

A SCHEME FOR FINANCIAL ASSISTANCE

The League of Nation's Attempt at Maintaining World Peace

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History



ABSTRACT: This article studies how the League of Nations sought to create an international security framework of financial assistance from 1925 to 1930. By analyzing the internal files of the League of Nation's archives, it provides an inside-out institutional analysis of the League's Economic and Financial Organization and shows how key League and non-League actors with idealistic notions of the Convention's 'swiftness' and 'sureness' bridged concerns of legal legitimacy. While earlier writing on the League has focused on the failure of its peacekeeping ambition, this article shows how it was pursued and argues that the Convention was conceived in a nexus of optimistic, liberal, and technocratic ideas of the global market's deterrence potential.

KEYWORDS: League of Nations, financial assistance, international economic relations, international security, interwar period



Introduction

On 24 February 2022 Russia invaded Ukraine, escalating the ongoing Russo-Ukrainian War and seriously threatening global security. While the invasion is a matter of life, death, and sovereignty for Ukraine, for the world the invasion challenged institutions such as NATO, the UN, and the EU on the question of how to intervene in conflicts and manage global security.

Harsh sanctions were imposed to cripple the Russian economy and limit the opportunity for continuing warfare. Meanwhile Ukraine found itself in serious financing troubles (IMF 2022). While Russia was excluded from markets, financial assistance was granted through donations and loans under favorable terms to the Ukrainian government.

This way of managing global security through economic intervention has since the second world war been a popular solution, not least through the UN in which the Security Council can “take action to maintain or restore international peace” (UN 1945). Sanctions and financial assistance are however not an invention by the post-WW2 international organizations. To trace their history and understand the development of economic intervention as a style of global security governance, we must look at the precursor of the UN: the League of Nations.

The League of Nations was the first worldwide intergovernmental organization, set up after the first world war with the goal of maintaining world peace through international cooperation. Together with its ambition of disarmament, its core security strategy lay in the sanctions framework written into the Covenant’s article 16 (League of Nations 1919). In this article, I distinguish between sanctions and financial assistance and concentrate on the latter. This is because the two were conceived and institutionalized separately in the League of Nations and imagined to play complimentary but separate roles. It is the aim of this article to write an inside-out history of financial assistance as it was developed, calibrated, and eventually accepted as the Convention on Financial Assistance by the Assembly in 1930, focusing on the drafting process of the League of Nations’ secretariat. In the League Covenant art. 16(3), a plan for a financial assistance scheme was set up. How it was to be executed was however not elaborated. This question was left unaddressed

until 1926, when the Finnish delegation brought up the question at the Preparatory Commission for the Disarmament Conference (R265-8-51945-51679). Following this impulse, the League secretariat worked to formulate an effective plan for financial assistance, and the finalized convention was adopted at the 11th Assembly in September 1930.

This article works inside-out the League of Nations and studies the section files of the Economic and Financial Organization (EFO) of the League which had the task of drafting the Convention on Financial Assistance. The EFO consisted of the Economic and Financial section which was a part of the League secretariat and staffed by league officials, and the Economic and Financial Committees which consisted of outside experts providing technical assistance.¹ The article provides an institutional history of the EFO and shows the key ideas of the Convention on Financial Assistance through an analysis of the draft process in the EFO.

This approach is influenced by the shift in the historiography on the League of Nations crystalized in historian Susan Pedersen's directive article suggesting that researchers of the League of Nations must look past the narratives of failure that colored 20th century history writing on the League and instead ask the more historically sensible question of what the League did and meant throughout its lifetime (Pedersen 2007). This sparked a renewed interest and approach to writing history on the League of Nations, within which this article is placed. Notably, the economic work at the EFO that played a large part in the League's endeavors in the 1920's and has previously been characterized as the "greatest failed organization of the League" (Armstrong 1982: 27), has been shown to contribute with valuable experience on how to intervene in and manage international questions, to the point where the League's undertaking in economics formed the basis of its role in international relations (Clavin 2013: 1). But while the technocratic solutions on for example reconstruction loans and international cooperation on monetary policy has received scholarly attention,² the politically entangled subject of sanctions has seen less.

¹ For a thorough explanation see: Clavin & Wessel 2005.

² See for example: Zendejas & Decorzant 2016; Martin 2022; Clavin 2013.

