticks. The British were prepared to raise duties on the imports of key products from *outside* the Empire, thereby advantaging dominion products. That is, a 20% duty on imported apples would give a major advantage to Canadian apple producers, who could sell their products tax free in Britain. In essence, Britain could offer imperial *preference*, a major incentive, as commonwealth trade largely went to Britain: over a third of Canadian exports, half of Australian, and three quarters of New Zealand and South African exports.[110] The situation was superficially reciprocal. Whereas Canadian, Australian, New Zealand, and South African producers of raw

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[108] William Clark to J.H. Thomas, May 11, 1932, TNA, DO 35/237/2. It actually spent $238,581.88. R.B. Howorth, "Imperial Economic Conference", December 9, 1932, TNA, DO 35/237/3. R.B. Howorth, Notes on the General Arrangements, December 9, 1932, TNA, DO 35/237/3, p. 16. On the Canadian dollar, see James Powell, *A History of the Canadian Dollar* (Ottawa: Bank of Canada, 2005).

[109] UK Delegation to IEC Conclusions of 9th Meeting, July 20, 1932, TNA, CAB 32/101.

[110] Rooth, *British Protectionism*, 74-80.

materials wanted preferential access to the British consuming public, manufacturers and industrialists in Britain wanted preferential access to the Canadian, Australian, and South African markets. British goods might not be admitted duty free, but they could at least be admitted at a lower rate of taxation than American, German, or Japanese analogues. Still, there was reason for pessimism: domestic industry was expanding in the dominions and nationalism advocated protecting it against British, as well as foreign competition.[111]

Officially, the conference proceeded through committees. There was a committee on the promotion of trade within the Commonwealth, one on customs administration, one on monetary policy. The formal minutes and reports of the committees and their numerous subcommittees took up much of the official published account of the Conference.[112] It was in committee, for instance, that it was decided to suspend the Empire Marketing Board as an independent body.[113] However, most of the heavy lifting took place in private sessions between the United Kingdom delegates and representatives of various dominions, meetings that were outside the official program and which were not chronicled in official reports. Negotiations advanced through bilateral rather than multilateral talks.[114] The British had spent months preparing for the conference and were ready to

[111] The FBI hoped that the expansion of dominion industry would be facilitated by British capital goods. R.F. Holland, "The Federation of British Industries and the International Economy, 1929-39," *Economic History Review* 34 (May 1981), 291. Feelings of a truly collective imperial interest existed, but were not dominant. See Francine McKenzie, "Imperial Solutions to International Crises: Alliances, Trade and the Ottawa Imperial Economic Conference of 1932" in John Fisher, Effie G.H. Pedaliu, and Richard Smith, eds., *The Foreign Office, Commerce and British Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2016), 165-187.

[112] Imperial Economic Conference at Ottawa, 1932: Appendices.

[113] UK Delegation to IEC Conclusions of 12th Meeting, July 22, 1932, TNA, CAB 32/101.

[114] Drummond, *Imperial Economic Policy*, 225

make granular and individualized trade deals.[115] As Lord Hailsham noted, "on the whole it seemed better to endeavor to find out at the outset where the shoe pinched in the case of each Dominion."[116]

The industrial advisers were particularly aggressive in their desire to pinch shoes. In a joint statement issued a week into negotiations, the advisers advocated for demanding major concessions, particularly from Canada and Australia. The industrial advisers themselves had had a difficult week. Although they had been promised the right to attend conference sessions, the dominions had balked at the advisers' attendance, loath to allow British business into any room in which Canadian or Australian, or New Zealand business was not also represented. In the face of such opposition, the British mission caved, and agreed, "with the very greatest reluctance," to bar their industrial advisers from official sessions. The advisers were angry and it took two hours of discussion with Neville Chamberlain to mollify them.[117] As a consolation, the ministers agreed to confer with the advisers every evening after the daily meetings to bring them up to speed and solicit advice. It was thus that the delegation of seven cabinet ministers reported each evening to British industry. Though John Bromley of the TUC was promised that he would be included in these meetings, he frequently was not.

It was in one of these meetings without Bromley that the FBI's Lord Weir proposed that the United Kingdom should secure support for a basic principle: that dominions only protect their domestic industries with tariffs so that the industries could "compete fairly and without favour with industry in the United Kingdom."[118] Neville Chamberlain, after just having had a

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[115] UK Delegation to IEC Conclusions of 11th Meeting, July 22, 1932, TNA, CAB 32/101.

[116] UK Delegation to IEC Conclusions of 18th Meeting, July 27, 1932, TNA, CAB 32/101.

[117] UK Delegation to IEC Conclusions of 11th and 13th Meetings, July 22-23, 1932, TNA, CAB 32/101.

[118] UK Delegation to IEC Conclusions of 13th Meeting, July 23, 1932, TNA, CAB 32/101.

discouraging session with the UK's trade commissioners, shut the idea down on the assumption that it would be a non-starter for the dominions.[119] As Stanley Baldwin explained, Britain's position was tenuous. "Consider the position of Canada", he stated. "Canada's industries had been grievously hit by" the United States's 1930 sweeping Smoot-Hawley Tariff, with the result that Britain had become an even more important market for Canadian products. But, "at any moment it might dawn on the United States that a high tariff policy was unwise and harmful and the States might then endeavor to come to some arrangement with Canada." In this case, "the Canadian market would be lost to the United Kingdom for ever." Ottawa provided an opportunity to "forestall" this possible future. Britain needed to "take a long view" and consider the "greater benefit that we could confer upon future generations in the United Kingdom" by staking "out claims in Dominion markets against the time when the population and trade of the Dominions would have enormously increased."[120] Britain had to accept short-term losses in order to achieve long-term market dominance. The reason, in Baldwin's telling, was that Britain had more to lose than Canada or Australia did.

The conference wore on, sometimes convivially. There were golfing trips as well as weekend outings with wives and invited guests to Niagara Falls, Toronto, and a boat trip to Montreal. But for the most part, the delegates spent six days a week in meetings in a very hot Ottawa summer.[121] By early August, the conference had made progress; Britain was close to forging provisional agreements with India, Southern Rhodesia, and Newfoundland. The Board of

[119] Neville Chamberlain, Diary, July 23, 1932, in Rooth, *British Protectionism*, 87.

[120] UK Delegation to IEC Conclusions of 18th Meeting, July 27, 1932, TNA, CAB 32/101.

[121] R.B. Howorth, Notes on the General Arrangements, December 9, 1932, TNA, DO 35/237/3, p. 16.

Trade's Henry Fountain began to draw up draft agreements.[122] But two key sticking points emerged in negotiations with Australia and Canada. The British delegation, pressed to secure British exporters preferential treatment in the large dominions, ultimately resolved both. In so doing, delegates committed the British state to significantly expand its reach into trade policy.

STICKING POINT 1: MEAT

The first sticking point concerned meat. "The question of meat," as the head of the Australian delegation contended, was "fundamental."[123] The British meat market was the most valuable in the world. The UK accounted for 94.5% of world mutton and lamb imports, and 75.2% of world beef and veal imports between 1929 and 1933. By the 1930s, meat was Britain's most valuable imported commodity. But as British consumers switched to cheaper calories during the Depression, stocks of meat piled up.[124] Facing plummeting world prices, meat-producing dominions wanted British authorities to boost prices by restricting imports from foreign countries.[125] There was widespread agreement that, as Neville Chamberlain put it, "the Dominion producers were being ruined and the whole industry was getting into a state of chaos and disaster owing to grave overproduction."[126]

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[122] R.B. Howorth, "Imperial Economic Conference", December 9, 1932, TNA, DO 35/237/3.

[123] The Australian was Stanley Bruce. UK Delegation to IEC Conclusions of 45th Meeting, August 11, 1932, TNA, CAB 32/102. On meat, see Drummond, *Imperial Economic Policy,* 254-266.

[124] Rooth, *British Protectionism*, 75-79; 90-93.

[125] UK Delegation to IEC Conclusions of 7th, 27th, and 36th Meetings, July 17, and August 3 and 5, 1932, TNA, CAB 32/101. UK Delegation to IEC Conclusions of 45th Meeting, August 11, 1932, TNA, CAB 32/102.

[126] UK Delegation to IEC Conclusions of 45th Meeting, August 11, 1932, TNA, CAB 32/102.

But the British delegation was reluctant to limit imports, especially from South America. Britain had close connections with Argentina, and with the Argentine meat industry in particular.[127] "Our interests in the Argentine," in Board of Trade President Walter Runciman's words, "were of enormous importance and value" and Argentina was a major importer of British manufactured goods. Adopting a restrictive policy "must destroy any real chance of making a satisfactory commercial agreement with one of our most important foreign customers."[128] Maintaining markets like Argentina was the raison d'être of the Department of Overseas Trade; their importance would certainly be appreciated by the head of the Board of Trade. These markets were also appreciated by the industrial advisers, who opposed putting the onus for raising prices on Argentina. Along with Runciman, they favored a system devised by Chamberlain, by which exporting countries coordinated to limit the quantity of meat on the market[129]. For Lord Weir, the ideal would be for private meat exporters to self-regulate their way back into profitability through a worldwide cartel.[130] At one point during the conference, Neville Chamberlain even suggested using "our good offices with the Argentine Meat interests" to have those interests "undertake the marketing in the United Kingdom of the South African supplies" as a way of mollifying South African producers. But such solutions – akin to the EMB – would not suffice for Australia, New

[127] Richard Perren, *The Meat Trade in Britain, 1840-1914* (London: Routledge and Kegan Paul, 1978); Simon G. Hanson, *Argentine Meat and the British Market: Chapters in the History of the Argentine Meat Industry* (Stanford: Stanford University Press, 1938). See also Ian Kumekawa "Meat and Economic Expertise in the British Imperial State During the First World War," *The Historical Journal* 62, no. 1 (March 2019): 171-194.

[128] UK Delegation to IEC Conclusions of 45th Meeting, August 11, 1932, TNA, CAB 32/102.

[129] Chamberlain thought the scheme "so simple that it seems extraordinary that no one thought of it before." Neville Chamberlain to Ida Chamberlain, July 27, 1932, in Self., ed. *The Neville Chamberlain Diary Letters*, 337

[130] UK Delegation to IEC Conclusions of 16th Meeting, July 26, 1932, TNA, CAB 32/102.

Zealand, and South Africa, whose delegations pressed for a quota system, calibrated to benefit dominion producers.

Meat divided the British delegation. Lord Hailsham thought that sacrificing relations with Argentina was necessary to placate the dominions: "it had always been understood that some of the Dominions attached the greatest importance to meat and… some arrangement for dealing with the meat problem was implicit in the whole position." Baldwin concurred; the dominions were simply more important than Argentina.[131] Formal empire trumped informal empire. But Runciman remained resistant. How could the delegation justify restricting supply when British household incomes were decreasing? Runciman was concerned about political implications, but he was also alive to administrative ones. He foresaw that "the whole responsibility" for a system of ad hoc import restrictions would fall on the Board of Trade.

This would be a disaster for his department because the question of state control of imports – particularly food imports – was a charged issue. During World War I, the state had taken over all food imports, and by doing so, closely controlled prices.[132] Even in the 1930s, advocates of state intervention – particularly in the Labour Party – continued to harbor hopes of reestablishing such a system of control, to be administered by an "Import Board." Runciman recognized that a quota system for imported meat entailed a similar expansion of the state's regulatory role. "A policy of this kind," he noted, "must inevitably end in establishing an Import Board system".[133] Setting and enforcing quotas was fundamentally different – and heavier handed – than setting

[131] Ibid.

[132] E.M.H. Lloyd, *Experiments in State Control at the War Office and the Ministry of Food* (Oxford: Clarendon Press, 1924); Trentmann, *Free Trade Nation*, chapter 5.

[133] Runciman "prefer[red] to adopt straight away the socialist plan of an Import Board than an arrangement which would involve himself and his department in the maximum of disturbance and odium." UK Delegation to IEC Conclusions of 45th Meeting, August 13, 1932, TNA, CAB 32/102.

differential tariffs. Runciman himself "was no longer a believer in the laisser faire doctrine", but "he did most sincerely dread the casting of responsibility on the Government involved in this scheme which he believed would result ultimately in setting up an Import Board."[134]

As August progressed, Runciman grew increasingly frustrated at Australian intransigence on meat control. By the middle of the month, he was ready "to take up a firm and uncompromising attitude toward…Dominion threatenings"; he even suggested cutting Australia out of the London money market if its delegates "maintained an unreasonable attitude."[135] But after several days, the delegates reached a compromise. The Australians agreed to restrict their output and the British would introduce a quota system for lamb, mutton, and beef. In return, the Australians agreed to sweeping preferences to help British industry.

In fact, the Australians agreed to terms that far surpassed British expectations. They pledged to calibrate duties so as to level the playing field between British and domestic producers; in the turn of phrase of the day, to put UK importers in the position of "domestic competitors."[136] This was precisely what Lord Weir and the other industrial advisers had proposed when they were shot down by Neville Chamberlain, and when the Australians made the offer, the advisers "cordially welcomed" it.[137] Within a week, the principle of "domestic competitor" had become the baseline for discussions not only with Australia, but with Canada and the other dominions as

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[134] Ibid.

[135] UK Delegation to IEC Conclusions of 49th Meeting, August 11, 1932, TNA, CAB 32/102.

[136] UK Delegation to IEC Conclusions of 28th Meeting, August 3, 1932, TNA, CAB 32/101.

[137] UK Delegation to IEC Conclusions of 43rd and 44th Meetings, August 10, 1932, TNA, CAB 32/102; UK Delegation to IEC Conclusions of 30th, 36th, and 37th Meetings, August 4, 5, and 7, 1932, TNA, CAB 32/101; UK Delegation to IEC Conclusions of 41st Meeting, August 9, 1932, TNA, CAB 32/102.

well.[138] It was, in the words of Horace Wilson, the government's "chief industrial adviser" based at the Board of Trade, "substantively all that we wanted".[139] Chamberlain himself reported that the group was "terribly pleased about this."[140]

The interests of British industry – and the resulting boon to employment so prized by labor – far outweighed any lingering concerns over administrative expansion necessitated by meat quotas. In a cable to the Prime Minister, J.H. Thomas wrote that the delegation had "to choose between absolute failure of Conference…or a temporary small tax on lamb and mutton." The choice was easy. "I am satisfied that rather than risk failure of Conference we should accept it," even if he "hate[d the] manner in which Dominions are pressing us."[141] Intense negotiations ensued over the next three days, during which the Australians (collaborating with their counterparts from New Zealand and Canada) worked pork products into the agreement. What had started as a request that Britain give preferences to dominion producers grew into a full-blown quota system – or "quantitative regulation" – to benefit dominion meat producers.[142] But with meat out of the way, the agreement with Australia was signed at 11:30 p.m. on August 19, 1932.[143] An agreement with New Zealand soon followed.[144] The British delegates had sacrificed on a major principle of state

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[138] UK Delegation to IEC Conclusions of 43rd and 44th Meetings, August 10, 1932, TNA, CAB 32/102.

[139] Horace Wilson. UK Delegation to IEC Conclusions of 37th Meeting, August 7, 1932, TNA, CAB 32/101.

[140] Neville Chamberlain to Ida Chamberlain, August 4, 1932, in Self, ed., *The Neville Chamberlain Diary Letters*, 339

[141] UK Delegation to IEC Conclusions of 55th Meeting, August 16, 1932, TNA, CAB 32/102.

