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Memorandum

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Regest:

In diesem bemerkenswerten Dokument analysiert der britische Verband "British Electrical & Allied Manufacturers Association" die strukturellen Probleme des Welthandels und der internationalen Finanzbeziehungen. Hingewiesen wird insbesondere auf die Gründe, warum der "Goldautomatismus", also insbesondere Geldmengen- und Preisanpassungen als Folge von Goldzu- und abflüssen, nicht mehr angemessen funktionierte. Dabei wird die Ursache in der US-amerikanischen, besonders aber der französischen Geldpolitik gesehen. Zudem werden die Folgen der Politisierung der Finanzbeziehungen infolge des Ersten Weltkriegs beklagt. Vorausgesagt wird der Höhepunkt der Krise für den Sommer 1931 und eine Erholung nicht vor dem Jahr 1932 einhergehend mit einer grundlegenden Revision des Reparationsregimes, was sich schließlich auch bewahrheiten sollte. Nicht zuletzt der deflationäre Einfluss der französischen Goldakkumulation wird von der Forschung mittlerweile als eine wichtige Krisenursache betont.

Trade Survey

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The Long term view of Trade Prospects.

It has been stated that the severe economic depression from which the world is suffering at the present time may be ascribed to purely temporary developments which are inherent in the trade cycle, and that a first result of the present regime of cheap money will be stimulation of consumption and with it a rise in wholesale prices. Such a rise should undoubtedly lead to increase in trade. Any attempt to take a long term view of the situation must answer three questions:

I. Is the present collapse in world trade a temporary phenomenon, part of an inevitable process which is associated with the trade cycle, or is it due to certain factors which are not really economic and have no precedent in past economic history?

[2]

II. Is the decline in wholesale prices due to an excessive world production of commodities in themselves, or due to the effects of excessive speculation?

III. Is the present credit capacity of the world sufficient to meet the existing requirements and allows for an expansion in trade?

The answer to the first question is quite definitely that the present crisis is not a natural economic phenomenon but is due to certain developments which have arisen as the result of post-war debt settlements and the intrusion of purely political factors into finance and trade exchanges. Under normal conditions, a certain degree of balance is always established in international trade, as a country which is excessively prosperous is hindered in development of exports by rapid increase in prices within its own frontier.¹ Such an increase in prices attracts imports and restricts exports, with the result that an unfavourable balance of trade takes place, and finally a restriction in trade with greater concentration on the development of export activity. The opposite development takes place in a country which is suffering from excessive depression. There are, of course, periods of bad phase adjustment caused to some extent by movements in capital from one country to another. A prosperous country, for example, may hasten the recovery of the depressed country by investing its surplus capital in it, and thus increasing[3]its adverse balance of trade. But under these conditions the international credit system can function without difficulty, and it requires a very small movement of gold to effect the necessary degree of stabilisation in world exchanges.

Since the conclusion of the war, however, this whole system of natural world adjustment has been interrupted and, one may say, practically destroyed. Three factors have combined to cause this result: first and least important, the growth of nationalism and the intensification of tariff; secondly, the debt settlements with the United States; and thirdly, reparations agreements. It is unnecessary at this point to deal with the question of tariffs, since even before the war tariffs played a part in international trade, and their effect on the whole is not so much to disturb trade adjustment as between one country and another, as to delay the process of adjustment.²

Reparations and the American Debt Settlements.

Reparations and the American debt settlement are in themselves responsible for the present trade depression, and one may explain the position without reference to excessive statistics. In the case of France, the effect of reparations has been to give the country what amounts to a permanently balance of trade, no matter what the international economic situation is. This favourable balance of trade is composed probably of two items: tourist expenditures in the country, mainly by American and British travellers – expenditure which is estimated at a figure in excess[4]of £ 150 000 000³; and reparations as established under the Dawes Plan prior to 1930 and now under the Young Plan. According to the latter, France will receive on average for the period of 1930–65 rather more than £ 50 000 000 per annum. Against that must be set French payments to Great Britain and to the United States amounting to a total of £ 20 000 000 in 1930–31, rising to £ 25 000 000 in 1933–34. The maximum payment made by the country will be £ 40 000 000 payable from the beginning of 1956 onwards.

The point at issue is that during the next two years the French favourable balance of payments on reparations account alone will not be less than £ 25 000 000. This figure does not appear to be particularly striking, but under the Youngplan a section of the total reparations may be commercialised and issued in advance, France being a recipient of a large part of such capital raised. Thus, during 1930 a first slice of such a commercialised reparations amounting to £ 60 000 000 was issued to a number of the principal industrial countries, and of this total France received not less than £ 26 000 000. By due manipulation of this principle, France can be expected to have for a number of years together an income from reparations alone of at least £ 50 000 000. In other

1 Beschrieben wird hier der klassische "Goldautomatismus", der zu den wesentlichen Rechtfertigungen für den "klassischen" Goldstandard gehörte. Für einen Überblick über die zeitgenössischen Theorien zur Begründung des Goldstandards s. *Eichengreen, Golden fetters*, 29–64.