The historiography on sanctions in the League of Nations exactly follows Pedersen's characterization of the 20th century history writing on the League. Unable to look past the looming shadow of Italian and German aggression, the historiography on sanctions has worked with an implicit notion that they failed to secure peace in the world of the 1930s, and instead of looking at what was done to pursue a stable global security system based on market exclusion, analyzes the hypothetical realm of what could have been done differently to make the sanctions effective.³ Although this is an important and interesting endeavor when developing new sanctions policies, for historians the history of sanctions must look beyond their effectiveness. That the Convention on Financial Assistance failed to prevent war is evident. But it is not the object of this study to investigate how the League failed to secure global peace but instead what it did to pursue it. And in the process of studying this, develop our understanding of how the League worked.

This method of analysis is a continuation of the recently published *The Economic Weapon* by historian Nicholas Mulder, who has written the history of how sanctions developed from World War 1 and was institutionalized, legitimized, and applied in the interwar period (Mulder 2022). In a similar manner as Pedersen, Mulder stresses the need for historians to analyze the *effect* of sanctions instead of their *efficacy*, as earlier studies have been inclined to. Mulder's account of the history of sanctions is thorough and wide, and while he covers how the question of financial assistance was treated politically, intellectually, and to some degree within the League, this article focuses much more narrowly on the history of financial assistance as it developed in the EFO and shows how key individuals worked to bridge national concerns from the major powers and create a scheme for financial assistance that was applicable before an act of war. This adds to the existing literature an underexposed aspect of the institutional history of financial assistance in the League of Nations and provides a new League-centered narrative that shows the importance of League officials not covered by Mulder, by anchoring the analysis in the EFO and drawing on archival material not previously used.

This archival material is the section files of the EFO, containing the working files and office papers of the section with everything from correspondences and drafts to confidential papers and records

³ See for example: Strang 2008; Baer 1973.

of conversations.⁴ Being the internal documents of the section, the discussions and articulations on the financial scheme are less tainted by political or strategic concerns, allowing for an analysis of the day-to-day work of the EFO. Combined with a biographical approach that can link and contextualize the individual to the institutional and cultural contemporary reality, it is the promise of this article to attempt to surpass a structural view of how things *should work* and instead show how they *did work* (Gram-Skjoldager, Ikonomou & Kahlert 2020: 35).

Through the archives of the League of Nations, this article investigates the League secretariat's key ideas of the Convention's swift and sure nature and how they legitimized decisions when questions on international law arose, before showing how member of the Financial Committee Sir Henry James Strakosch provides a biographical key to understand how the League interacted with outside actors.

The convention on financial assistance

The Convention on Financial Assistance of 1930 was to aid a country, either the victim of war or of the threat of war. This was done by a loan scheme in which money was raised in global financial markets and guaranteed by the convention's signatories. The EFO had developed this model of financing during the Austrian reconstruction, in which the Financial Committee who co-drafted the Convention on Financial Assistance had also been involved (Mulder 2022: 161).

The signatories of the convention would each guarantee a tranche of a potential loan. To provide extra security financially strong member states, i.e., the European major powers, would act as 'special guarantor' (CRID-49-246-1: 15). This way, the borrowing state could strengthen its credit by associating with stronger states and the loan was triple guaranteed: first by the victim state, secondly by the guarantors of the convention, and ultimately by the special guarantors.

The convention had two built in mechanisms for going into effect. First, it was a condition that the total amount of tranches guaranteed by the signatories should amount to at least 50 million gold francs to ensure a scale sufficiently big enough to guarantee the convention's efficiency (Art.32).

⁴ All archival materials are referenced with their original reference code and accessed at the UN Geneva archives website.

Second, by demand of the British the convention would only go into effect following a plan for the reduction of armaments (Art.35), imagined to be negotiated at the World Disarmament Conference 1932 (S119-69-9: 32-38). This was to be the ultimate flaw of the convention and the reason why it never went into effect.

The idea behind

The preamble of the finished convention accurately describes the purpose “as a means of safeguarding, or if necessary, restoring peace between nations” (S581-11-7-2: 30). The overall goal was to establish a system of financial assistance that could quickly intervene when global security was threatened and as will be developed in the following, the entire drafting process was guided by the ideas of the convention’s *swiftness* and *sureness*, that for the League constituted the convention’s efficacy.