[142] *Imperial Economic Conference at Ottawa 1932, Summary of Proceedings and Copies of Trade Agreements* (London: HMSO, 1932) [Cmd. 4174], 54.

[143] UK Delegation to IEC Conclusions of 76th Meeting, August 16, 1932, TNA, CAB 32/102.

[144] Imperial Economic Conference at Ottawa 1932, Summary of Proceedings, 54, 60.

non-intervention and committed itself to extensive management of imports in order to guarantee British industry's favorable treatment in the dominions.

STICKING POINT 2: TIMBER

The other sticking point in negotiations concerned Canadian timber. Canada was Britain's toughest bargaining adversary at Ottawa.[145] Canadian manufacturers, better organized and more powerful than their counterparts in other dominions, were wary of British competition, and Canada's pro-industry prime minister, R.B. Bennett, proved an adept if temperamental, negotiating partner.[146] Canadian and British delegates sparred over a number of points – steel duties, customs procedures, and wheat among them – but it was timber that posed the most seemingly intractable problem, nearly scuppering any agreement with Canada

Timber mattered to the Canadians because it was big business: in 1930, Canada exported £18.4 million of softwood timbers – largely from British Columbia, Ontario, and Quebec – to the UK.[147] And because of the US Smoot-Hawley tariff, Canada was desperate to unload more onto the British market. Timber mattered to the British because it was central to Anglo-Soviet relations, a pressure point for the National government. Wood products were by far the most important Soviet exports to Britain and the Anglo-Soviet relationship was fragile. The two countries had only begun trading in 1921 after British troops finally withdrew from Russia following the end of the civil war. Following six years of mutual suspicion, the countries suspended trade after a 1927

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[145] For a summary, see R.B. Howorth, "Imperial Economic Conference", December 9, 1932, TNA, DO 35/237/3, pp. 43-55; Drummond, *Imperial Economic Policy,* 275-278.

[146] Waite, *R.B. Bennett*, chapter 4.

[147] Inter-Departmental Preparatory Committee, Report on Timber, July 2, 1932, TNA, CAB 32/104, p.1

British raid on the London office of the Soviet trade agency, Arcos, laid bare a hostile propaganda operation.[148] Trade only resumed two years later. At that point, timber accounted for about a quarter of all Soviet exports to Britain and the Soviet state was the single largest player in the British timber market; in 1930, it was set to supply over a third of Britain's wood demand.[149] Whereas private exporters were limited by scale and profit margins, the Soviets sold "with very little consideration for such factors." Soviet prices were so low as to force other longtime suppliers out of the British market. To forestall this outcome, a group of British timber traders – many of whom attended the Empire Forestry Conferences and exhibited at the DOT-organized Timber Exhibitions – organized themselves into "a consortium of distributors". Together they met the Russian state monopoly with a cartelized monopsony, which purchased the entirety of the Russian timber shipment to the UK.[150] In the words of the syndicate's president, "one large seller demands one large buyer and it is our duty, if we wish the timber importing trade to be one of importance and profit, to…ensure stability."[151]

In November 1929, discussions between the consortium and the Russians broke down; the Soviets wanted to increase their exports for 1930 by 200,000 standards, even though the 550,000 standards they sold to the British syndicate in 1929 had not yet been fully placed. The syndicate accused the Soviets of abandoning negotiations for "political reasons", claiming that they resented

[148] British authorities unsuccessfully sought a secret War Office document they suspected an Arcos employee to have acquired. Harriette Flory, "The Arcos Raid and the Rupture of Anglo-Soviet Relations, 1927," *Journal of Contemporary History* 12, no. 4 (October 1977): 707-723.

[149] The UK received 23.7% of Soviet exports. "United Kingdom Tariffs and Foreign Countries", March 24, 1932, TNA, T 160/445, pp. 6-7; Twenty-Eighth Report of the Commissioners of His Majesty's Customs and Excise for the Year ended 31st March 1937 (London: HMSO, 1937) [Cmd. 5573], 151.

[150] Treasury officials learned of this situation from Ernest Harvey, the Deputy Governor of the Bank of England. The information originally came from the timber trading firm Denny, Mott, and Dickson, "very old clients …[who] could be relied on". Treasury Minute, December 6, 1929, TNA, T 160/555/6.

[151] Montague Meyer, Speech, in C.F. Denny to Ernest Harvey, December 9, 1929, TNA, T 160/555/6.

the power of "the Capitalist Timber Importers of the United Kingdom."[152] Whatever their motivations, the Soviets had no intention of being kept out the market and decided to bypass the consortium by becoming "retail sellers of timber", a move that would tank timber prices and "disastrously affect" British importers.[153] The consortium implored the prime minister to take steps "to prevent the eventual monopolisation of an important trade in this country by a foreign Government…uncontrolled by economic laws."[154]

The Soviets, in short, were accused of "dumping" timber onto the British market: flooding the market with commodities so inexpensive that normal supply chains – whether from Scandinavia or from the softwood forests of Canada – might collapse. Soviet authorities, desperate for hard currency, sought to export as much as possible, even at a loss. Though timber purchasers benefitted from temporarily low prices, dumping was a "serious menace" to market stability and it provoked fears that Britain would become dependent on the Soviet Union for the supply of a basic commodity, one that Britain had established a Forestry Commission to protect.[155] Moreover, there was something viscerally upsetting about dumping. Though not illegal, the practice broke "economic laws" and undermined capitalist norms. The Executive Council of the ABCC resolved in late 1930 that "the dumping of products on this country by the Soviet Government is contrary

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[152] Ibid.

[153] Memorandum on Position of Russian Softwood Exports, November 25, 1929, TNA, T 160/555/6. See also C.F. Denny to Ernest Harvey, December 9, 1929, TNA, T 160/555/6.

[154] Montague L. Meyer to Ramsay MacDonald, May 26, 1930, TNA T 160/555/6.

[155] See Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1969).

to the spirit of international fair dealing and is injurious to the interests of our workers." The ABCC Overseas Committee deemed it "unfair and unworthy in every possible way."[156]

But Treasury officials were uninterested. "I don't see what we can do about it," one wrote. "Certainly we can't ask the Soviets as a favour not to send us cheap wood."[157] Under a free trade regime, this was simply not a problem for the state to solve. "The process will come to an end," the same official predicted, when the Soviets discovered "that they get less total cash for 750,000 standards on a weak market than they would get for 550,000 standards on a normal market."[158] Customs and Excise agreed. "I do not see that any action can be taken by a Government Department," one official wrote.[159]

The political stakes of the Anglo-Soviet relationship also informed Treasury inaction. Conservatives were hostile to Soviet interests, while Labour was committed to maintaining good relations. Tensions were high. Around the same time the Treasury was considering dumping, three Russians from Archangelsk arrived in Britain. Famished and weak, they had stowed away on a cargo ship, in which they had hidden for two weeks. The refugees had escaped to England "to tell foreign governments and countries how appalling the conditions of life in Archangel and how innocent people have to go through most terrible sufferings." They claimed that 100,000 political prisoners worked in timber camps around Archangelsk in wretched conditions, toiling for twelve hours a day with no rest. "The prisoners died like flies. They could not stand the long and heavy work in the intense cold and with bad food in their weakened conditions. In the winter the

[156] ABCC Executive Council Meeting Minutes, November 5, 1930, ABCC, LMA, CLC/B/016/MS14476/012.

[157] F.G. to Frederick Leith Ross and Richard Hopkins, December 6, 1929, TNA, T 160/555/6.

[158] Ibid.

[159] C.P. Hamilton to Richard Hopkins, December 20, 1929, TNA, T 160/555/6.

temperature is 45 degrees below freezing point."[160] They had no boots, no medical aid, and no clean water. They wore rags and slept in tents. There were no beds, laundry, or bathrooms.

Hilton Young – the former *Financial News Editor* who had overseen the Royal Commission on Indian Finance – wrote to Ramsay MacDonald with transcriptions of the refugees' statements, sending duplicates to the press, using this story to urge the prime minister to police Russian timber imports. By this point, Young was powerful: he had become the Minister for Export Credits in MacDonald's government. The Soviet timber industry, he wrote, "is apparently manned mainly by prisoners" in appalling conditions.[161] The trade was "a disgrace to civilisation" and "not consistent with our traditional reputation for humanity." But the conservative Young – who had volunteered for service in Russia to fight the Bolsheviks – was also deeply suspicious of Soviet economic activity in the first place.[162] The very first reason he listed for prohibiting the trade was that it was "unfair to workers in the British timber industry."[163] It was a strange position for Young to take; as it conflicted with the priorities of the department he ran. As the minister for Export Credits, he oversaw the Export Credit Guarantee Department (ECGD), now an independent department that had grown into the prime vehicle for financing trade with the USSR. The USSR, without good credit or access to hard currency, depended on the 75% guarantees that the ECGD furnished to British exporters in order to purchase needed British manufactures.[164] Industry was

[160] Testimony of Zinaida Korentchevsky, December 4, 1930, TNA T 160/555/6.

[161] Hilton Young to Ramsay Macdonald, December 11, 1930, T 160/555/6.

[162] Young brought imperial knowledge to the management of export credits. He had chaired the Royal Commission on Indian Finance in 1925-6 and drafted the constitution of the Indian Reserve Bank. He had similarly guided the Polish zloty and the Iraqi currency. Through the 1920s, he was the general editor of the *Financial News*. Wayland Kennet, "Young (Edward) Hilton, first Baron Kennet," *ODNB* (September 2004), accessed online January 15, 2020. https://doi-org/10.1093/ref:odnb/37071.

[163] Hilton Young to Ramsay Macdonald, December 11, 1930, T 160/555/6.

[164] "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2, pp. 5-7.

attached to Soviet trade for the same reasons that it was attached to export credit itself: it was good for business.

In any case, MacDonald punted. To satisfy Young and prohibit Russian timber imports would interfere with the existing Anglo-Russian Trade Agreement.[165] Moreover, shutting the USSR out of the British timber market would be as disruptive – perhaps more disruptive – than Russian dumping itself, a position ironically supported by British timber traders. For the syndicate of British timber importers, the timing of Hilton Young's letter could not have been worse. Just as it was breaking in the press, the syndicate was coming to an agreement with their Soviet suppliers. Whereas in June, the syndicate's president had begged the Government to restrict Soviet access to the British market, in a letter in *The Times* in December, he argued the exact opposite: that the government needed to stay out of negotiations entirely.[166]

As British delegates departed for Ottawa, Board of Trade and Treasury officials were still debating the economics and ethics of Russian timber imports.[167] By this point, the Board of Trade, reflecting the concerns of British industry, had come to strenuously resist any measures that would raise the price British firms paid for timber.[168] Both big business and the trade unions – particularly the TUC – sought a closer commercial relationship with the Soviet Union.[169] The FBI's Russian

[165] Young wanted to prohibit timber imports through the Foreign Prison Made Goods Act, 1897 which banned the import of prison-made goods. Board of Trade to Foreign Office, January 5, 1931, TNA, T 160/555/6; James Cook to Foreign Office, December 24, 1930, TNA, T 160/555/6.

[166] The president was Montague Meyer. Board of Trade to Foreign Office, January 5, 1931, TNA, T 160/555/6.

[167] Officials took note of a 1932 report by Norwegian lumbermen that decried the poor conditions in the USSR. Charles Wingfield to Foreign Office, March 9, 1931, TNA, T 160/555/6; Charles Wingfield to Foreign Office, January 19, 1932, TNA, T 160/555/6.

[168] S.D. Waley to Leonard Browett, June 7, 1932, TNA, T 160/555/6; Leonard Browett to S.D. Waley, June 12, 1932, TNA, T 160/555/6. On the FBI, TUC and Soviet Trade, see Dintenfass, "The Politics of Producers' Co-operation", 88-90. Pit props were exempted from the duty.

[169] FBI Executive Committee Minutes, November 9, 1932, FBI, MRC. MSS.200/F/1/1/13.

Committee, formed in 1931, consistently recommended that the Export Credit Guarantee Department "substantially increase" the credit it offered Soviet state importers. Doing so would "enable [British] manufacturers to quote for orders for which the Russian Government have asked for tenders."[170] The ECGD, run by the skeptical Hilton Young, had originally allocated £6 million pounds worth of credits for Russia. When this was exhausted, the Treasury found a further £1.6 million. But to the FBI, this sum was "entirely inadequate." Soviet authorities had claimed that if credit were available, the country could guarantee £15 million in orders from British firms. Considering these orders, the FBI urged the government to expand the ECGD's credit limit in mid 1932, though increases were limited until 1936, when the department agreed to guarantee £10 million of Soviet promissory notes.[171] The export credits were important; not only did the advances provide working capital, but they also generated confidence. An ECGD guarantee for 75% of a £300,000 Russian contract with the engineering firm Cravens was enough for the Bank of England-run Armstrong Whitworth to front Cravens £100,000 in 1932.[172] In any case, in contemplating timber imports, the Federation – like other industry and labor groups – was opposed to measures that would hamper Soviet trade.

British officials anticipated that at Ottawa, Canada would demand increasing the duty on foreign timber. But experts recommended keeping duties at 10%. In 1930, the United States and the Soviet Union each supplied Britain almost as much softwood timber as Canada did (about £18 million worth). Finland and Sweden also supplied a considerable amount – some £12 million worth

[170] FBI Director's Report, October 5, 1932, MRC, MSS.200/F/1/1/13.

[171] Officials deferred action until after the Ottawa conference. FBI Overseas Committee Minutes, June 23 and July 14, 1932, MRC, MSS.200/F/1/1/67. "A Short History of the Exports Credit Guarantee Department," 1948, TNA, ECG 5/2, p. 9.

[172] Minutes of the Armstrong Whitworth Securities Company, January 13, 1932, Tyne and Wear Archives, Newcastle-upon-Tyne, United Kingdom (hereafter TWA), DS.VA/1/14/1.

each.[173] Caving to Canadian pressure would result in higher prices faced by businesses and posed geopolitical complications. The Foreign Office concluded that "in calculating the extent and choice of Empire preferences, consideration should be given to the economic reactions" with Britain's trading partners, particularly with the Soviet Union.[174]

As expected, at Ottawa, the Canadian delegation demanded that the United Kingdom pass anti-dumping measures to keep cheap Soviet products, particularly timber, off the British market.[175] The Soviets had driven down the global price of softwood and hardwood and Canadian producers were feeling the repercussions.[176] Prices for a standard of "good building" timber were £34 in 1923 and about £25 by 1932.[177] American tariffs had "cut Canada off from her natural market, and increased an already acute depression in the Canadian lumber industry."[178] That industry pressed R.B. Bennett to secure a British embargo on Soviet timber and a 20% duty on Scandinavian timber. In relaying these demands to British negotiators, Bennett reiterated the importance of timber. "In the absence of any solution", he warned, "there could be no agreement between the United Kingdom and Canada".[179]

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[173] Inter-Departmental Preparatory Committee, Report on Timber, July 2, 1932, TNA, CAB 32/104, p.1.

[174] Ibid., 19, 26. One solution that was seriously explored was to create a marketing scheme – like the EMB – specifically for empire timber. Tallents partnered with Forestry Commissioners including John Stirling Maxwell, to propose such a measure in April 1932. Report on Timber, April 15, 1932, TNA, CAB 32/104.

[175] The Canadians also targeted Soviet canned salmon. Inter-Departmental Preparatory Committee, "Legislation for the Prevention of Dumping within the Empire," n.d. [1932], CAB 32/104, f. 485.