2 Tatsächlich spielte die internationale Adjustierung der Zolltarife vor dem Ersten Weltkrieg - nachdem der Cobden Chevalier-Handelsvertrag von 1860 europaweit zu einer signifikanten Absenkung der Zolltarife geführt hatte - eine große politische Rolle. Im deutschen Fall wurde das zunächst in der zollpolitischen Wende seit 1879 manifest, dann aber insbesondere im sog. "Bülow-Tarif" vom 25. Dezember 1902, in dem die landwirtschaftlichen Einfuhrzölle teilweise deutlich erhöht wurden. Wie insbesondere Cornelius Torp gezeigt hat, waren solche Zolltarife von engmaschigen diplomatischen Verhandlungen begleitet und stellten keine unilateralen Maßnahmen dar. Vgl. *Torp, Globalisierung*.

3 Tourismus wurde insbesondere von den US-Amerikanern immer wieder (insbesondere von Herbert Hoover) als Argument angeführt, warum die USA in der Frage der Interalliierten Schulden nicht kompromissbereiter waren. Vgl. Henry Stimson Diary (30.03.1931). Henry Stimson Papers, Yale University Library MA 98,03.

words, France can be sure of at least £ 200 000 000 favourable trade balance, including tourist expenditure, for a considerable number of years. The influence of such a heavy importation of capital would be betrayed at once in a severe rise in home prices in France, with a corresponding increase[5]in imports; but in spite of the fact that imports have increased considerably during the last three years, the excess at present is not annually more than £ 60 000 000, with the result that there is a net surplus of £ 140 000 000 at the disposal of France[sic!]

It is at this point that the policy of the Bank of France and of the French Treasury comes into consideration. One would expect that it could be the purpose of the French bank and the French authorities to encourage long-term investment overseas and thus make this enormous figure profitearning. They would aim at stimulation of foreign loans with a view to the development of French trade. But an entirely different policy has obtained. France has invested such resources in short term securities of a gilt-edged nature which can be redeemable in gold, and has used these short term investments in finance sudden, calls on banks in the case of special issues such as, for example, the raising of capital for the Bank of International Settlements.⁴ France has always been, therefore, in a position to repatriate these balances in gold, and has not hesitated to do so. These balances have also been used for purely political purposes to reinforce the French point of view, and have been subtracted from normal conditions of trade exchange between the principal countries.⁵ During the last two years especially, France, through this policy, has absorbed an enormous volume of gold and caused very severe credit contraction, above all, in this country.⁶

In the United States a very similar state of affairs has occurred. The United States enjoys a large favourable balance of trade on exports alone. It now lies between[6]£ 150 000 000 and £ 180 000 000; to that must be added payments made by debtor countries under various post-war agreements.⁷ These payments rise from £ 41 000 000 in 1930 to £ 65 000 000 in 1933 and reach their highest point in 1953 at £ 31 000 000. From these figures must be subtracted tourist expenditures on the part of Americans abroad and the total of foreign loans floatet in that country.⁸ Such foreign loans amounted in 1928 to £ 308 000 000 and in 1929 to rather less than £ 165 000 000. On these items alone, therefore, America had an adverse balance in 1928 which was almost sufficient in itself to make good the favourable balance enjoyed by France. The combination of these two factors was sufficient to create some equilibrium internationally. During 1929 this equilibrium was broken by the very severe fall in foreign loans issued in New York resulting from the speculative boom on Wall Street, and by the deliberate action of the Bank of France in repatriating its balances in connection with the reparations discussions. The result was a diversion of the gold holdings of the world to the United States and to France, with the consequent tightening up of credit rates, intensification of credit restrictions, and the introduction of deflation. The result of this was a collapse in the purchasing power of the main consuming markets, notably Great Britain, a decreased demand for the products of the primary markets, and a catastrophic collapse in wholesale prices. A further development has been the creation of a very severe adverse balance of trade in the primary markets themselves, owing to the collapse in the price of their products. This should be[7]coupled with the influence of high prices (on a 1929 level) in the manufactured goods they imported, especially from the United States, from Great Britain, and from Germany.