In a note, member of the EFS and secretary to the director of the EFS James Arthur Salter, Arthur Elliot Felkin outlines how the convention was an attempt to combine articles 16 and 11 of the League of Nations Covenant. Article 16 authorized the League to impose sanctions after an act of war had occurred, while article 11 declared that any war or threat of war was a matter of concern to the whole League that could take any action that was deemed necessary. Combining the two articles and institutionalizing it in a financial assistance scheme allowed the League to initiate its main peacekeeping strategy of sanctions and financial assistance before an actual war occurred, thereby gaining valuable tempo in its effort to intervene in and manage global peace (S119-69-8: 74).

Felkin describes three advantages that define the effectiveness of the scheme. Firstly, the scheme would give the Council a powerful tool to deter aggressors and intervene in international conflict. The power to grant financial assistance was placed in the Council, which was seen by Felkin and the League secretariat as a clear advantage as it secured the swiftness of the assistance that was necessary to effectively intervene in international conflict. Placing the power here also had the symbolic effect of showing determination and homogeneity within the Council as well as being a way to pick sides without officially having to determine an aggressor. The last point was repeated at a Directors Meeting, a periodical meeting for the Secretary General and all the Directors of

functional sections in the League Secretariat, in 1930 where director of the Disarmament Section Thanassis Aghnides pointed out that from a political point of view, acknowledging the victim of a conflict indirectly designated the aggressor, elegantly solving the politically sensitive issue of picking sides (M279 5).

Secondly, Felkin imagined the scheme to give each member state a sense of security as they would be reassured of receiving assistance when threatened. This was an important point, as the effectiveness of the convention was largely based on the confidence in the scheme's sureness.

Lastly, Felkin describes how this sense of security would have a spillover effect on the surrounding League efforts for disarmament. Felkin imagined that this confidence would convince states to reduce their armaments, knowing that assistance would be swift and plentiful in a time of crisis. Summarizing the above points, Felkin captures the nature of the scheme as follows:

Thus, the whole idea of a scheme for collective financial assistance to a potential victim arose as a practical contribution to the problems of strengthening the hands [sic] of the Council in times of crisis, increasing the sense of security of each country, and therefore furthering disarmament (S119-69-8: 74)

As Felkin emphasizes, the effectivity of the convention lay in its swiftness and sureness, meaning that the council could intervene before a conflict escalated. This was because member states by signing the convention had already agreed to support the potential victim regardless of who it was.

In a pamphlet titled *A Financial Plan for the Prevention of War*, Sir Henry Strakosch, who as a member of the Financial Committee worked as a technical advisor to the League on the convention (Clavin & Wessel 2005: 472), touched upon the same point when describing the machinery of the convention functioning "almost automatically" (S119-69-8: 32). Strakosch is the only one to describe the convention as automatic, or almost automatic, which is understandable from a strategic point of view when considering that member states typically were not inclined to guarantee anything before knowing the concrete case. But when reading how the swiftness and sureness of the assistance was described by the League, it is clear that the imagined effectiveness of the convention depended on its automaticity.

This was noticed by the American Clarence Kirschman Streit who worked as a journalist at the League in Geneva. He described the League's understanding of the convention's nature this way: "The convention is considered ideal as a first step towards safeguarding peace because it involves so little political and financial risk to the individual League member" (S72-22-10: 64). Although it is not entirely clear whether the League imagined the convention to be politically riskless, Streit's analysis of the League's position is accurate, as the convention was considered less political than blockade and sanctions under article 16 of the covenant, which could much more easily be perceived as an act of war (S72-22-10: 79).

Streit was an avid Atlanticist (Streit 1939), and his enthusiastic account was an attempt to sway the American public and political elite towards the convention. The League had intentionally left a door open in the convention for non-members to join, potentially making the financial assistance much more powerful. Article 23 stated that non-members could participate "in guaranteeing the annual service of a particular loan" (S581-11-7-2: 36). This door and the elasticity for non-members to participate on a case-to-case basis was phrased intentionally to invite the USA to participate (S72-22-10: 24). Thus, the key ideas of swiftness and sureness constituted the stability of the convention's effectiveness, while the elasticity regarding non-members held a potential to globalize, or at least Americanize, the convention's application. This open door mimicked a similar attempt to bring in the Americans by accommodating the Covenant to the Kellogg-Briand pact (Mulder 2022: 164-169) and displays the inherent problem of the League of Nations' attempts to create a global security system, where the commitment of the world's economic and military superpower, the USA, was essential.

The League thus had a very optimistic view of the effectiveness of the convention. Following Mulder's description of the interwar period's regard of the Economic Weapon's devastating effects and the "blockadephobia" that followed (Mulder 2022: II), it is better understood why "[t]he combination of financial assistance to the one party in a conflict and the closing of financial markets to the other" (S72-22-9: 9) was regarded as such a powerful tool, steeped in technocratic internationalistic ideas of how the integration of global markets provided a system of managing global security.