[176] The British thought that if Bennett "could be satisfied in regard to trade with Russia, the question of timber would give little trouble." UK Delegation to IEC Conclusions of 17th Meeting, July 27, 1932, TNA, CAB 32/101.

[177] *Statistical Abstract for the United Kingdom in Each of the Fifteen Years from 1913 and 1923 to 1936, Eighty-First Number* (London: HMSO, 1938), [Cmd. 5627], 258.

[178] Note by British Delegation, August 10, 1932, TNA, CAB 32/105, f. 162.

[179] UK Delegation to IEC Conclusions of 49th Meeting, August 13, 1932, TNA, CAB 32/102; Waite, *R.B. Bennett,* 139-140.

Delegates agreed that Soviet behavior was bad; there was even a sub-committee specifically discussing how to "prevent Russia from ruining the scheme of Imperial preference by breaking world prices."[180] But the British were reluctant to impose anti-dumping measures. The industrial advisers contended that they would "serve no useful purpose" as cordoning off the Empire from Russian goods would push those goods to smaller markets and thereby drive prices even further down.[181] Despite the advisers' reluctance, delegates devised a "scheme" to solve dumping: each dominion (and Britain) would pass legislation to prohibit imports from any country found to be breaking the price of a commodity. The Import Duties Advisory Committee, already established, would hear complaints, and determine whether a country was importing a particular good at prices "so low as to frustrate the Empire preferential scheme." If so, the country at fault could be subject to penalties. The Conservative Neville Chamberlain "regarded the proposed legislation as a weapon to be used in negotiating with the Soviet." Labour's J.H. Thomas, instead, saw the measure as "one of our best bargaining counters" at Ottawa.[182]

Such leverage was important because, though R.B. Bennett had come close to endorsing the "domestic competitor" principle in his opening statement to the conference, he had backed away from it as negotiations progressed.[183] Mistrust ran high; the British delegation had caught the Canadians trying to pass off grossly miscalculated statistics, for which Bennett "accused his officials of having let him down", but at the same time, Bennett was denouncing "Whitehall

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[180] Note by Industrial Advisers on Russia, July 27, 1932, TNA, CAB 32/105, f. 143; UK Delegation to IEC Conclusions of 16th Meeting, July 26, 1932, TNA, CAB 32/101.

[181] UK Delegation to IEC Conclusions of 13th Meeting, July 23, 1932, TNA, CAB 32/101.

[182] UK Delegation to IEC Conclusions of 33rd Meeting, August 5, 1932, TNA, CAB 32/101.

[183] *Imperial Economic Conference at Ottawa, 1932: Appendices*, 65-72; UK Delegation to IEC Conclusions of 41st, 43rd, and 44th Meetings, August 9 and 10, 1932, TNA, CAB 32/102.

bureaucrats" in the Canadian press.[184] Days before the conference was to conclude, Bennett re-opened negotiations on steel duties, an issue that the British team thought closed; it was clear to them "that Mr. Bennett in this, as in other matters, was not keeping faith." There were even thinly veiled accusations that Bennett was listening in on the British delegation's private phone calls. "It was well known to the United Kingdom Delegates that the telephone wires between Canada and the United Kingdom were being tapped," J.H. Thomas icily told a Canadian official, "and they had a very shrewd notion as to who had given the instructions that their private conversations should be listened to."[185] "Failure was unthinkable", but was constantly threatened. Lord Hailsham told Bennett that "it rested with him whether the Conference was a success or not."[186] To the Canadian Attorney General, Bennett seemed like he was "on the eve of a serious breakdown in health".[187]

Finally, on August 19th, the British and Canadians reached an agreement. The flare about steel was smoothed over, tariff schedules were formalized, the Canadians agreed to reform their customs practices, and the British agreed to create a mechanism for combating Russian dumping. Article 21 of the agreement between the United Kingdom and Canada provided that if the government of either country were "satisfied that any preferences hereby granted….are likely to be frustrated…[by] State action on the part of any foreign country", the country would prohibit "entry from such foreign country directly or indirectly of such commodities.[188] Though, in

[184] UK Delegation to IEC Conclusions of 37th Meetings, August 7, 1932, TNA, CAB 32/101. Neville Chamberlain to Hilda Chamberlain, August, 11, 1932, in Self, ed., *The Neville Chamberlain Diary Letters*, 340-341.

[185] UK Delegation to IEC Conclusions of 66th Meeting, August 18, 1932, TNA, CAB 32/102.

[186] UK Delegation to IEC Conclusions of 58th and 59th Meetings, August 16, 1932, TNA, CAB 32/102.

[187] The Attorney General was Hugh Guthrie. UK Delegation to IEC Conclusions of 67th Meeting, August 18, 1932, TNA, CAB 32/102. Chamberlain was counting down the days until his departure and told his sister, "I never want to see Canada again." Neville Chamberlain to Hilda Chamberlain, August, 11, 1932, in Self, ed., *The Neville Chamberlain Diary Letters*, 342

[188] Imperial Economic Conference at Ottawa 1932, Summary of Proceedings, 22-23.

deference to industrial interests, Britain refused to shut the Soviets out of the market, implicit in the agreement with Canada was that Britain *would* combat Russian dumping. And it would do so by building out state capacity to police the British market. As it turned out, British efforts to police Soviet behavior would be guided and facilitated by domestic big business. But at the end of the conference, big business was thoroughly frustrated with Canadian demands. When Lord Weir said goodbye to Bennett, he parted with "I never knew any man go so near to wrecking a Conference and get through with it after all. *Damn* you!"[189]

AFTER OTTAWA

Throughout the conference, British delegates prioritized protecting industrial producers and thereby guaranteeing employment, a goal shared by TUC and industry representatives, and pushed by Labour's prime minister, Ramsay MacDonald. In light of continued anxieties about American industrial dominance and the worst depression in memory, the long-term gains of preferential access to empire markets far outweighed the immediate costs to consumers.[190] Time and again, dominion proposals to treat British goods preferentially were measured in terms of job creation. The industrial advisers estimated that in the woolen textile industry and blanket trade, the effect of Canadian preferential treatment would be to restore 6,250 British workmen to their jobs.[191] All the Canadian concessions were, at one point in the proceedings, figured by Board of Trade staff members to amount to only an "additional employment to more than 12,000 men a

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[189] Neville Chamberlain to Ida Chamberlain, August 21, 1932, in Self, ed., *The Neville Chamberlain Diary Letters,* 343.

[190] On American competition, see Sven Beckert, "American Danger: The United States Empire, Eurafrica, and the Territorialization of American Capitalism, 1870-1950" *American Historical Review* 122, no. 4 (October 2017): 1137-1170.

[191] Note by Industrial Advisers, August 10, 1932, TNA, DO 35/239/3.

year," and at another, 25,000.[192] Australian proposed concessions were denigrated as not finding "work for more than 1,000 men."[193]

The result of this primary focus on British industrial employment was that when the British delegates steamed back to London in late August, they had made significant concessions. Notably, they had compromised informal imperial relationships – whether with Argentina, Uruguay, or Denmark – not to mention relations with the USSR, in order to maintain British dominance in dominion markets. The spirit of enterprising and expansionary British commercial imperialism, epitomized by the Department of Overseas Trade and Export Credit Schemes of the 1920s had been replaced by a new, defensive commercial imperial policy. A focus on a renewed informal empire had been superseded by a recommitment to India and the dominions. Retrenchment, or at least consolidation, had carried the day. As with the EMB, consolidation meant the expansion of the domestic state's economic role. The British delegation had committed London not just to change its tariff schedule, but also to introduce quotas and import standards, to keep whole countries out of the British market, and to enable state bodies to adjust customs duties.

In the wake of Ottawa, the government contended that the agreement was a great victory. Certainly, Horace Wilson was not being disingenuous when he described the dominions' adoption of the "domestic competitor" principle as "substantively all that we wanted," and Neville Chamberlain, along with the rest of his family, "rejoice[d] in the fulfillment of Father's policy."[194] Ramsay MacDonald could rightly assert that, between tariffs and devaluation, his government was

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[192] UK Delegation to IEC Conclusions of 66th Meeting, August 18, 1932, TNA, CAB 32/102; Waite, *R.B. Bennett,* 140.

[193] UK Delegation to IEC Conclusions of 55th Meeting, August 16, 1932, TNA, CAB 32/102.

[194] Neville Chamberlain to Hilda Chamberlain, August 30, 1932, in Self, *The Neville Chamberlain Diary Letters*, 345.

taking active steps to address the Great Depression. In an evaluation of the conference, *The Times* more guardedly editorialized that "the Empire is infinitely stronger for the frankness of the Conference."[195] But many felt that Britain had gotten a raw deal; imperialists and free traders were united in their desire to see intra-imperial tariffs lowered, a goal that was unfulfilled by the team sent to Ottawa.[196] There was criticism of the negotiating tactics and concern that dominions would not honor the spirit of the agreements. In September, the ABCC officially noted that it was "quite clear that the Government did not make sufficient use of the knowledge of their advisers," even if "the Advisers had made their influence felt officially and unofficially."[197]

In historical retrospect, Ottawa has had a mixed legacy. Despite the fact that Britain was the world's greatest importer, results at Ottawa for the British industry did not, in historian Tim Rooth's expression "reflect the disparity of bargaining strength." The Ottawa agreements did little to permanently increase the British share of dominion markets, except in Canada, where a collapsing market wiped out British gains.[198] Ian Drummond contended that the Ottawa agreements increased British exports by £28 million in 1937, not an insignificant figure, but still only 5.4% of British trade. It is estimated that the agreements accounted for increases in British

[195] "The Outcome of Ottawa," *The Times*, August 16, 1932, p. 11. *The Times* was more upbeat in its coverage of the final session at Ottawa. See "A Triumphant Conclusion to the Ottawa Conference," *The Sunday Times,* August 21, 1932, p. 11.

[196] Drummond, *British Imperial Policy,* 280-281.See "Hull Commercial Men's Views on Ottawa Agreements," *Daily Mail* (Hull), August 22, 1932, p. 1.

[197] ABCC Executive Council Minutes, September 14, 1932, ABCC, LMA, CLC/B/016/MS14476/012.

[198] Rooth contends that British delegates' ability to negotiate was limited; it was politically vital that they return with some agreement and it was politically unfeasible for them place tariffs on empire goods. Rooth, *British Protectionism*, 95-97; 315. See also Garside, *British Unemployment,* 175-177.

output by £26 million in 1933 and £56 million in 1937, 0.5% and 1% respectively of total British output.[199]

The tariffs might have been helpful, but they certainly were not enough to, in the words of John Darwin, "reverse the relative decline of British economic power".[200] The tariffs were meant to rehabilitate Britain's agricultural and industrial might, in no small part to compensate for the loss of financial and commercial power after World War I. But protection was simply insufficient to offset the steady decline of Britain's pre-war sources of wealth – the invisible exports of finance, shipping, and insurance – which dried up in the global depression.[201] Indeed, recent scholarship has suggested that tariffs (at least in the short term) did reduce foreign imports, but did little to create "a long-run structural adjustment" that fostered domestic growth. On the contrary, protectionism led to a spiraling collapse of world trade, a result especially damaging for Britain.[202]

But the "failure" in policy terms of the new trade regime should not detract from the fact that Ottawa and the Import Duties Act were highly significant, particularly for the history of the British state. The IDAC effectively set British trade policy without any legislative oversight; changing tariff schedules fundamentally amounted to the state steadily and actively dismantling the laissez-faire tenets to which it had publicly cleaved for the past century. In general, the IDAC

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[199] Drummond, *Imperial Economic Policy*, 286.

[200] Darwin, *The Empire Project*, 437.

[201] See Douglas Irwin, *Trade Policy Disaster: Lessons from the 1930s* (Cambridge: MIT Press, 2012), chapter 2.

[202] Nicholas Horsewood, Somnath Sen, and Anca Voicu, "Beggar Thy Neighbour: British Imports during the Inter-War Years and the Effect of the 1932 Tariff," University of Birmingham Economics Discussion Paper 10-31. Birmingham: University of Birmingham Economics Department, 2010.

2010. De Bromhead et al. suggest that the tariffs only accounted for a quarter of UK import collapse between 1929-33. Alan de Bromhead, Alan Fernihough, Markus Lampe, and Kevin Hjortshøj O'Rourke, "When Britain Turned Inward: The Impact of Interwar British Protection." *American Economic Review* 102, no. 2 (February 2019), 327. For a survey of the literature on the effects of protectionism, see Irwin, *Trade Policy Disaster,* chapter 3.

directed its attention where industry pointed it. In so doing, it functioned as an extension of British industry within the state itself.

The Ottawa Conference also resulted in major new expansions of British state involvement in the country's economic life. Responding to Canadian pressure, Britain agreed to use the IDAC to arbitrate claims of foreign dumping and to ban relevant goods from countries found guilty of the practice. The state – acting through an opaque bureaucratic board with strong links to private industry – would tailor trade barriers to block dumping. The tacit understanding was that a number of Soviet commodities, particularly timber, would thereby be banned from Britain. The shoe dropped in April 1933, when the 1930 Anglo-Soviet Trade Agreement expired, and with it, the USSR's MFN status. On April 26th, nine days after the Agreement's sunset, the United Kingdom embargoed "many classes of Russian goods, including timber."[203] This gave the private British timber syndicate enough leverage to negotiate an agreement that significantly reduced Soviet softwood imports for 1934.[204] With the agreement in place, the embargoes were lifted on July 1st, but by the end of the month, Canadian timber interests were again clamoring for Russian goods to be excluded under Article 21 (the dumping clause), and the matter was referred to the Import Duties Advisory Committee.[205]

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[203] Walter Runciman to George May, July 20, 1933, TNA, T 160/555/6. In November 1932, officials in Mandated Palestine inquired whether they could discriminate in the importation of Russian goods in light of dumping practices. The Board of Trade replied that political considerations precluded it. These political considerations changed in 1933. Government of British Mandate of Palestine to Colonial Office, November 5, 1932 and Board of Trade to Colonial Office, December 19, 1932, TNA, CO 733/2117.

[204] The Soviets agreed to reduce it to under 435,000 standards. "Russian Timber and the Anglo-Canadian Agreement", June 30, 1933, TNA, BT 64/4.

[205] R.B. Bennett to Walter Runciman, July 4, 1933, TNA, BT 64/4; Walter Runciman to R.B. Bennett, July 17, 1933, TNA, BT 64/4; Walter Runciman to George E. May, July 20, 1933, TNA, BT 64/4.

Over the summer and fall, the IDAC collected information on timber pricing, while Canadian diplomats grew increasingly frustrated. The agreement negotiated at Ottawa had been specifically designed to push Russian dumpers out of the British market, but dumping was in the eye of the beholder; what looked like a clear-cut case to Canadian timber producers was more ambiguous to IDAC officials.[206] Frustrations exploded when the IDAC passed a Canadian document highlighting their case to Soviet authorities for comment. Canada expressed outrage, claiming that the Board of Trade had divulged Canadian secrets to a foreign power. IDAC secretary Percy Ashley flatly dismissed these claims; the Canadians knew full well that the document was to be given to Russian distributors (and thence to the Soviet government).[207] British newspapers split along political lines; Conservative dailies lambasted the government for betraying the confidence of the Empire while the left-leaning *Guardian* dismissed Canadian objections as ridiculous. Surely Canada's argument, the *Guardian* noted, "must be a pretty poor case if it loses by contact with the Moscow air."[208] Such critiques were echoed by the British timber trade, which resolutely opposed prohibiting Russian wood.[209] In a specially printed pamphlet, the syndicate sought to correct a "stream of calumny" directed against Russian timber in the British press.[210]

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[206] Horace Wilson, Memorandum, October 12, 1933, TNA, BT 64/4.