4 Der Bezug ist hier zum einen die Politik der Banque de France, in Gold konvertierbare Devisen (die Teil des "Gold-Exchange-Standards" waren) in Gold umzutauschen, weil erstere als inflationsfördernd betrachtet wurden. Zugleich wurden - wiederum aus Angst vor einer inflationären Entwicklung - die Goldzuflüsse "sterilisiert", also nicht zur Ausweitung der umlaufenden Geldmenge über ein erhöhtes Kreditangebot verwendet. Da die Rediskontierung bei der Banque de France mit hohen Steuern belastet war, hatten auch die Privatbanken einen starken Anreiz, Gold- und Währungsreserven zu akkumulieren. Vgl. *Mouré, Illusion*.

5 Die französisch-britischen Beziehungen hatten sich während der 1920er Jahre kontinuierlich verschlechtert und waren zu Beginn der 1930er Jahre in teilweise offene Feindschaft umgeschlagen. Dass Frankreich seine finanzielle Macht zur Durchsetzung politischer Ziele bzw. der Suprematie auf dem Kontinent verwenden würde, war dabei ein in britischen Kreisen weit verbreitetes Argument. *Boyce, Interwar Crisis*, z. B. 272 f.

6 Die französischen Goldreserven waren seit 1927 stark angestiegen und erreichten bis 1932 ca. 30 Prozent der globalen Goldreserven. *Irwin, French Gold Sink*, 14.

7 Tatsächlich lag der Exportüberschuss der USA 1930 bei 1,03 Mrd. \$. *Reinbold, Trade Deficits*.

8 Die Ausgaben US-amerikanischer und britischer Staatsbürger als Touristen in Ländern wie Österreich, Frankreich, Deutschland oder Italien als "versteckte" Subvention spielten in den Debatten um Reparationen und Interalliierte Schulden eine wichtige Rolle. Diese Aussage lässt sich aber kaum seriös quantifizieren.

The Gold Situation in 1929 and 1930.

It was necessary for these markets to stabilise their position by creating favourable balance abroad, and these balances could only be realised through exports of gold and reduction of the gold holdings in their central banks. France during the period January 1929 to May 27, 1930, imported about £ 82 000 000 in gold bullion or its equivalent; America during the period January 1929 to April 1930, £ 73 500 000 – the total for both countries being £ 155 500 000. These two countries between them have, therefore, absorbed, since January 1929, not only the equivalent of the entire gold production of the world, but rather more than £ 50 000 000 from the central banks. They have been responsible, therefore, not merely for the withdrawal of the gold required to finance the natural increase in world production, but they have forced on the world a regime of credit restriction to make good the additional losses of gold incurred.⁹

According to the Federal Reserve the gold holdings of the world (forty-four countries) increased from £ 2 080 000 000 in January 1929 to £ 2 180 000 000 in May 1930. But if American and French gold holdings are subtracted, the gold holdings of the rest of the world fell from £ 1 020 000 000 to £ 970 000 000 – a decline, therefore, of £ 50 000 000; while in June it could be given as £ 963 000 000 – a fall of [8]£ 57 000 000 since January 1929.¹⁰ These figures correspond fairly closely to what has already been indicated. These statistics are sufficiently alarming in themselves, but they become more so when an analysis is made of the countries from which French and American imports have been derived. This, French imports have been obtained from Great Britain to the extent of £ 46 000 000 during the period January 1929 to May 27, 1930, but Britain imported from Australia during this period £ 22 000 000 and a recent Australian statement gives the total Australian exports as £ 28 000 000 for the twelve months ending June 1930. France and Germany between them are responsible for over 70 per cent of the total exports of gold from Britain during that period. American figures are highly instructive. Over the sixteen months ending April 1930, America imported from Argentina £ 15 000 000, from Brasil £ 12 000 000, and from Japan £ 16 250 000. In the same way China contributed £ 5 000 000, Mexico £ 2 500 000, while tribute on a large scale was levied on other South American countries, above all Colombia and Peru.

If we examine gold movements over this period we find that the following markets have been crippled by these shipments: Australia, Argentina, Brasil, Japan, Canada, China, Mexico, Colombia, Peru, Ecuador, and Spain, and there is no indication that the absorption of gold by the United States and France is coming to an end. There is also little indication of a rapid increase in foreign loans issued in the United States, while during the first five months of this year new issues in France have been below the average. The [9]position is, therefore, this: there has been an excessive diversion of gold to America and France since the beginning of 1929, and gold has been deprived, therefore, of its main function, namely, the financing of international trade and international credit movements. There has been consequently a paralysis in trade and in credit movements, while the process of adjustment to economic conditions has been rendered virtually impossible. This development has brought about a collapse in wholesale prices and has weakened the most important primary markets in the world-markets for the manufactured products of the main industrial countries. It has also, through the exhaustion of the gold reserves of these markets, rendered it virtually impossible for them to recover within an appreciable period of time. They can only recover if America and France embark on a very large policy of foreign loans accompanied by a redistribution of gold, but the absorption of such loans is not easy in any market, owing to the fact that depression has reduced the number of channels into which capital could profitable flow. It is only through an increase in state indebtedness on the part of those primary markets that any redistribution of gold could take place, and yet such state indebtedness must in itself increase the burden of taxation within those countries and in turn render recovery very difficult.