This resulted in the confidence that just the existence of the convention and its quasi-automatic nature separately from any other art. 16 sanction scheme would prove enough to deter would-be aggressors from provoking conflict, here formulated by Felkin:

At an expense which at its maximum is both limited and exactly known, it offers an opportunity of demonstrating to the aggressor, in a form which he cannot possibly mistake, the united determination of the Council. In the great majority of cases, this demonstration would probably be sufficient and would come into play so promptly that the loan itself would never need to be raised. (S72-22-10: 80)

The hurdles of the convention

Throughout the drafting process, the League secretariat faced several problems that challenged the eventual convention's realization. These problems were legalistic in nature and concerned the legal legitimacy of the convention, specifically the question of where the executive power should be placed, and the question of intervening before an armed conflict occurred thereby separating the convention from the Covenant's art. 16, which ended up as art. 1 and 2 of the finished convention. These concerns of international law exemplify the difficulties the League faced in their attempts to establish global security systems, but also how new precedents and practices in international law were formed. By following the process, new perspectives on how the League secretariat functioned is brought up, and it is shown how the League secretariat navigated these questions from an ideological standpoint where the ideas of swiftness and sureness guided their response, sometimes even overruling legal advice.

Who holds the power?

The problem of legal legitimacy and where to place the executive power was immediately raised following the first draft of the convention. International lawyer and legal adviser to the British delegation on the reparation commission Sir John Fischer Williams (Oxford Dictionary of National Biography 2008), initiated his 9-page commentary on the first draft of the convention in August 1928 by discussing the legal aspect as well as the potential political backlash of placing the power of granting financial assistance with the Council.

He enthusiastically stated that the convention would "probably give rise to some nice points of law" before dwelling into the problem of legitimacy: "It seems to me wrong in principle to give the final

power of deciding such points to a political or diplomatic body in the shape of the Council” (S119-69-8: 134-135). Williams was of the conviction that law and politics should be strictly separated, and suggested instead The Permanent Court of International Justice (PCIJ) or a similar legal organ as the executive body of the convention. He sums up the dichotomy:

The interpretation of documents in the light of legal principle [...] is essentially a legal job; to hand it over to politicians and diplomatic persons is to confuse the spheres of politics and diplomacy on the one hand and law on the other (S119-69-8: 135).

The League secretariat left the question open until December 30th 1929, when then member and later head of the Legal Section Hugh McKinnon Wood wrote an extensive note on the legal questions of the Convention on Financial Assistance (R2970-10E-16831-6838). The note discussed the question of reference of disputes to the PCIJ and identified two perspectives of difficulties: One concerning the jurisdiction of the PCIJ and one on the application of the convention.

The question of jurisdiction came from the proposal that there should be a “non-suspensive right of appeal to the Court for all questions of interpretation” (Ibid.: 11). Baked into this proposal was the same question of legal legitimacy that Williams raised, but McKinnon Wood quickly dismissed it. Firstly through a legal argument in which he stated that it was outside the jurisdiction of the Court to settle such a case of interpretation, and secondly through an argument of the needed swift and sure nature of the convention following the argument developed in the above section on the ideas behind the convention.

The jurisdiction of the Court was between states or members of the League (League of Nations 1920: art. 34). According to McKinnon Wood it would therefore be outside the power of the Court to settle a case between the Council and a state, as was proposed. His argument however continued outside the lines of law and jurisdiction, covering the effectiveness and very nature of the convention.

When evaluating the PCIJ’s role McKinnon Wood wrote: “The scheme would lose nearly all its value if delays were possible before a loan was authorised” (R2970-10E-16831-6838: 14). Here he raised the point that if the Court was to scrutinize the decision of the Council, it would mean a *de*

facto delay of the assistance since it was based on a loan scheme of market confidence coming from the backstopping of the convention's guarantors (Ibid.: 14-15). With both a practical and a legal argument, McKinnon Wood kept with the rhetoric of the convention's nature when concluding: "It is, therefore, inconsistent with the nature of the scheme that the Council's decision to authorise a loan under particular guarantees should not finally settle all the questions of interpretation of the Convention" (Ibid.: 14).