[207] Percy Ashley to Leonard Browett, November 1, 1933, TNA, BT 64/4; "Canadian 'Secret' Sensation," *Evening Standard*, October 31, 1933, TNA, BT 64/4.

[208] "Mr. Bennett and the Timber," *Manchester Guardian*, November 3, 1933, TNA, BT 64/4.

[209] The Timber Trade Federation to Walter Runciman, November 15, 1933, TNA, BT 64/4.

[210] James Sharp and Sons to F. Clarke, November 23, 1933, TNA, BT 644/4. Runciman received the pamphlet from the MP for Dartford, who had received it "from rather important supporters." F. Clarke to Walter Runciman, November 24, 1933, TNA, BT 64/4.

The issue was eventually resolved through state mediation. The Board of Trade directed the British syndicate to limit Russian imports and to raise prices.[211] Runciman then assured Canadian authorities that "in order that there may be no question of their desire to act in the spirit of Article 21 of the United Kingdom-Canadian Agreement," the British government had orchestrated a reduction of Soviet timber imports, ensuring "adequate opportunities for Canadian suppliers in the United Kingdom market."[212] Under the threat of being shut out, the Soviets agreed to limit imports to 350,000 standards, which raised the price by about 20%.[213] In short, the IDAC brought both the Canadians and the Soviets to terms, significantly, by closely cooperating with private industry. With the help of Timber Distributers Ltd., the state accomplished its goals of protecting British imports, insulating British manufacturers from high prices, and mollifying the Canadians.

Ottawa pushed the state to expand its reach into private markets in other ways. Because of concessions to Australia, the British government set quotas on its meat imports from foreign countries.[214] By doing so, it dictated the structure of the British and global markets.[215] The existence of yearly quotas allowed the British Ministry of Agriculture under Walter Elliott to control meat prices. Because the agreement at Ottawa precluded limiting *dominion* imports, the

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[211] Walter Runciman to G. Howard Ferguson, January 23, 1934, TNA, CAB 24/247/31.

[212] Ibid; G.H. Ferguson to Walter Runciman, January 29, 1934, CAB 24/247/31; Meeting with G.H. Ferguson, December 21, 1933, TNA, BT 64/4; G.H. Ferguson to Horace Wilson, December 22, 1933, TNA, BT 64/4; Horace Wilson to William Clark, December 23, 1933, TNA, BT 64/4.

[213] The price of a standard would rise £2:10 to £13:10 per standard. Walter Runciman, Russian Timber, February 5, 1934, TNA, CAB 24/247/31.

[214] On the quotas, see Drummond, *Imperial Economic Policy*, 307-317; 339-354

[215] The quota itself was policed largely by foreign governments. Argentina, for example, agreed to restrict the shipment of beef into Britain and Denmark set up an elaborate export control regime. On the Danish export control regime, see J. Carter Murphy, "The Development of Centralized Exporting in Danish Agriculture," *Southern Economic Journal* 23, no. 4 (April 1957), 368.

burden of British price control efforts ended up falling on foreign producers, specifically those in Scandinavia and South America.[216] The result was twofold. First, the Ministry of Agriculture, working through the quotas, successfully stabilized falling meat prices over the 1930s (see figure 6.3). Second, the share of British meat coming from foreign sources decreased. In fact, as recent economic work has shown, the Ottawa agreements significantly pushed British consumption not just toward meat, but toward *all* imperial products, which surged from less than 30% in 1930 to over 40% by 1938.[217]

[216] Quotas – and the threat of further tariffs on foreign meat – gave the Board of Trade bargaining chips in negotiating new bilateral trade agreements with meat-producing countries, Argentina in particular. See Rooth, *British Protectionism*, 148-152.

[217] See de Bromhead et al., "When Britain Turned Inward" which argues that the tariffs accounted for "over 70 percent of the ncrease in the Empire's share of UK imports between 1930 and 1933. Alan de Bromhead, Alan Fernihough, Markus Lampe and Kevin Hjortshøj O'Rourke, "The Anatomy of a Trade Collapse: The UK: 1929-33," NBER Working Paper 24252 (Cambridge: NBER, January 2018).

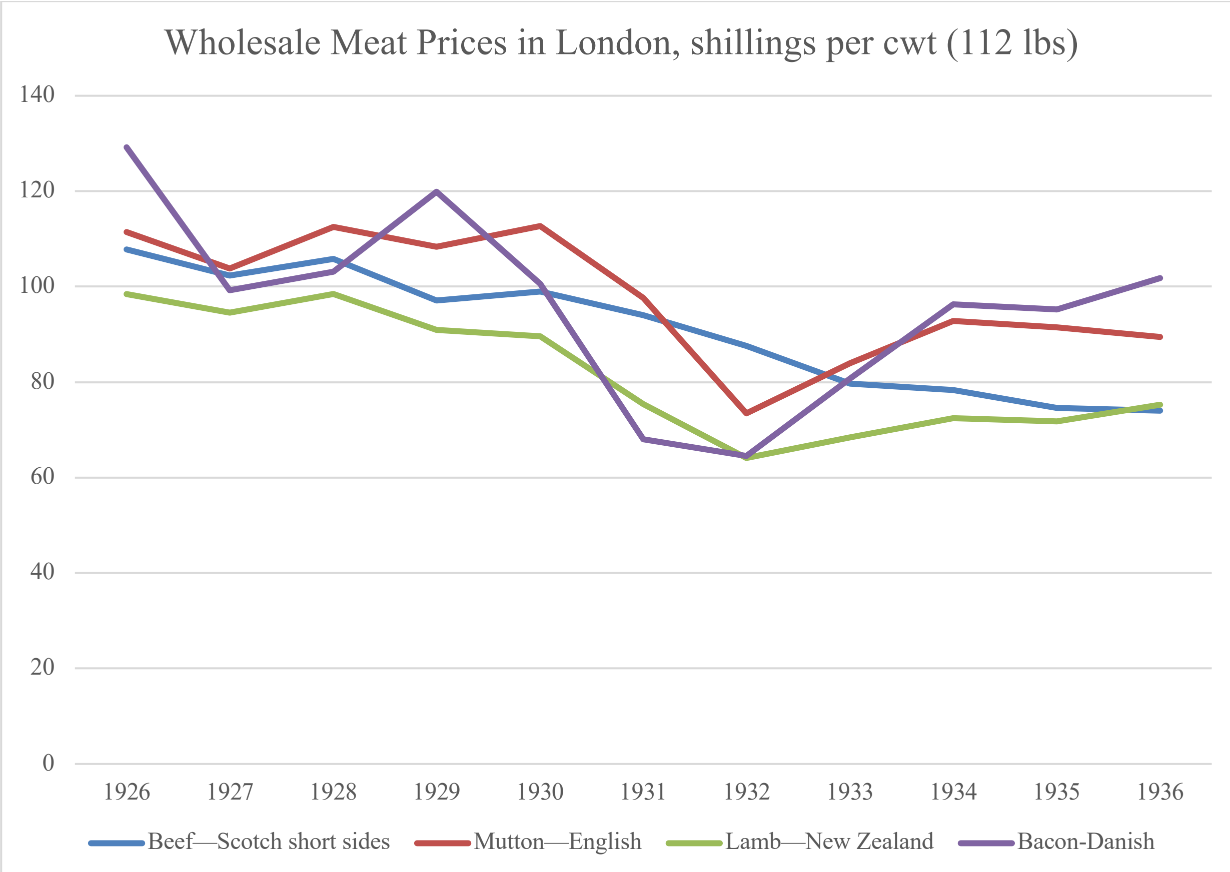

Figure 6.3: Wholesale Meat Prices in London, shillings per cwt (112 lbs), 1926-1936. From *Statistical Abstract for the United Kingdom in Each of the Fifteen Years from 1913 and 1923 to 1936, Eighty-First Number* (London: HMSO, 1938), [Cmd. 5627], 256-257.

Control of pig products was particularly dramatic. At Ottawa, the British had, almost as an afterthought, agreed to "quantitative restriction" of pigs and pig products. Several weeks after the conference, a commission "on the reorganisation of the Pig Industry in the United Kingdom" recommended "that the volume of total bacon supplies should be regulated by **quotas** both on home production and on imports."[218] To complement restricted imports, the commission suggested fixing pig and bacon prices.[219] Maintaining such a program required a quota advisory committee,

[218] Imperial Economic Conference at Ottawa 1932, Summary of Proceedings, 54. The Reorganisation Commission for Pigs and Pig Products was appointed by the Ministry of Agriculture and Fisheries on April 21, 1932. "Report of the Reorganisation Commission for Pigs and Pig Products" (London: HMSO, 1932), TNA, PREM 1/125.

[219] Emphasis original. Ibid., 63.

"similar in character to the existing Import Duties Advisory Committee". Following the promises made at Ottawa, the Ministry of Agriculture endorsed the plan.[220]

Quotas enforced by a new advisory committee dovetailed with another expansion of state power in domestic agricultural markets.[221] Through two acts in 1931 and 1933, the Ministry of Agriculture established five "marketing" boards, which fixed the prices of certain domestic produce. These control boards were state-sponsored cartels, much like the National Egg Central Ltd, that controlled British eggs. Composed of British producers, they were empowered by the Minister of Agriculture to "regulate the sales of the regulated product" by fixing the "kind, variety or grade of the product which may be sold" or the "price at, below or above which, the terms on which, and the persons to, or through the agency of whom" the product might be sold.[222] As long as the Board's schemes were endorsed by a majority of domestic producers, they would have binding validity.[223] Two of these boards emerged directly out of negotiations at Ottawa. The Pigs Marketing Board, composed of farmers, and a Bacon Marketing Board, representing curers, worked in tandem with the import restrictions to inflate British bacon prices. In practice, the boards

[220] Hubert Henderson, the joint secretary of the Economic Advisory Council, objected to the "scheme". It was unclear what the actual effects of import restriction would be, and it posed a serious threat to Britain's key trading partner, Denmark. H.D. Henderson to Ramsay MacDonald, October 25, 1932, TNA, PREM 1/125. Despite Henderson's warnings, Britain restricted Danish bacon imports, but in 1933, pledged that the quota on Danish bacon would not fall below 62% of the British market. J. Carter Murphy, "The Development of Centralized Exporting in Danish Agriculture," *Southern Economic Journal* 23, no. 4 (April 1957), 368; Rooth, *British Protectionism,* chapters 4 and 5. On Henderson and the Economic Advisory Council, see Howson and Winch, *The Economic Advisory Council*.

[221] See J. Henry Richardson, "Tariffs, Preferences and other Forms of Protection," 125-145, in *Britain in Recovery* (London: Sir Isaac Pitman and Sons, 1938).

[222] Agricultural Marketing Act, 1931, quoted in Ruth L. Cohen, "Agricultural Reorganisation and Price Control," *The Economic Journal* 44, no. 175 (September 1934). 434. See also L.A. Wheeler, "British Agricultural Policy: Some Selected Lessons," *Journal of Farm Economics* 19, no. 1 (February 1937): 264-271.

[223] In the final instance, they would need Ministry of Agriculture approval. Ibid., 436.

were vehicles for directing state aid to British and dominion producers.[224] What started as a simple quota system grew into a complex in which the state managed the supply of pigs and pig products, set their prices, and subsidized domestic and imperial produce. Over the course of the 1930s, buoyed by the precedent set by pork products and the tone of protection ushered in during 1932, Britain similarly engaged in setting subsidies for beef, wheat, sugar, hops, and potatoes.[225] Ottawa's shadow included not just trade protection and discretionary control over trade barriers, but also agricultural subsidies and control boards.

CONCLUSION

The extent to which tariffs actually helped British economic recovery was limited. Studies in the 1960s and 1970s contended that the tariffs had negligible effects on the recovery of targeted industries.[226] Later work, however, suggested that the tariff had a positive effect, both on the industries and on national economic recovery. One study indicated a boost to national aggregate demand by 7.2%; another suggested the tariffs caused GNP to grow by 4.1% between 1930 and 1935.[227] Certainly, and much to the satisfaction of advocates of imperial unity, the new trade

[224] The price set by the Pigs Marketing Board for British pigs was uneconomically high for British curers, promoting the state to issue the curers a £160,000 loan to keep buying British pigs. Ibid., 449-452.

[225] Wheeler, *British Agricultural Policy*.

[226] On the historiography, see Rooth, *British Protectionism*., 272-274; H.W. Richardson, *Economic Recovery in Britain, 1932-1939* (London: Weidenfeld and Nicolson, 1967); Forrest Capie, "The British Tariff and Industrial Protection in the 1930s," *The Economic History Review* 31, no. 3 (August 1978): 399-409. On economic performance, see Derek H. Aldcroft and Peter Fearon, eds., *Economic Growth in Twentieth-Century Britain* (New York: Humanities Press, 1970).

[227] T.J. Hatton, "Perspectives on the Economic Recovery" and "The Recovery of the 1930s and Economic Policy in Britain," in R.G. Gregory and N.G. Butlin, eds., *Recovery from the Depression* (Cambridge: Cambridge University Press, 1989); Michael Kitson and Solomos Solomou, *Protection and Economic Revival: The British Inter-war Economy* (Cambridge: Cambridge University Press, 1990). Rooth also suggests that the tariffs had a positive effect. Rooth, *British Protectionism*, 273-274. See also de Bromhead et al., "When Britain Turned Inward"; Garside, *British Unemployment,* 172

regime did push Britain to source a significantly higher percentage of its imports from the Empire: 30.2% in 1929 versus. 41.9% in 1938.[228] But British policymakers were also interested in helping British workers and British employers by boosting Britain's balance of trade; each of the IDAC's annual reports included data on how the balance of trade was shifting, putatively because of the tariffs. In this respect, too, the tariffs of the 1930s did little. Recent economic studies have suggested that only a quarter of the falloff in British imports resulted from trade policy.[229]

Nevertheless, the institution in 1932 of tariffs and imperial preference was a landmark in British imperial history. The voluminous literature analyzing whether Britain's changing trade policy stimulated its economic recovery has obscured a basic and less contentious fact: tariffs and imperial preference fundamentally increased the size and scope of the British state as an economic actor. Whether or not the system of tariffs fundamentally helped Britain's industrial production, its productivity, or its employment figures, it augmented the state's role in the economy and in the business landscape of the country. In the wake of the Ottawa agreements, the British government agreed to a series of tariffs in the 1930s that covered pork, fish, and dairy and a series of bilateral trade agreements with foreign governments. The tariffs enacted under the Import Duties Act concretely expanded the British state. If money was power, more tax revenue – ultimately about £25 million per year (3-4% of the annual budget) – was more power. But numbers like these ignore a deeper story about the expanded role of the state in the economy. The end of free trade was a watershed moment: symbolically and politically far more important than the £25 million or so it raised annually. It marked a firm end to the period of British commercial and imperial hegemony;

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[228] De Bromhead et al, "When Britain Turned Inward," 333; 348-349. Rooth, *British Protectionism*.