Features of the Crisis.

The fact must be added that the gold production of the world, quite apart from any interference with its distribution, [10]is now inadequate to support the natural increase in world production. It is unnecessary to go into this aspect, since it has already been discussed elsewhere. One can view the situation as follows:

9 Vgl dazu *Irwin, French Gold Sink*. Irwin argumentiert, dass der Goldstrom nach Frankreich seit 1927 ein wesentliches deflationäres Moment im Rahmen der Weltwirtschaftskrise dargestellt habe.

10 Vgl. *Federal Reserve Bulletin*, 560.

I. Insufficient production of gold to meet the requirements of world production and consumption of commodities.¹¹

II. Diversion of the entire gold production of the world to the United States and France, where it not has been allowed to have its full effect on the stimulation of credit and with it the stimulation of demand and increase in imports.

III. An additional diversion since the beginning of 1929 of about £ 50 000 000 from the gold holdings of the world, quite apart from gold production, to the United States and France.

IV. The gradual exhaustion of the gold reserves of the primary markets.

V. Intensification of the adverse balance of trade of the primary markets resulting from the world collapse in prices and increasing inability to absorb the products of the main industrial countries.¹²

VI. The intensification of industrial depression in the main exporting countries, with their inability to absorb an increased volume of primary products. The effect of this is to retard almost indefinitely the recovery in prices which is necessary to a world economic recovery.¹³

VII. An attempt made by the central banks through reduction in discount rates to stimulate economic activity and accelerate production.¹⁴

Under normal conditions development No VII. would serve to arrest the adverse developments mentioned in III. to IV.,[11]but the presence of reparations and American debt settlement has sufficed to neutralize such effects and the world economic crisis must continue. It is difficult, in view of these figures, to believe any marked recovery in trade in this country, and in the world as a whole, will take place before the end of 1932. There is no doubt that the most serious point in the world economic crisis has yet to be reached, and will probably take place in the summer of 1931. Recovery will coincide undoubtedly with a revision of the whole reparations system with a view to accelerating the redistribution of gold over the world markets, and it will depend also on the entrance of French long term investment on a large scale into world economic adjustment. Only those two factors combined, namely, revision of reparations and the adoption of long term lending by France, will serve to lighten the crisis which is influencing world trade.¹⁵

11 Das betraf vor allem die Gold-Produktion in Südafrika, die während der 1920er Jahre insbesondere hinter der (britischen) Erwartung zurückblieb. Darüber hinaus verlor Großbritannien während der 1920er Jahre zunehmend den exklusiven Zugriff auf das südafrikanische Gold. Bereits 1919 war von Seiten der Südafrikanischen Union die Raffinierung des Goldes in London suspendiert und in eigene Regie übernommen worden. Während der 1920er Jahre verlagerten sich die Goldströme der Urproduktion zunehmend in die Vereinigten Staaten. *Ally, Gold & Empire*.

12 Bezug ist hier eine Form der weltwirtschaftlichen Arbeitsteilung, das als "Import-Export-System" bezeichnet wird: Danach konzentrierte sich die Herstellung von Produktionsgütern und Gebrauchswaren in wenigen Ländern, die ihre Produkte gegen Agrargüter und Rohstoffe ("Primary Markets") handelten. Das Import-Export-System war zwar schon im Zuge des Ersten Weltkriegs unter Druck geraten, war für Großbritannien mit seinen vielen Kolonien und seiner weltwirtschaftlichen Orientierung aber weiterhin von großer Relevanz.

13 Der Fall der Agrarpreise auf den globalen Märkten war tatsächlich bereits seit dem Frühjahr 1929 endemisch geworden, was in der Forschung als früher Hinweis auf die Große Depression verstanden wird. Während der Krise setzte sich der Fall der globalen Agrarpreise trotz eines verstärkten Protektionismus weiter fort mit gravierenden politischen Konsequenzen. *Federico, Not Guilty*.

14 So senkte die Bank of England beispielsweise die Bankrate im Frühjahr 1930 von 5 auf 3 %. *Eichengreen, Golden fetters*, 178.

15 Die zeitliche akurate Prognose ist erstaunlich. Tatsächlich sollte es zu einer Öffnung des französischen Finanzmarktes für ausländische Kreditnehmer allerdings nur in sehr begrenztem Maße kommen. Vgl. *Mouré, Illusion*.