Shortly after, McKinnon Wood's note was picked up by the EFS, and member of section Jan Van Waltré de Bordes commented on it on the 14th and 15th of January 1930. On the 14th, de Bordes wrote to Salter that he had prepared a draft for the Financial Committee to discuss, based largely on the note from McKinnon Wood. Here he questioned the Committee's competence in discussing legal considerations, a point the Committee previously had stated itself (S119-69-8: 110). The question of legal legitimacy was then to be decided within the League secretariat, and de Bordes wrote a note to McKinnon Wood on potential solutions. He suggested that the Council should be able to give a provisional decision, stating that "[t]he procedure of going to the Court may be awkward if a decision is urgently needed" (S119-69-9: 74). The guiding principle was in this case still the swiftness of the scheme. The sureness was, as McKinnon Wood stated, however still equally relevant.

To solve the problem of securing the scheme's effectiveness while still maintaining legal legitimacy, McKinnon Wood proposed an alternative article 25 of the convention (R2970-10E-16831-6838: 3). This allowed for Governments to submit an appeal to the PCIJ, although the decisions of the Council were to be final, regardless of the Court's opinion. This alternative would secure that the Council still had the opportunity to act quickly while at the same time opening for a legal body to guide future interpretation of the convention.

In the finalized convention the provision regarding interpretation is contained in Article 27. It states: "Any dispute as to the interpretation or as to the method of application of the present Convention shall be settled by a decision of the Council of the League of Nations" (S581-11-7-2: 36). I have not been able to find any more archival material elaborating why the decision to place the power of interpretation and application with the Council was made, but following the

considerations of the League secretariat, it can be argued that exactly the idea of the convention's swift and sure nature ultimately tipped the scales. It also shows how the dichotomy between international law and politics that Williams advocated for, was overlooked by the League secretariat that placed not only the executive power in the Council but also the power to scrutinize and interpret legal documents, i.e., the text of the convention.

Intervening before an act of war

For the League and the EFO, intervening before an act of war were the teeth of the convention. Going back to Felkin's account of the convention, it was from the beginning considered to be the convention's strength that it could be applied before an actual war occurred, i.e., that it could be separated from an Article 16 sanctions scheme. This is also evidenced in the very first draft drawn up by de Bordes, in which the separation from Article 16 was essential: "the scheme should be applicable both under Article 11 and Article 16 of the Covenant" (S119-69-8: 221). This was however politically and legally difficult, because financial assistance and sanctions were considered as a weapon and even called 'The economic weapon' (Mulder 2022), which meant that granting financial assistance could be perceived of as initiating or escalating a conflict. In the finished version, art. 1 enabled the Council to grant financial assistance to a victim state where an aggressor has violated its international obligations and resorted to war. Art. 2 however, allowed the Council to grant financial assistance "in any international dispute likely to lead to a rupture" (S119-69-8: 30). The League thus succeeded in giving the convention its teeth, but the road to this finalized art. 1 and 2, was long and demanding especially for director of the EFS Arthur Salter.

In 1930, ever closer to the Assembly that in September was to adopt the scheme, the major powers of the League objected to the EFO's proposed art. 1 and 2, and the League secretariat led by Salter had to be a broker between different national political concerns.

In a conversation between Directors Arthur Salter and Eric Colban in August 1929, Salter mentioned that the Finnish foreign minister, Hjalmar Procopé, had told him that the French objected to the phrase *menace du guerre* (S119-69-9: 105). During the 5th meeting of the Third Committee of the Assembly, 16th September 1929, the question of "threat of war" under article 2 fell into three positions: the British, the French, and the German/Italian (Ibid.: 82).

The British position formulated by Lord Cecil was sympathetic to a solution in which the Council could accord financial assistance if the other party of the dispute refused to comply with the directions laid out by the Council.

The Italian/German proposal was much more in line with the early League optimism of how just the threat of financial assistance was enough to deter potential aggressors, proposing that the Council should notify the two parties of the conflict “that if one of them goes to war the Council will grant financial assistance to the other” (Ibid.: 83). The effect of the German/Italian proposal would be that financial assistance would only be enforceable under an Article 16 sanctions scheme, which aligns with Mulder’s account of how Germany had entered the League with a clear desire to keep the tool of sanctions weak (Mulder 2022: 161).

The French position delivered in a speech by head of the League department at the Quai d’Orsay René Massigli lay between the two, suggesting that the Council should only be able to award financial assistance if the two parties had already carried out measures recommended by the Council to prevent hostilities, and subsequently one of the parties had broken off negotiations. This would mean that financial assistance could only be given in a case where there had previously been negotiations, opening the opportunity for an aggressor to ultimately ignore any international intervention until a war broke out.