[229] Ibid.

the end of the "imperialism of free trade".[230] It marked the beginning of a period during which the British state played a more proactive role in the management of national economic health. With tariffs, British imperialism shifted from expansion to retrenchment. Through tariffs, empire was to protect business. And, despite the protestations of the ABCC, the state had consulted and worked with business at every step of the way, letting industrial organizations shape the structure of tariffs through the IDAC and reporting to Vyle, Anderson, and Weir at 5:00 p.m. every night of the Ottawa Conference.

As Eric Hobsbawm would write, "since Free Trade was the almost religious symbol of the old competitive capitalist society, its end not only demonstrated as it were publicly that a new era had begun, but encouraged the vast extension of government management."[231] The IDAC, the management of timber, the rationalization of the steel industry, and the control of the pig market all speak to this extension. They, in turn, paved the way for more radical state interventions. Hobsbawm considered the end of free trade to be "the most dramatic consequence of the slump" in Britain. It was a consequence that was fundamentally shaped by concerns over the prosperity of British industries and their capacity to employ workers.

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The Import Duties Advisory Committee's agenda continued to be dictated by industry applications. After Ottawa, the Committee's work continued to grow. By early 1934, its fulltime staff had grown from 46 to 119. After three years, the Committee had significantly complicated

[230] Gallagher and Robinson, "The Imperialism of Free Trade."

[231] Hobsbawm, *Industry and Empire*, 242.

Britain's tariff schedules. In 1932, there were 33 exempted items; in 1935, there were 132.[232] One of most striking ways in which the Committee's workload grew reflects the extent to which it responded to the needs of British industry. The Import Duties Advisory Committee specified that certain "specialized kinds of machinery which are not produced here", but that were necessary for the production of British goods, could be exempted from duty.[233] By the end of 1935, the IDAC had received almost 3,500 applications from firms and industry groups for exemptions of this kind and had approved £9,613,247 worth of exemptions.[234] The value of machinery exemptions grew steadily year after year. In the sixth year of operations, the IDAC received 11,517 applications, and approved 8,689, with a value of over £7 million.[235] By the end of that year, the IDAC's work had resulted in 309 separate Treasury orders changing the tariff schedule. The scale of these rollbacks speaks to the fact that tariffs were useful only insofar as they helped – or at least did not interfere with – the normal workings of British industry.

The activities of the IDAC demonstrate that the institution of tariffs and imperial preference was not a simple matter of levying a 10% tax on imports that arrived from outside the Empire. The rhetoric of a 10% ad valorem duty smoothed out what was in practice a rough, granular state regime, one that deliberately designed and reordered the British market. Because of the past campaigns of Joseph Chamberlain, Britons in the 1920s and 1930s understood tariffs and "imperial preference" to be two sides of the same coin. Politically, it was impossible to disaggregate the

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[232] Import Duties Advisory Committee, Report of Proceedings, March 1, 1934-February 28, 1935, February 28, 1935, TNA, BT 10/82, p. 4.

[233] Recommendations of the Import Duties Advisory Committee (London: HMSO, 1932) [Cmd. 4066], p. 6.

[234] Import Duties Advisory Committee, Fourth Annual Report, 1935-1936, February 29, 1936, TNA, BT 10/83, p. 12; 27. It had refused £4,522,069 worth.

[235] Import Duties Advisory Committee, Sixth Annual Report, 1937-1938, February 28, 1938, TNA, BT 10/85.

question of industrial protection from the question of imperial unity. The institution of the Import Duties Act and subsequent tariffs, therefore, were instances when British state grew in an effort to cater both to industry and to formal empire. These conjoined pressures pushed the state toward protective imperial retrenchment. Britain's dramatic trade policies of the early 1930s should not be evaluated solely according to their "success" in stimulating British economic recovery; they should be seen as evidence of a fundamental and changing reality about the British state. As the central role of the industrial advisers at Ottawa and the activities of the IDAC made clear, in formulating imperial policy, the state itself drew on vast networks of business associates. British imperial protection in the 1930s was a prime expression of the power of the business-state.

Conclusion

Rearmament and Afterlives of the Interwar Business-State

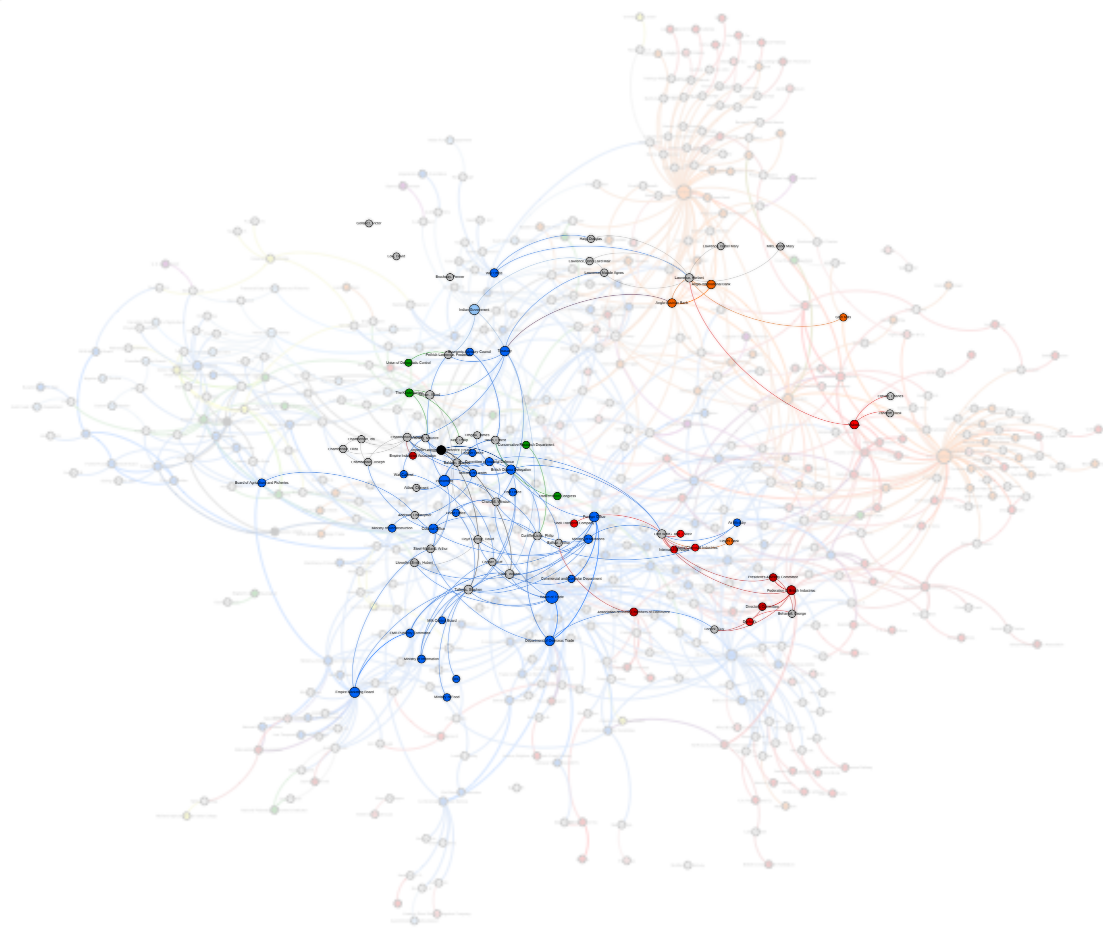

Figure 7.1: Network Visualization of the Business-State, Conclusion. This graph features the 24 historical individuals mentioned by name in the conclusion as well as the state, business, and non-governmental organizations mentioned by name in the dissertation with which they are connected, in context of the network explored in the dissertation overall (see Introduction Figure 0.1). For an interactive version and higher quality renderings, see histecon.fas.harvard.edu/visualizing/imperial_schemes.

The British interwar business-state grew over the two decades following the outbreak of war with Germany in 1914. By 1935, it was being put to work rearming for another war. Armament firms – including Vickers, Armstrong Whitworth, and Birmingham Small Arms – had always been central to the business-state. Even as a wave of anti-militarism swept over Britain in the early 1920s, many in Whitehall recognized the importance of maintaining strategically important industries. Of the few tariffs that existed before 1932, most pertained to products – whether optical glass or chemicals – deemed vital for national security. In this way, "protection" had a double meaning. By the advent of its protectionist regime of 1932, Britain's industrial policy had shifted toward imperial retrenchment: leveraging the formal empire to support employment and prosperity at home. The state's reorganization and protection of the steel and iron industries similarly had strategic motivations; competing with Germany required rationalization.[1] In the mid 1930s, the state took a more literally defensive posture: propping up British heavy industry through an increasingly ambitious rearmament program meant to protect the Empire, at home and overseas.

This dissertation started with a meditation about the "power of Business" from *Uncommon Danger,* a 1937 thriller by Eric Ambler.[2] In *Cause for Alarm,* another Ambler novel that appeared in shops the next year, the protagonist was Nicky Marlow, a misguidedly confident engineer. Put out of work by an economic downturn, Marlow took the only job he could find, managing the Milan office of the "Spartacus Machine Tool Company Limited of Wolverhampton," a British firm that manufactured "high speed automatic machines for shell production." Marlow did not think of himself as political, but he was helping a British firm profit from rearmament in Fascist

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[1] Steven Tolliday, *Business, Banking, and Politics: The Case of British Steel, 1918-1939* (Cambridge: Harvard University Press, 1987).

[2] Eric Ambler, *Uncommon Danger* (London: Penguin, 2009), 76-77.

Italy. "Business," his boss informed him, was "really brisk."[3] Rearmament, even in Ambler's fictive world, was an economic motor for British industry.

British rearmament may have been motivated by international power politics: Mussolini's aggression in Abyssinia and Hitler's increasing assertiveness.[4] But imperial rearmament – coordinated by the Committee of Imperial Defence (CID) – had profound implications for the British economy and the business-state. Just as in the United States and Germany, in Britain, rearmament invigorated the economy.[5] More specifically, it funneled millions of pounds into British heavy industry: engineering, armaments, steel, and coal. The immediate and direct beneficiaries of Britain's decision to rearm were companies and individuals – many treated already in these pages – involved in the heavy trades.

As David Edgerton has shown, the classic narrative that Britain demobilized in the late 1920s and early 1930s is incorrect. British military spending did not substantively decrease in real terms in the fifteen years after the end of World War I.[6] And when military spending picked up in 1935, Britain's already impressive military-industrial complex shifted into a higher gear. Between 1924 and 1934, the British state's yearly defense spending hovered between £110 and £130 million pounds. In 1935, it rose to over £140 million. In 1938, it was £469 million.[7] Much of that figure

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[3] Eric Ambler, *Cause for Alarm* (New York: Knopf, 1940), 24.

[4] See, e.g., J.P.D. Dunbabin, "British Rearmament in the 1930s: A Chronology and Review," *The Historical Journal* 18, no. 3 (September 1975): 587-609; Robert Paul Shay, *British Rearmament in the Thirties: Politics and Profits* (Princeton: Princeton University Press, 1977).

[5] Basil Collier, *Arms and the Men: The Arms Trade and Government* (London: Hamish Hamilton, 1980), chapter 9.

[6] David Edgerton, *Warfare State: Britain, 1920-1970* (Cambridge: Cambridge University Press, 2006), chapter 1. As evidence of the standard narrative, Edgerton cites, among others, A.J.P. Taylor, *English History, 1914-1975* (Harmondsworth: Penguin, 1975) and Paul Kennedy, *The Realities Behind Diplomacy* (London: Fontana, 1981).

[7] Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom,* new edition (London: George Allen and Unwin, 1967), 168-169.

was spent on new equipment. While total defense spending grew nearly fourfold between 1934 and 1939, military employment did not even double over the same period.[8] In short, as Edgerton contended, the British state "relied on technology as a substitute for manpower."[9] All this meant good things for arms companies. Britain's largest, Vickers, particularly benefitted; by 1939, its sales to the British armed forces topped £20 million a year.[10] But rearmament also was a boon to engineering companies across the country and the struggling British steel industry, whose output rose by 3 million tons between 1935 and 1937.[11]

Rearming and "relying on technology" depended upon the already close relationships forged between heavy industrialists and state administrators. Firms including Vickers, John Brown and Co., and Cammell Laird – all of which had been instrumental in the First World War, in the Federation of British Industries, and in partnerships with the interwar state – were key beneficiaries of rearmament. So too were other engineering firms – notably automobile manufacturers – which administered new state "shadow factories" to produce war materiel. Until 1939, the government's "Defence Programme" was explicitly not to hinder normal commercial trade.[12] In practical terms, this meant that though there were real strains on skilled labor in the large engineering works across Britain, private companies were not obliged – indeed, not even requested – to suspend or curtail commercial work or foreign military contracts. The plan, endorsed by the Cabinet in early 1936,

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[8] It grew from 416,236 in April 1933 to 698,100 in April 1939. Moses Abramovitz and Vera F. Eliasberg, *The Growth of Public Expenditure in Great Britain* (Princeton: Princeton University Press, 1957).

[9] David Edgerton, *England and the Aeroplane: An Essay on a Militant and Technological Nation* (Basingstoke: Macmillan, 1991), xv.

[10] J.D. Scott, *Vickers: A History* (London: Weidenfeld and Nicolson, 1962), 264.

[11] Derek H. Aldcroft, *The Inter-War Economy: Britain, 1919-1939* (London: B.T. Batsford, 1970), 171-172.

[12] Scott, *Vickers*, 222.

was to build up "the output of our existing industrial resources…without interference with or reduction of production for civil and export trade." Commercial interests were to be protected; the stated justification – reminiscent of those for countless DOT and BT schemes – was that harming big firms would "adversely affect the general prosperity of the country" and adversely affect tax revenues.[13]

Insofar as this logic was borne out by reality, it was in no small part because Britain was a major arms-exporting nation. In fact, for much of the period before rearmament, Britain was the world's largest arms exporter, sending around £6 million worth of weapons abroad each year in the late 1920s and early 1930s.[14] For business advocates at the Department of Overseas Trade, this development was a success story. But for peace and disarmament advocates, it was a shameful distinction. The early 1930s saw persistent advocacy against the arms trade. *The Bloody Traffic*, a widely read pamphlet by the leftist Fenner Brockway, accused private arms companies of fomenting war, as did a series of cartoons in the daily press by David Low.[15] In 1932, the Union for Democratic Control, a leading left-leaning disarmament organization, published a scathing denunciation of the "secret international" – a matrix of cozy relationships between states and arms producers.[16] As the pamphlet summarized, "The private firms sell to their own Government at

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[13] Committee of Imperial Defence, Sub-Committee on Defence Policy and Requirements, February 12, 1936, Report, The National Archives, Kew, United Kingdom (TNA), CAB 24/259/26, p. 9; Shay, *British Rearmament,* 99.

[14] Edgerton, *Warfare State*, 46-48.

[15] Fenner Brockway, *The Bloody Traffic* (London: V. Gollancz, 1933). Brockway's pamphlet was published by Victor Gollancz, whose "Left Book Club", which started in 1936, would feature a wide range of disarmament literature. Among the most notable was *The Private Manufacture of Armaments* by future Nobel Peace Prize laureate Philip Noel-Baker. Philip Noel-Baker, *The Private Manufacture of Armaments* (London: V. Gollancz, 1936). See David G. Anderson, "British Rearmament and the 'Merchants of Death': The 1935-36 Royal Commission on the Manufacture of and Trade in Arms," *Journal of Contemporary History* 29, no. 1 (January 1994), 8-9.