The League now faced the problem that the convention’s setup with special guarantors being signatories of the convention and members of the Council, would benefit from and depended on having permanent council members Britain, France, and Italy on board. It was also doubtful that the convention would gain the needed signatories to fulfill the 50 million gold francs mark required for the convention going into effect, without the support of the major powers (S119-69-10: 81). In that sense, the sureness of the convention depended on bridging these positions.

The EFO were still adamant that the nature and purpose of the Convention was to be a tool of intervention that could be applied before an actual war. In a letter to Procopé, Salter stressed that to take out the words “threat of war” would be “largely to destroy the character apart from the value of the plan” (S119-69-9: 105).

Most important for the League was to bridge the differences between the French and British propositions, which Salter set out to do together with Finland's foreign minister Procopé, Finnish representative at the League Rudolf Holsti, and previously mentioned René Massigli. Here they found a phrasing that the Council could act "dans la limite des droits résultant pour lui soit du Pacte soit de Conventions, générales ou particulières, applicables en l'espèce" that suited the French, and which Salter estimated would suit both the Financial Committee and the British (Ibid.: 61). After sending it by Lord Robert Cecil on the 4th of April (Ibid.: 41), Salter could finally tell Secretary-General Drummond that the Council had confirmed British support, which gave him the confidence to write: "I think we ought to make a great effort to press it through this year" (Ibid.: 38). The convention was pressed through and following an exchange of letters with Hans Frohwein of the German Auswärtiges Amt (S119-69-10: 85, 81, 72 & 60), Germany eventually signed the Convention in November 1930, a month after the Convention was accepted at the 11th Assembly and only after the other major powers had signed it.

Although political pressure was exerted upon the League to differ from the initial intentions of the nature of the covenant, the League secretariat, notably through the commitment of Salter, persisted in keeping the text of the convention true to the ideas of swiftness and sureness. They also managed to keep the convention separated from Article 16, ensuring that the convention could be applied before the outbreak of war.

After the signing of the convention, Salter wrote to Procopé that he would have rather seen a postponement of the vote on the convention than Article 2 being deleted, indicating how much Salter worked to negotiate a convention that aligned with EFO ideals. This letter also shows how Procopé and Salter had a similar worldview, indicated by Salter's wording that he and Procopé worked "for the same object" (ibid.: 45), which throughout the process of solving the problem regarding Articles 1 and 2 proved helpful by providing a room for the exchange of ideas between likeminded.

Mobilizing support

In the following section, I will be focusing on the role of member of the Financial Committee Henry Strakosch and show how his unique background and position in global politics, were harnessed by

the League to mobilize public support in the UK. Strakosch provides a particularly illuminating prism because his role in the Convention on Financial Assistance extends beyond his professional advice in the committee, not least due to his enthusiasm for the scheme, showing how the private actor as a part of “The Greater League” (Davies 2012: 410) could reinforce League policy and work in between the League and the public.

Mr (later Sir) Henry Edouard Strakosch (1871-1943) has a staggering resume within international finance. Born in Austria, Strakosch started his career in the Anglo-Austrian Bank where he was transferred to the London branch. He left for South Africa in 1895 to enter the mining business, a country and subject he would be connected to for the rest of his life through his position as managing director and later chairman of the South African mining and financing house A. Goerz & Co., later renamed Union Corporation (Oxford Dictionary of National Biography 2004).

Managing the company from London, Strakosch developed strong relationships with the elite of the London finance world such as Governor of the Bank of England Montagu Norman, who also had strong ties to Salter and personally meddled in League economic policy (Martin 2022: 63-99), and John Maynard Keynes. After the first world war, Strakosch branched into politics playing a key role in monetary policy in South Africa and as a representative of South Africa at the League (Bordiss & Padayachee 2011). Simultaneously, he began his intellectual venture into monetary policy (Strakosch 1918), and became chairman of *The Economist* in 1929, a position he kept until his death.

In League context, he sat as head of the Financial Committee 1920-21, and as a member until 1937. The Financial Committee was an ‘unpolitical’ committee of experts that assisted the EFS with technical expertise. But as Clavin and Wessel has shown, the Financial Committee and EFS with Salter as the key figure, were in close collaboration to the point where “the border between ‘technical’ and ‘political’ issues was an indistinct one” (Clavin & Wessel 2005: 466). During his time, Strakosch assisted with the reconstruction loans of Austria, Hungary, Danzig, Estonia, Bulgaria, Greece, and Portugal, besides the question of currency and of course the Convention on Financial Assistance.

The first point of interaction between Strakosch's dual role as League employee and Greater League enthusiast came from the League (Davies 2012: 410). Knowing that the convention eventually had to be pushed through national parliaments, the League faced the challenge of mobilizing support, meaning that they had to start framing the convention's superiority in the world press. In March 1929 this project was initiated, and in a letter to Strakosch de Bordes wrote the wishes of the EFS: "What is necessary is that, before the Assembly, public opinion should express clearly the desirability of the scheme being adopted" (S119-69-8: 102).

Interacting with the public was a core strategy of the League, that looked for national public support to influence states' decisions on League matters (Seidenfaden 2022). In swaying the public opinion, the League was not oblivious to the fact that they had a person of excellent qualities in Strakosch. Both as the chairman of *the Economist*, but particularly also as a public debater on financial and economic issues, Strakosch had the rhetorical qualities and professional ethos to be a driver in the debate on financial assistance.

Furthermore, mobilizing support from the public presented a difficult issue for League personnel. The League could publish rapports and issue news statements, but when it came to the less official and increasingly political side of policy, they were bound by their status as international civil servants. This fact was recognized within the League, here phrased by de Bordes:

The article should preferably not be prepared by the Secretariat, partly because we are too much handicapped by official terms of expression, and partly because the Secretariat has always to express itself with a certain reserve, and thus cannot write freely (S119-69-8: 102).

De Bordes followed up by concluding that an article on the convention on financial assistance should instead be written by "an outside source", which follows Seidenfaden's characterization of how the League secretariat were afraid of being accused of being propagandists (Seidenfaden 2022: 372). Strakosch was then in a privileged position as he was both an integral part of the drafting process on the convention, while simultaneously being an outside source with the opportunity to speak freely.

Following de Bordes' request, Strakosch immediately jumped on board and quickly showed his competencies by developing a press strategy that was more sophisticated and sensitive to the political and demographic context in England, than the initial impulse provided by de Bordes. De Bordes had imagined that Strakosch could use his position at *the Economist* to further the cause of financial assistance, but Strakosch suggested that the readers of *the Economist* were not the right target group, as they did "not require much persuasion on this particular subject" (S119-69-8: 101). Instead, Strakosch imagined that an article in a daily paper such as the Times would be better to enlighten a larger public. His insights on British politics also proved helpful, as he suggested the League delay a push in the press until the General Election was over, making sure that the financial assistance wouldn't get drowned (Ibid.: 100). Throughout this, Strakosch used his network in London to talk over ideas (Ibid.: 100), and eventually also pulled the strings that enabled articles to be published.

De Bordes' request suggests that the League had initially not envisaged Strakosch to be the author of any articles. He wrote in a letter to Strakosch that "[t]he writing of such an article will doubtless take a certain amount of time and I wonder whether you could not stimulate somebody to set himself to the task." (Ibid.: 99).

Instead of finding somebody else, Strakosch himself wrote the article that the League requested, and made sure that it was printed in the Times (S119-69-8: 52). For this he was the perfect match, as his views on the scheme corresponded with the League's because of his work in the Financial Committee, which was also noted by Salter: "It is excellent and just what is wanted" (Ibid.: 66). Strakosch went on to mobilize even more of the British press (Ibid.: 63), as well as writing a more thorough pamphlet on the convention (Ibid.: 27). Besides mobilizing public opinion through the press and advocating the scheme to diplomats with the pamphlet, Strakosch also brought the issue to the elite London circles when he gave an address of the convention at the Chatham House, an organization set up after the first world war dedicated to promoting knowledge on international affairs (Strakosch 1931).

This was not only because Strakosch was a "Superior Practical Man", as Bordiss and Padayachee describe him (Bordiss and Padayachee 2011), but because Strakosch ideologically saw eye to eye with the League on the issue of financial assistance. This is clearest in the way Strakosch was

personally invested in the project, going beyond just practical solutions. For Strakosch, the question of financial assistance was more than just a convention falling under his advisory responsibilities within the Financial Committee, it was an issue on which he was passionate.

This passion is among other things seen in a handwritten note to Salter, following the convention's success at the Assembly in September 1930. Here Strakosch uses a style of phrasing that is very indicative of not only the amount of labor that went into the convention but indeed also the emotion that he attached to the project: "It was nice of you to have thought of me when the Financial Assistance baby was safely delivered" (S119-69-10: 47). It might be objected that Strakosch was merely being humorous or speaking in a private tone, but the phrase is very different from the earlier correspondence between Strakosch and Salter, or any other League employee. Instead, I interpret this natal rhetoric as an indication of the emotions that fueled Strakosch's commitment to the convention.