[16] Priya Satia, *Empire of Guns: The Violent Making of the Industrial Revolution* (New York: Penguin, 2018), 394-395. The next major pamphlet published by the UDC that year was called "Patriotism Ltd., An Exposure of the War Machine".

good prices, they enjoy the benefit of having Government experts on their Boards who know exactly what time Government plans for war are and see that the firms provide for them."[17] Vickers, in particular, with its "financial genius" Basil Zaharoff and "its close relationship…[with] Government departments in this country" was an object of anxiety. Even before World War I:

> Vickers had already established the practice, so usefully developed later, of placing in prominent positions on their Board and on their high-grade staff experts who had retained military and naval titles in His Majesty's Forces.[18]

The "rationalisation and…grouping together [of] all the various armaments interests in this country round Vickers" only heightened anti-armament campaigners' anxieties.[19]

Disarmament activists like Brockway and those at the Union for Democratic Control were the leading edge of an increasingly mainstream movement. Leader of the opposition Clement Attlee publicly advocated for abolishing the private arms industry in Britain.[20] Even the staid *Times* noted the public's "genuine sentiment of considerable revulsion" over the arms trade.[21] Of particular concern were accusations that arms firms – particularly Vickers – had become too cozy with government purchasers. Correspondence between Vickers executive Charles Craven and the vice president of the American shipbuilder Electric Boat, made public by a U.S. Senate inquiry,

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[17] Union of Democratic Control, *The Secret International: Armament Firms at Work* (London: The Union of Democratic Control, 1932), 35

[18] Ibid. 9; 11.

[19] Ibid., 12-14.

[20] Satia, *Empire of Guns*, 395-396; Collier, *Arms and the Men*, chapter 9. Anderson, "British Rearmament".

[21] "Traffic In Arms," *The Times*, November 9, 1934, 15, quoted in Anderson, "British Rearmament," 12.

suggested unsavory backroom dealings: the Admiralty's Director of Dockyards was Craven's "old friend" and Craven had "helped him all I could to get the job."[22]

But the Conservative Cabinet was committed to protecting the private system of arms provision. Its members recognized that there was "a considerable volume of public opinion which was genuinely exercised on the question of private manufacture of arms", but the government was at pains to not "in any way endanger…the private armament industry in this country."[23] The predictable solution was to shunt the issue to a royal commission. The government "was increasingly alive to a growing public concern about the arms trade." An inquiry, properly engineered, could satisfy the public and take the edge off of Liberal and Labour attacks on government policy and would "appease a very general feeling of anxiety among the Government's supporters in the constituencies."[24] Nevertheless, there was "general agreement" in the Cabinet that an overly ambitious inquiry would "destroy our export trade in munitions and benefit our foreign competitors."[25] The government – particularly Round Tabler and War Cabinet secretary Maurice Hankey – was adamantly opposed to the Commission recommending major changes to the British arms industry. Hankey, the longstanding secretary of the Committee of Imperial Defence, saw a real danger in moving away from the historic partnership between the state and the arms industry. So too did the military establishment. Altering the mode of production in the midst of a rearmament campaign could have disastrous effects.[26] With this in mind, Hankey engineered

[22] Quoted in Collier, *Arms and the Men*, 178.

[23] Minutes of Cabinet Meeting, October 24, 1934, TNA, CAB 23/80/4.

[24] Minutes of Cabinet Meeting, November 14, 1934, TNA, CAB 23/80/8. See also Anderson, "British Rearmament," 12, 20.

[25] Minutes of Cabinet Meeting, November 7, 1934, TNA, CAB 23/80/7.

[26] Satia, *Empire of Guns,* 397-398.

and chaired an interdepartmental committee (composed of representatives from the military, the Foreign Office, and the Board of Trade) that would set the procedures for the Royal Commission.[27]

The Royal Commission on the Private Manufacture of and Trading in Arms – stacked with generally staid conservative members – was announced in February 1935 and began meeting that May. As it sat over the next year, it heard from what one commissioner called "the pageant of English life" – politicians, intellectuals, industrialists, and pacifists.[28] Representatives from the Union of Democratic Control appeared, as did former Ministers of Munition Christopher Addison and David Lloyd George. So too did Herbert Lawrence and other executives from Vickers, Imperial Chemical Industries, and small arms manufacturers.[29] Hankey, concerned about the royal commission's possible recommendations, also testified, bringing with him two memoranda defending a system of private arms provision. Their upshot was simple. As he summarized to the Commission: "first, the prohibition of private manufacture would be disastrous to Imperial defence; second, in any case, it is out of the question when we are in the throes of a great programme of re-conditioning our forces." But lurking behind Hankey's executive summary was another, more economic rationale against reorganization: as he put it, "nearly 1,000 firms are required to build a warship."[30]

[27] Stephen Roskill, *Hankey: Man of Secrets,* vol 3 (London: Collins, 1970), 165-166; Minutes of Meeting of the Interdepartmental Committee on Royal Commission on the Private Manufacture of and Trading in Arms, April 9 and May 7, 1935, TNA, CAB 16/124. The members of this committee were examined by the Royal Commission in November 1935. Royal Commission on the Private Manufacture of and Trading In Arms*, Minutes of Evidence*, pp. 324-331.

[28] Anderson, "British Rearmament", 8.

[29] Ibid., 18; Collier, 181-184; Royal Commission on the Private Manufacture of and Trading In Arms*, Minutes of Evidence* (HMSO: London, 1936).

[30] Testimony of Sir M.P.A. Hankey, May 8. 1936, in Royal Commission on the Private Manufacture of and Trading In Arms*, Minutes of Evidence*, p. 586. See also Roskill, *Hankey*, 246-248.

Hankey's concerns about the Commission's recommendations were ultimately obviated, not by a witness's testimony, nor by bureaucratic politics, but instead by Hitler's reoccupation of the Rhine in the spring of 1936. As rearmament became an increasingly central geopolitical priority, any reorganization of the arms industry became a dead letter.[31] The Commission's final report started with a recommendation against nationalization as both "impracticable" and "undesirable". "Imperial defence" required "the maintenance in peace-time of a system of collaboration between the Government and the private industry of the country in the supply of arms and munitions."[32] A feature of this last point is worth stressing: rearmament was an *imperial* project. The new warships and aircraft would be sent to India and Singapore as well as to bases around Britain.

Major industrialists were predictably all in favor of rearmament. There were, of course, material interests involved. But more generally, there was a longstanding affinity – especially within Tory circles – between advocates of aggressive imperial geopolitics and defenders of British industry. The Federation of British Industries, after all, had been forged during World War I, when businessmen working on wartime contracts associated to capitalize on and institutionalize their newfound influence. Navy League and Round Table imperialists – among them Hankey himself –

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[31] Anderson, "British Rearmament," 26.

[32] Royal Commission on the Private Manufacture of and Trading in Arms (1935-36), *Report* (London: HMSO, 1936) [Cmd. 5292], 53. The Committee did identify the potential for abuse in the arms trades. It called for greater oversight of state officials moving into the private arms trade and strict controls of profiteering. Most strikingly, the Commission advocated a Ministry of Supply with broad powers to manage the supply and distribution of war materiel. This last recommendation in particular ran in the face of the government's policy. As a result, the Cabinet buried it, sending it to Hankey's interdepartmental committee for comment. John Simon to Maurice Hankey, October 26, 1935, TNA, CAB 16/124. Three months later, that committee issued what became the government's official response to the report, which rejected any major change in Britain's defense production system. Statement Relating to Report of the Royal Commission on the Private Manufacture of and Trading in Arms, 1935-36" (London: HMSO, 1937) [Cmd. 5451], 3. On challenges, see. House of Commons Debate, May 26, 1937, *Hansard,* vol. 324, cc. 313-314, 371-374; See also Edgerton, *England and the Aeroplane*, 30-31 and Anderson, "British Rearmament," 28-29.

had been among the most vociferous supporters of a ramped-up battleship building program in the 1910s and 1920s and many industrial leaders had long subscribed to assertive foreign relations.

When rearmament began in earnest in 1935, its scale was initially relatively modest: £50 million to be spent over five years. It would quickly grow by orders of magnitude.[33] In 1938, it was estimated to be at least £1.5 billion pounds over the next five years.[34] Even as plans blossomed, state administrators were committed to cooperate with industry rather than mandate the production of essential equipment.[35] In short, they were committed to purchasing needed goods on the market. This did not mean that the state was above bargaining for better prices. But unlike the Italian or German governments, Britain did not oblige its private manufacturers to switch over to wartime production.

The furthest the British state came to interfering in firms' commercial activity was to persuade certain key industries to build new production facilities for wartime use, largely at public expense.[36] A key driving force behind this scheme was none other than Lord Weir. After having served as the Federation of British Industries' representative at the Ottawa conference, Weir continued to serve both state and business. He sat on a committee on Trade and Employment and advised the Committee of Imperial Defense, while also serving on the boards of some of the most important firms in the country, including Imperial Chemical Industries, International Nickel, and

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[33] W.J. Reader, *Architect of Air Power: The Life of the First Viscount Weir of Eastwood, 1877-1959* (London: Collins, 1968), 195-196.

[34] Dunbabin, "British Rearmament in the 1930s," 600-601.

[35] Satia, *Empire of Guns,* 396.

[36] Shay, *British Rearmament*, 93.

Lloyds Bank.[37] All the while, his own firm, G. and J. Weir, which specialized in pumps and other heavy machinery, continued to fill military orders.[38] Weir was not just a businessman whose company's success depended on military contracts; he was a central node in the business-state.

Weir himself came to work on rearmament in late 1933 when he was appointed one of three industrial advisors to the Committee of Imperial Defense to help plan for the procurement of military materiel. All three advisors – the others were the steel magnate Arthur Balfour and shipbuilder James Lithgow – had worked in close partnership with the government during World War I and had remained closely connected to state initiatives, particularly in the rationalization of steel. All three agreed that close cooperation with private industry was essential in building out Britain's capacity for producing war materiel in peacetime. Lord Weir, however, was the most active of the three and was particularly adamant that the state work only with "the big firms and the big men." In particular, he proposed in 1934, creating a "shadow armament industry" by partnering with civil engineering and manufacturing firms to build out extra productive capacity at state expense.[39]

The next year, Weir became the top adviser to the Air Minister, Philip Cunliffe-Lister.[40] At the Air Ministry – the epicenter of rearmament – Weir steadfastly opposed "doing anything which would turn industry upside down by creating a war spirit and practice." Instead, he sought

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[37] In particular, he was an advisor to the Supply Board of "the Principal Supply Officers' Sub-Committee," entrusted with planning for wartime procurement of materiel.

[38] Richard Davenport-Hines, "Weir, William Douglas, first Viscount Weir," *ODNB* (September 2004), accessed online November 19, 2019, https://doi-org/10.1093/ref:odnb/36818. Reader, *Architect of Air Power,* 180-181. See W.J. Reader, *The Weir Group: A Centenary History* (London: Weidenfeld and Nicolson, 1971).

[39] This plan was approved by the CID. Meeting of Principal Supply Officers Committee, April 26, 1934, TNA, SUPP 3/5, quoted in Shay, *British Rearmament,* 93. See also Reader, *Architect of Air Power*, 191-194.

[40] Reader, *Architect of Air Power*, 194.

a "British compromise solution" between peacetime production and the "centralised dictator system."[41] His minister, Philip Cunliffe-Lister, concurred. This was no surprise. Though Cunliffe-Lister was a strong proponent of vigorous rearmament, he had also long been a staunch advocate of British heavy industry. Over a decade before, as President of the Board of Trade, he had pressed for proactive trade promotion. More recently, he had headed the Conservative Research Department team that drafted the protective tariff legislation that became the 1932 Import Duties Act.

Despite the Air Ministry's solicitousness and the prospect of tens – if not hundreds – of millions of pounds in new contracts, industrial leaders were wary of the possibility of state compulsion in converting to a rearmament economy. Rearmament could be a golden goose for British industry, but if the state took a heavier hand in regulating private production, it could also prove to be an albatross around industry's neck. The FBI, therefore, steered a delicate course. In a fall 1935 meeting with Prime Minister Stanley Baldwin and Chancellor of the Exchequer Neville Chamberlain, an FBI delegation including George Beharrell, Guy Locock, and the FBI's new president averred that it was "ready to co-operate with the Government to the fullest possible extent." But it was adamant that "industry ought to provide any organisation which was necessary [for rearmament] from within and not have it imposed upon them from without." Baldwin was reassuring. "The Government had no wish to impose an organisation upon industry, and if industrialists would play the game there would be no need to do so."[42] As Philip Cunliffe-Lister later put it, "we want an industry of sufficient size and efficiency to meet all the Government calls

[41] Lord Weir to Stanley Baldwin, May 18, 1935, quoted in Shay, *British Rearmament,* 94. See also Lord Weir to Lord Swinton, August 22, 1935, TNA, T 172/1830.

[42] Minutes of Meeting with FBI Delegation, October 17, 1935, TNA, CAB 16/112, quoted in Shay, *British Rearmament,* 96-97.

that may be made upon it and to meet all non-Government demands whether home or foreign."[43] Rearmament, in short, was not to interfere with private commercial profit. Addressing the House of Commons the next year, Baldwin reiterated that "we are proceeding in confidence that we shall get the goodwill of the industry. Our plans assume contact and collaboration…we have no dictatorial powers…but we can count on goodwill in a way and to an extent not available to a dictator."[44]

This goodwill was backed up by government guarantees that it would continue to buy armaments for a long period of time and that key firms would continue to receive contracts. Such pledges were defended as necessary to induce private firms to invest in new machinery and production facilities; as the FBI put it, industrialists were being asked to make "large capital commitments to satisfy demands which may not continue."[45] Vickers alone invested half a million pounds in 1936 on new facilities for mounting guns on warships. Along with its subsidiary Supermarine, Vickers spent an additional £300,000 on new buildings and factories for aircraft manufacturing by 1937.

With these investments came opportunities for major contracts. Air Ministry plans for 1935 through 1937 called for nearly 2,000 new aircraft each year; by 1936, those figures were amended up to 2,667 per year.[46] Between 1931 and 1941, Britain built five aircraft carriers and nearly fifty

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[43] House of Commons Debate, July 22, 1935, *Hansard,* vol. 304, c. 1568.

[44] House of Commons Debate, March 9, 1936, *Hansard,* vol. 309, c. 1839.

[45] Letter from FBI to Defence Policy Requirements Committee, January 8, 1936, TNA, CAB 16/123. See Shay, *British Rearmament*, 98-101; Sebastian Ritchie, "The Price of Air Power: Technological Change, Industrial Policy, and Military Aircraft Contracts in the Era of British Rearmament, 1935-39," *Harvard Business Review* 70, no. 1 (Spring 1997), 90.

[46] These were "Scheme C" and "Scheme F", respectively. Ritchie, "The Price of Air Power," 91.

cruisers, more than any rival power.[47] Naval orders accelerated after the expiration of the Washington and London Naval Treaties in 1936, which together had limited fleet and warship sizes. That year, the admiralty began ordering new capital ships including five new battleships, each of which cost nearly £7.5 million.[48] By late 1936, Vickers' shipbuilding and gun-mounting divisions were working at full capacity, as were other private shipyards up and down Britain's coasts.[49]

Rearmament afforded the opportunity for immense profits. Labour's Christopher Addison pressed the government in 1935 to mandate limiting the profits of companies involved in producing war materiel. If not, he warned, the state would establish "a very powerful monopoly trading not only at home but abroad." In particular, the Air Ministry would be responsible for "growing up a group of powerful vested interests". Cunliffe-Lister, in Addison's telling, was proposing to "establish and strengthen" "an immense monopoly", both inefficient and immoral.[50] Little changed, but resistance intensified as spending grew. Focusing on "a rather unsavoury aspect of" rearmament, Labour's Frederick Pethick-Lawrence pointed out in 1936 that value of stock shares of thirteen arms firms had more than tripled over the past year. "Armament manufacturers," he held, "know their Tory Government just as we do on this side of the House, through from a rather different point of view – and they have come to the conclusion that very considerable profits are going to be the result [of rearmament]."[51]

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[47] Edgerton, *Warfare State*, 33. Statement of Capital Expenditure, February 28, 1938, TNA, T 161/1323/S40700/42, quoted in Ritchie, "The Price of Air Power," 101

[48] R.A. Burt, *British Battleships, 1919-1945* (Barnsley: Seaforth, 2012), 389.

[49] Scott, *Vickers*, chapter 19. See also Edgerton, *Warfare State*, 33-42.

[50] House of Commons Debate, July 22, 1935, *Hansard,* vol. 304, cc. 1618-1619.

[51] House of Commons Debate, April 22, 1936, *Hansard,* vol. 311, cc. 162-164.

All the while, Lord Weir was busy setting up his "shadow factory" scheme. In April 1936, he convened a meeting with seven major automotive manufacturers.[52] At the meeting, he proposed that the firms build and operate new factories near their existing facilities. The new plants would be funded by the state and the motor companies would be paid a fee for managing production. Within two months six firms – including Daimler, Morris Motors, and Rolls Royce – had pledged their support for the program.[53] By the end of May, Cunliffe-Lister (by then Lord Swinton) and Weir had negotiated tentative agreements over the size of the management fees. The agreements entailed paying the auto manufactures considerably more than originally planned; Austin Motors, Britain's largest car manufacturer, was ultimately promised nearly £100,000 more per year to produce aircraft engines than what the government had first offered.[54] In 1938, the Air Ministry extended the shadow scheme to English Electric and Metropolitan-Vickers, to cover electronic goods.[55] The same year, the Air Ministry established a new "Industrial Advisory Panel," by now a familiar structure of the business-state.[56]

At the same time, British aircraft manufacturers, organized into the Society of British Aircraft Constructors (SBAC) was negotiating with the Air Ministry for its own slice of the rearmament contracts. The aircraft industry itself was an arms industry par excellence. Even before rearmament ramped up, nearly 80% of the industry's production was devoted to warplanes.

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[52] Reader, *Architect of Air Power*, 263.

[53] See papers related to the shadow scheme. For Morris Motors, Ltd., see TNA AIR 19/1, for Rolls-Royce and others, see TNA AIR 19/2. For Daimler, see TNA, AIR 19/3.

[54] Assuming a production of 900 motors per annum, the government initially offered to pay £152,500, plus bonuses for efficiency. It ultimately pledged to pay £250,000 per year. Shay, *British Rearmament,* 111-112. See also "The Finance of Shadow Factories," May 18, 1936, TNA, CAB 16/140. See also TNA, AIR 19/5.

[55] Edgerton, *England and the Aeroplane,* 75. On the shadow scheme, see also Reader, *Architect of Air Power,* 252-268.

[56] For the minutes of the advisory panel, see TNA, AVIA 22/1116.

Moreover, although there were a smattering of dedicated manufacturers, many of the most important firms in the industry were attached to large conglomerates dealing in arms: Armstrong Whitworth and its subsidiaries Armstrong-Siddeley and Avro were major players in the industry and members of the SBAC. So too were Vickers and Supermarine. All of these firms were dependent on government contracts.[57]

With rearmament, the SBAC's firms were poised to make a killing. And while the Treasury was concerned about the appearance of profiteering, the Air Ministry was sanguine about firms making 25% returns on their investments.[58] For those at the Air Ministry, the cooperation of industry was worth every penny. Weir was a fierce defender of private contractors and their profit margins, arguing strenuously against any framework to compel or control industrial production.[59] The cabinet agreed.[60] Controls, according to the common wisdom, would dislocate industrial production, even if they had allowed Nazi Germany to rapidly shift industrial production to war

[57] Some of the still independent aircraft and air engine producers included De Havilland, Bristol, and Rolls-Royce. The Air Ministry accounted for £6 million worth of orders, compared to £1.5 million worth of exports and half a million pounds worth of domestic civil sales. Edgerton, *Warfare State*, 42; Edgerton, *England and the Aeroplane,* 19-20; 24. Union of Democratic Control Memorandum, Royal Commission on the Private Manufacture of and Trading In Arms*, Minutes of Evidence*, p. 195. See also Peter Fearon, "The British Airframe Industry and the State, 1918-1935," *The Economic History Review* 27, no. 2 (May 1974): 236-251.

[58] Shay, *British Rearmament,* 116-117.

[59] Neville Chamberlain described his thinking as that of "the business man feeling the advantages of competitive tender." Comment on Weir's Note, March 27, 1936, TNA, T 161/986/40473/01/1, 3/27/36, quoted in Shay, *British Rearmament,* 118.

[60] The only members to disagree were Swinton himself, who sought to push ahead with a Ministry of Supply, and Duff Cooper. Minutes of Meeting of Defence Policy Requirement Committee, June 11, 1936, quoted in Shay, *British Rearmament,* 129-132. Before the Royal Commission, Weir had noted that state control might have been appropriate in other industries, "but in Air, which is still developing its scientific possibilities, and which demands engagements of the imagination and enterprise of the individual, I am frankly rather scared at the possible dangers of centralised direction." Quoted in Edgerton, *England and the Aeroplane*, 30. See also Reader, *Architect of Air Power*, 287.

goods.[61] But to advocates of more aggressive rearmament, Weir was using his "vast" influence for the wrong ends. As Winston Churchill wrote him in 1936, "Are you quite sure you are right in lending all your reputation to keeping this country in a state of comfortable peace routine?...The whole life and industry of Germany is organised for war preparation. Our efforts compared to theirs are puny." In response, Weir justified his support of an industry-centered approach to rearmament in terms of the "grave effects and dislocations" of state compulsion. [62]

The agreement that resulted from negotiations with the SBAC showed just how far the Air Ministry was willing to go in securing the cooperation of the private aircraft industry. The arrangement gave manufacturers the option to forego setting a fixed price for their products and instead to be paid for their costs, with a fixed 7.5% rate of profit.[63] Moreover, the rate of profit would be determined, not by how much private capital was invested in a manufacturing project, but on the total capital invested in the project. Much of that capital was public, as the state paid for many new production facilities. Thus, industry was able to extract considerably more than 7.5% returns on its investment – about 18% in 1937 (and almost 30% by 1944).[64] Just as in World War I, when aircraft production was streamlined in 1940 under the wartime Ministry of Aircraft

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[61] See Richard Overy, *War and Economy in the Third Reich* (Oxford: Clarendon Press, 1995), chapter 6. See also Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Penguin, 2006), chapter 7.

[62] Winston Churchill to Lord Weir, May 6 1936 and Lord Weir to Winston Churchill, May 13, 1936, quoted in Reader, *Architect of Air Power*, 243-244.

[63] Firms would produce two production runs of new products, calculate the price, and set a fixed price. Though in practice, firms were able to reach agreements on fixed prices with the Air Ministry, they always had the option of taking a profit ratio. If such a price could not be agreed upon with the state, the firms could charge the state a fixed profit margin. Shay, *British Rearmament*, 121-122. Sebastian Richie puts greater emphasis on the concessions made by the firms; he contends that the terms were not generous by American or German standards. See Ritchie, "The Price of Air Power," 92-94; 100-103.

[64] Ritchie, "The Price of Air Power," 100-103; 109. See also TNA, T 161/922S40730/04; William. Ashworth, *Contracts and Finance* (London: HMSO, 1953), 91.

Production, businessmen dominated the state apparatus; the new ministry's director general was the managing director of Vickers.[65] At the outbreak of World War II, the business-state was alive and well and it would live on far past the return of peace.

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One of the contentions of *Imperial Schemes* has been that historians' intense focus on the British welfare state has obscured other forms of state growth in the 20th century. It has argued that the state grew in size and scope throughout the 1920s and 1930s, and specifically, that it grew by partnering with British business and drawing from imperial resources. It should be noted, however, that the advent of the post-World War II welfare state, while dramatic, did not mark an abrupt discontinuity with this older, more established form of state growth. The Labour government's key economic priority was the maintenance and improvement of Britain's export industries.[66] Labour's plan for economic development was largely a holdover from Conservative thinking about the economy in the 1930s. In this way, Britain's two postwar eras were "complementary" and "parallel", to borrow Charles Maier's turn of phrase.[67] In important ways, the first enabled the second. The slow, opaque growth of the state in the 1920s and 1930s laid the foundation for the rapid and dramatic state expansion in the 1940s and 1950s.

In fact, the major nationalization efforts of the 1940s relied upon groundwork laid during the interwar years. The nationalization of Britain's iron and steel manufacturers (1951) grew out of the rationalization efforts of George May and others at the Import Duties Advisory Council in

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[65] Edgerton, *England and the Aeroplane,* 69-70.

[66] David Edgerton, *The Rise and Fall of the British Nation: A Twentieth-Century History* (London: Penguin, 2019), 218.

[67] Charles S. Maier, "The Two Postwar Eras and Conditions for Stability in Twentieth-Century Western Europe," *American Historical Review* 86, no. 2 (1981), 328.

the 1930s.[68] A similar story can be told about the takeover of Britain's collieries (1946), whose nationalization depended on the interwar state's encouragement of a national coal cartel.[69] The Bank of England's nationalization (1946) did mark a change, but was also an extension of increasingly close connections between the professionalized corps of central bankers and officials at the Treasury.[70] The British Electric Authority (1947) emerged from the Central Electricity Board, established with state oversight on Lord Weir's recommendation in 1926.[71] Radio, telephone, and telegraph service (1947) had already been functionally under state control for decades under the auspices of the BBC, itself originally formed as a public-private partnership.[72]

The welfare state also depended on empire, just as the interwar business-state had. More than ever before, the sterling area became an essential source of stability to Britain's economy, allowing Britain to maintain established trading relationships despite the collapse of the pound relative to the dollar.[73] Securing hard currency was vital. With this in mind, the Labour government

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[68] On British steel, see Steven Tolliday, *Business, Banking and Politics: The Case of British Steel, 1918-1939* (Cambridge, MA: Harvard University Press, 1989); Heidrun Abromeit, *British Steel: An Industry Between the State and the Private Sector* (New York: St. Martin's Press, 1986).

[69] On British coal during this period, see Barry Supple, *The History of the British Coal Industry volume 4: 1914-1946: The Political Economy of Decline* (Oxford: Clarendon Press, 1988) and William Ashworth, *The History of the British Coal Industry volume 5: 1946-1982: The Nationalized Industry* (Oxford: Clarendon Press, 1986). See also Ben Fine, "Economies of Scale and A Featherbedding Cartel?: A Reconsideration of the Interwar British Coal Industry," The Economic History Review 43, no. 3 (August 1990).

[70] David Kynaston, *Till Time's Last Sand: A History of the Bank of England, 1694-2013* (London: Bloomsbury, 2017), chapters 12 and 13.

[71] See Hannah Leslie, *Electricity Before Nationalisation: A Study of the Development of the Electricity Supply Industry in Britain to 1948* (Baltimore: Johns Hopkins University Press, 1979); Hannah Leslie, *Engineers, Managers and Politicians: The First Fifteen Years of Nationalised Electricity Supply in Britain* (London: Macmillan, 1982).

[72] On the BBC, see Asa Briggs, *The History of Broadcasting in the United Kingdom: Volume II: The Golden Age of Wireless* (Oxford: Oxford University Press, 1995); Simon J. Potter, *Broadcasting Empire: The BBC and the British World, 1922-1970* (Oxford: Oxford University Press, 2012), especially chapter 3.

[73] Alan Milward, *The European Rescue of the Nation-State* (Berkeley: University of California Press, 1992), chapter 7; Gerald Krozewski, *Money and the End of Empire: British International Economic Policy and the Colonies, 1947-58* (Houndsmills, Basingstoke: Palgrave Macmillan, 2001). See also Barry Eichengreen, *Globalizing Capital: A*

in practice followed Stephen Tallents' call to "project" an image of Britain on the world and began marketing itself to attract dominion tourists. Spurred by Foreign Secretary Ernest Bevin, in 1946, the Board of Trade set up a Tourist Board, a "para-governmental body", which would be financed by the state for at least two years.[74] The goal was to attract 150,000 international tourists to Britain in 1947; of that figure, 70,000 were to come from North America, and 60,000 from dominions other than Canada.[75]

Perhaps the most striking example of the British state's postwar dependence on empire concerns staffing at the top levels of the civil service. As it became clear that India and Pakistan would become independent, the cash-strapped British government wondered about what to do with approximately 1,400 British officials working for the Indian government.[76] If the officials left government service, they would be entitled to a hefty sum in severance and pensions. The official position of the government was that "the primary liability of the UK gov't is <u>not</u> to pay full compensation in each case, but rather to find equivalent employment."[77] In the words of the Cabinet Committee's minutes, this would serve a double purpose, as "there was at the moment a serious shortage of man-power and it would surely not be impossible to find employment for the greater number of the British members of the Services, either in the United Kingdom in

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History of the International Monetary System (Princeton: Princeton University Press, 1996), 102-106; Harold James, *International Monetary Cooperation Since Bretton Woods* (New York: Oxford University Press, 1996), 88-94.

[74] Note on Catering, Holiday and Tourist Services, May 14, 1946, TNA, PREM 8/358. Extracts from Minutes of Lord President's Committee, November 29, 1946, TNA, PREM 8/358.

[75] Minutes of Committee on Catering, Holiday, and Tourist Services, July 19, 1946, TNA, FO 371/54809; Re-equipment Scheme, January 20, 1947, TNA, BT 64/774.

[76] "Further Employment of the British members of the Secretary of State's Services in India and Burma," March 4, 1947, TNA, T 216/187, 202.

[77] Minutes of India and Burma Cabinet Committee, February 7, 1947, TNA, T 216/187, 80.

Government Service or in one of the new public corporations or in the Colonial Service."[78] By the summer of 1947, the Treasury was eagerly looking forward to putting "this windfall of administrative talent and experience" to work in the administration of the new welfare state.[79] By July 1, 1948, 113 former Indian Civil Service (ICS) officers had been placed at the administrative (or top) grade in the home civil service. Another 19 were serving on public boards – particularly boards governing newly nationalized industries.[80] As strikingly, a significant number – at least nine – of the returning civil servants ended up as administrators at newly nationalized hospitals. One came to run the United Manchester Hospitals, another the King's College Hospitals. Others were the secretaries to the South West, East Anglian, and South-East Metropolitan Regional Hospital Boards.[81]

Decolonization in India particularly influenced the uppermost echelon of the permanent civil service – the "principal" level of the administrative grade. These were the managers, the heads of divisions, the deciders. Between 1945 and 1949, the Labour government appointed 121 new Principals during the key years of reconstruction, as it forged the new British welfare state.[82] Of

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[78] Minutes of the ninth meeting of the India and Burma Cabinet Committee, February 7, 1947, TNA, CAB 134/343.

[79] Arnold Padmore to E.L. Turnbull, August 1, 1947, TNA, T 216/188, 107.

[80] "Disposal (Correct to 1st July 1948) of Officers of the Secretary of State's Services in India and Burma," July 1, 1948, T 216/188, 167.

[81] Ann Ewing, "The Post-Independence Careers of British Members of the Indian Civil Service (Class I)," 1991, KCL, Foyle Special Collections, FOL JV1075 IND, 16, 25, 32, 52.

[82] Between 1945 and 1949, a total of 308 Principals were appointed to established positions in the Home Service. 187 of these had already been essentially working as Principals during World War II, and were merely formally appointed in the period of reconstruction after the war. 84th Report of His Majesty's Civil Service Commissioners, 1950, CSC 4/53, 60. See also *Recruitment to Established Posts in the Civil Service during the Reconstruction Period: Statement of Government Policy and Civil Service National Whitley Council Report* (London: HMSO, 1944) [Cmd. 6567], 13.

these 121, 51 (or 42%) had served in the Secretary of State's Services in India or Burma.[83] The welfare state was, in a very real sense, administered by the Empire and continuous with state support to private enterprise.

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In many popular narrations, the creation of the postwar welfare state was the definitive moment in the history of the 20th century British state. One of the particularly striking features of this narrative is the degree to which it hinges upon parliamentary democracy. Short weeks after the end of World War II, the British people resoundingly voted in a Labour government, one that had campaigned on the promise of guaranteeing "fair shares for all" and a radically expanded social safety net. But as *Imperial Schemes* makes clear, state expansion in the first half of the 20th century was not limited to the provision of new social services; it was not simply a story of left triumph, nor a story of the power of popular democracy. It was, instead, a product of secretive bureaucratic machinations, profound corporate capture, and antidemocratic imperialism. In fact, much like the colonial regimes that Britain administered outside of the United Kingdom, the British *domestic* state relied heavily on bureaucratic control. That bureaucracy, in no small part, was the British state. Civil servants, their memos, their friendships, and their ideological commitments were "endogenous sources of policy change", rooted deep within the administrative apparatuses of the Board of Trade, Dominions Office, Treasury, and other ministries and departments.[84]

[83] Note that these figures include Trade Commissioners employed by the Board of Trade, even though these officials typically worked outside the United Kingdom. These figures do not, however, include Foreign Service officers.

[84] Diana Kim, *Empires of Vice: The Rise of Opium Prohibition Across Southeast Asia* (Princeton: Princeton University Press, 2020), 12

A central premise of *Imperial Schemes* has been that British administrative knowledge and thinking was fundamentally imperial. Not only did domestic administrators participate in "thinking like an empire," they also drew from administrative techniques and practices that were developed in colonies, dominions, and key informal imperial outposts.[85] This theme is related to an even more basic feature of the British state: that bureaucracy was vitally important "at home" as in "the colonies", despite the presence of a vibrant parliamentary democracy.[86] In fact, many interwar critics of the growing state fretted about the lack of parliamentary and judicial oversight of government departments.[87] The fact that even the welfare state depended on the immediate employment of several hundred retired ICS members underscores this point. Bureaucratic power and the need for administrative knowhow were common features of imperial rule and domestic governance. In this, as in so many other ways, Britain and the rest of the Empire belonged to the same analytical unit.

In an analogous, even more concrete way, the British state and the British private sector belonged to the same analytical unit. A prosopographical examination of the business-state aimed squarely at overlooked meso-level administrators and publicly-engaged businessmen, *Imperial Schemes* demonstrates the extent to which political, business, and state administrative actors were one and the same. It shows how the boundaries between these categories were porous, often diaphanous or nonexistent, how informal relationships, committee-memberships, and formal

[85] On thinking like an empire, see Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History* (Berkeley: University of California Press, 2005), chapter 6.

[86] See, e.g. Peter Hennessy, *Whitehall* (London: Secker and Warburg, 1989).

[87] Committee on Ministers' Powers, *Report* (London: HMSO, 1932) [Cmd. 4060]. See also Rephael Stern, "The British Origins of Informal Rulemaking: A Lost History of Anglo-American Administrative Law, 1920s-1950s" (unpublished manuscript, 2020), typescript.

positions brought businessmen into the state apparatus.[88] Industrialists and financiers worked in lockstep with civil servants and politicians. The result was that during the interwar period, business thinking seeped into Whitehall. In the interwar years, British administrators came to fundamentally believe that what was good for business was good for Britain and for the British Empire. The administrative state was thus culturally and ideologically captured. Not only were businessmen often responsible for setting British industrial and commercial policy, state administrators came to fully believe that the interests of private British firms – particularly large concerns – and the interest of the country were aligned.

The idea that what was good for industry was good for the country not only enabled state expansion, but also drove the state to action. The business-state was, in the economist Alfred Marshall's phrase, "up and doing", in cooperation with the "economic chivalry" of the businessman.[89] It was to support the national interest, while simultaneously guaranteeing the bottom lines of British industry and British commerce. That guarantee amounted to real state growth: new hires, new programs, new departments. All this is to say that the British state was big, proactive, and growing.

But the state growth that emerged from such an ideological foundation was in many ways less discernable than the expansion of the state during and immediately after World War II. The business-state's growth was hidden – both actively and passively – and it has remained more obscure in the dominant accounts of British history. It was also very different in character from

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[88] For a humorous, though not altogether incorrect view of committees, see Anthony Sampson, *Anatomy of Britain* (New York: Harper and Row, 1962), 248-249.

[89] Alfred Marshall, "The Social Possibilities of Economic Chivalry," *The Economic Journal* 17, no. 65 (March 1907): 7-29. See also Peter Groenewegen, *A Soaring Eagle: Alfred Marshall, 1842-1924* (Aldershot, UK: Edward Elgar, 1995), 570-611.

the kinds of expansion more commonly associated with the British state in the early and mid-twentieth century.[90] It was not the growth of the welfare state; it did not entail the provision of social services. Though unemployment was a motivating factor, it was not, in the first instance, intended to be for the direct benefit of the poor or other marginalized parts of British society.

Nor did the new roles for the state explored here involve Keynesian macroeconomic management of the sort that slowly developed in the late 1930s and blossomed in the postwar era.[91] They did, however, very much represent an expansion of the economic state, one understood by Keynes's interlocutor and intellectual sparring partner, F.A. Hayek. In *The Road to Serfdom* (1944), Hayek drew parallels between Britain's official encouragement of industrial mobilization, cartelization, and monopolization and the corporatism of fascist Italy and Nazi Germany. Hayek pointed to the advent of protection in 1931 as a major turning point in British policy.[92] It was protection for British industry, in Hayek's view, that was a definitive mark of Britain's growing state. In this, Hayek was right. The history of the interwar business-state troubles longstanding narratives about the liberal British state and its relationship to empire. It stands as evidence of an

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[90] See, e.g. Richard Titmuss, *Problems of Social Policy* (London: HMSO, 1950). Chris Renwick, *Bread for All: The Origins of the Welfare State* (New York: Penguin, 2017). See also; Bernard Harris, *The Origins of the British Welfare State: Society, State and Social Welfare in England and Wales, 1800-1945* (London: Palgrave, 2004); Ross McKibben, *Parties and People: England, 1914-1951* (Oxford: Oxford University Press, 2010); Derek Fraser, *The Evolution of the British Welfare State: A History of Social Policy since the Industrial Revolution* (London: Macmillan, 1973). David Edgerton argues persuasively against the impulse to narrate state growth through the welfare state. Edgerton, *Warfare State* and David Edgerton, *The Rise and Fall of the British Nation* (London: Penguin, 2019), chapter 2.

[91] Roger Middleton, *Towards the Managed Economy: Keynes, The Treasury, and the Fiscal Policy Debate of the 1930s* (London: Methuen, 1985); Peter Clarke, *The Keynesian Revolution in the Making, 1924-1936* (Oxford: Clarendon, 1988); Robert Skidelsky, *John Maynard Keynes: The Economist as Saviour, 1920-1937* (London: Macmillan, 1992).

[92] "It is only since the transition to protection and the general change in British economic policy accompanying that the growth of monopolies has proceeded at an amazing rate and has transformed British industry to an extent the public has scarcely realized." For Hayek, monopolization and cartelization led to planning and the erosion of individual freedoms. F.A. Hayek, *The Road to Serfdom* (Chicago: University of Chicago Press, 2007), 93-94. On Britain's similarity to Germany, see also 194-197. On neoliberal objections to the national state, see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge: Harvard University Press, 2018).

obscured social world, a hidden history of state activity and state expansion. More fundamentally, it highlights the importance of management, bureaucracy, and personal relationships in understanding the state itself.

Bibliography

ABBREVIATIONS and ACRONYMS USED

ABCC – Association of British Chambers of Commerce
BOE – Bank of England
BT – Board of Trade
CAB – Cabinet
CO – Colonial Office
CSC – Civil Service Commission
CUL – Cambridge University Library
DOT – Department of Overseas Trade
ECG – Export Credit Guarantee Department
F – Forestry Commission
FO – Foreign Office
FBI – Federation of British Industries
HO – Home Office
ICS – Institute of Commonwealth Studies
IEC – Imperial Economic Conference 1932
LAC – Library and Archives Canada
LMA – London Metropolitan Archives
LSE – London School of Economics
MAF – Ministry of Agriculture and Fisheries
MRC – Modern Records Centre, University of Warwick
MUN – Ministry of Munitions
ODNB – Oxford Dictionary of National Biography
OUA – Oxford University Archives
PC – Privy Council
RECO – Ministry of Reconstruction
SOAS – School of Oriental and African Studies
T – Treasury
TCA – Trinity College (Cambridge) Archives
TNA – The National Archives
TWA – Tyne and Wear Archive Centre
TWL – The Women's Library, LSE

PRIMARY SOURCES

Manuscripts

BBC Written Archive Centre, Caversham, United Kingdom

Departmental Files
R 13

Bank of England Archives (BOE), London, United Kingdom

Administration Papers
ADM 6 – Records of Accounts and Costing
ADM 16 – Papers of Sir Charles Addis
ADM 33 – Papers of Richard Sydney Sayers

Cashier's Department Papers
C 40 – Chief Cashiers Policy Files
C 43 – Gold and Foreign Exchange Files
C 48 – Discount Office Files, Banking Supervision

Governor's Papers
G 1 – Governor's Files
G 2 – Governor's Files
G 3 – Governor's Diaries, Duplicate Letters and Duplicate Memoranda
G 14 – Committee of Treasury Files
G 15 – Secretary's Files

Overseas Department Papers
OV 37 – South Africa
OV 43 – Egypt

Bodleian Libraries, University of Oxford, Oxford, United Kingdom

William Lionel Hichens Papers
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79/6 – The Buy British Campaign
79/8 – The Breakup of the EMB
79/11 – Letters to Tallents
79/25 - 42 – Chapters for Tallents's Book

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John Maynard Keynes Papers
JMK/EA – Economic Advisory Council

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RG 9, III, D3 – War Diaries
RG 25 vol. 1331 – Department of External Affairs Central Registry

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Association of British Chambers of Commerce Papers (ABCC)
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The London School of Economics (LSE) Special Collections, London, United Kingdom

Committee on Industry and Trade
COLL MISC 0951

Middle East Centre Archive (MEC), St. Antony's College, Oxford, United Kingdom

Dickson Papers
GB165-0084

Hornsby Papers

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MSS.200/1/1/39
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MSS.200/F/1/1/13
MSS.200/F/1/1/21
MSS.200/F/1/1/47
MSS.200/F/1/1/62
MSS.200/F/1/1/63
MSS.200/F/1/1/64
MSS.200/F/1/1/69
MSS.200/F/1/1/74
MSS.200/F/1/1/77
MSS.200/F/1/1/149
MSS.200/F/1/1/150
MSS.200/F/3/D1/1/18

MSS.200/F/3/D1/2/2
MSS.200/F/3/D1/2/6
MSS.200/F/3/D1/2/19
MSS.200/F/3/D1/4/1
MSS.200/F/3/D1/7/6
MSS.200/F/4/35/3
MSS.200/F/6/1/6

The National Archives (TNA), Kew, United Kingdom

Air Ministry (AIR)
- AIR 19 – Private Office Papers

Ministry of Aviation (AVIA)
- AVIA 22 – Ministry of Supply Registered Files

Board of Trade Papers (BT)
- BT 10 – Import Duties Advisory Committee
- BT 13 – Establishment Department
- BT 55 – Records of Departmental Committees
- BT 56 – Office of the Chief Industrial Adviser
- BT 59 – Department of Overseas Trade: Overseas Trade Development Council
- BT 60 – Department of Overseas Trade
- BT 62 – Finance Department: Controller of Trading Accounts
- BT 64 – Industries and Manufactures Department
- BT 90 – Advisory Committee to the Department of Overseas Trade
- BT 371 – Official Receivers' Company Insolvency Cases

Cabinet Papers (CAB)
- CAB 16 – Committee of Imperial Defence
- CAB 23 – Minutes
- CAB 24 – Memoranda
- CAB 32 – Imperial and Imperial War Conferences
- CAB 58 – Economic Advisory Council
- CAB 127 – Hugh Dalton Papers

Civil Service Commission (CSC)
- CSC 4 – Annual Reports of the Commissioners

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- CO 760 – Dominions Office: Empire Marketing Board Papers
- CO 956 – Dominions Office: Empire Marketing Board Posters

Department of Scientific and Industrial Research
- DSIR 7 – Forest Products Research Board and Laboratory

Dominions Office
- DO 35 – Original Correspondence

Export Credit Guarantee Department Papers (ECG)
- ECG 1 – Advisory Council
- ECG 5 – Secretariat and Successors

Foreign Office Papers (FO)
- FO 368 – Commercial and Sanitary Department
- FO 371 – Political Departments
- FO 833 – Ministry of Blockade: Foreign Trade Department
- FO 1093 – Permanent Under-Secretary’s Department

Forestry Commission Papers (F)
- F 1 – Minutes of Meetings
- F 18 – Headquarters Divisions
- F 22 – Censuses of Woodlands

Home Office (HO)
- HO 246 – Private Office: Northern Ireland Papers
- HO 317 – Private Office Papers

Ministry of Agriculture Papers
- MAF 34 – Agricultural Marketing Correspondence and Papers

Ministry of Munitions Papers
- MUN 4 – Records of the Central Registry

Ministry of Reconstruction Papers
RECO 1 - Records

Prime Minister's Office
PREM 1 – Correspondence and Papers
PREM 8 – Correspondence and Papers, 1945-51

Privy Council Papers
PC 8 – Original Correspondence

Treasury Papers
T 1 – Treasury Board Papers and In-Letters
T 160 – Finance Files
T 161 – Supply Department
T 171 – Budget and Finance Bill Papers
T 172 – Chancellor of the Exchequer's Office Papers
T 185 – Committee on Currency and Foreign Exchange

Oxford University Archives (OUA), Oxford, United Kingdom

Forestry Department Papers
FR 1 – Imperial Forestry Institute
FR 4 – Imperial Forestry Institute

Parliamentary Archives, London, United Kingdom

Lloyd George Papers
LG/F/2/5/5

Postal Museum, London, United Kingdom

Post Office Papers
POST 33
POST 92
POST 108

School of Oriental and African Studies Special Collections (SOAS), London, United Kingdom

Addis Papers (PP 14)
PP MS 14/36
PP MS 14/37
PP MS 14/44
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Box 20
Box 27
Box 40
Boxes 77-92

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Armstrong Whitworth Papers
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