Placing Strakosch within the institutional history of the League, we see how he as an "outsider" constituted a valuable link to the non-Genevan world. Unlike League personnel who were bound by their role as international civil servants, Strakosch could shift roles and work as an intermediary, while his intimate knowledge of the League's opinion on financial assistance made the transition of knowledge much smoother.

In this story, Strakosch was not just a cardboard figure to be filled out by anyone. His unique capabilities, excellent network, and personal sympathies provided the ideal setup to mobilize opinion and advocate for the convention. Strakosch made sure to pull all the strings he could to secure a safe delivery for his "baby".

Testing the convention

Ultimately, the coming into effect of the convention was bound up on the successfulness of the World Disarmament Conference 1932-34. As is shown by a discussion at a Directors Meeting in 1929, this was not to the liking of the League secretariat (M255: 70), but it was a necessary evil to secure British support. Although the automaticity provided in the convention died with the disarmament conference, the idea of financial assistance did not.

Following Italy's invasion in 1935, the League declared Italy the aggressor and initiated imposing sanctions under Article 16 10th October 1935. Compared to the considerations on Articles 1 and 2 in the Convention on Financial Assistance, the case of Ethiopia suggested itself to be much easier, as a sanctions scheme was already underway. But when financial assistance left the safe theoretical realm of law and entered the real world of conflict, the political implications proved to be much harder.

Already at the end of the 1920s, Felkin had suggested that aggressors would test League determination and unity by challenging the convention (S72-22-10: 79). Italy was exactly such an aggressor, having tested the limits of the League during the Corfu incident and being a major power as well as a Council member. That this put the convention under serious political pressure, is painfully clear as the Ethiopian plea for financial assistance was not placed under the EFO but under the Political Section (R3671-1-20692-20692). Here, Under-Secretary-General in charge of the Political Section Office Frank Walters acknowledged that the Ethiopian case exactly met the requirements of the Convention on Financial Assistance, but without the Convention, the assistance would prove too cumbersome to coordinate through League machinery (Ibid.: 4). Thus, the League's optimism for the scheme evaporated in the reality of the 1930s crises.

Conclusion

This study set out to illuminate how the League of Nations worked to draft, and push through the Assembly, the Convention on Financial Assistance. As argued, the League's conception of the convention's effectivity hinged on its rhetoric of the convention's nature (that is, its intention), emphasizing the swiftness and sureness of the application. When problems arose, these were the key nodes guiding how the League sought to overcome the difficulties.

In the case of the legal legitimacy, the League secretariat was adamant that the swift applicability of the scheme was not to be hindered by considerations of legitimacy. Instead, it argued that the Council and the trust vested in it constituted the legitimacy needed to ensure the continued backing of the member states. I have argued that ultimately it was the rhetoric of the convention's nature that tipped the scales. Keeping true to the idea of the convention, the executive power and the power

of interpretation was placed in the Council, even though alternative articles were drafted to bridge concerns of legitimacy and effectiveness.

When the League was challenged on the subject of Articles 1 and 2 of the convention, it again held on to the key ideas behind the convention. But here the stakes were much higher, as the challenges came from the major powers essential for the convention's success. Keeping the convention separate from Article 16 of the Covenant and ensuring that the Council would retain the power to intervene in conflicts were the concerns that guided League strategy. Through a diplomatic effort by Salter, the League succeeded in keeping the phrase *menace du guerre*, securing the convention's applicability outside an Article 16 sanctions scheme.

Besides phrasing the convention in a manner that suited the member states and the Legal Section, the League tried to mobilize support through a push in the press. League personnel were restricted in their ability to act because of their status as international civil servants and, as such, the dual role of Henry Strakosch proved invaluable. As a member of the Financial Committee, Strakosch's knowledge on League opinion made him the ideal advocate for the convention and his professional background and position enabled him to fully mobilize the British press and foreign affairs elite in favor of the Convention on Financial Assistance. Strakosch is equally interesting as a 'non-political' actor, who nonetheless had a great influence not only on the Convention on Financial Assistance, but also on a variety of other League projects. In the tumultuous post-WW1 economic landscape, Strakosch was exactly an architect of the new international economic system (Martin 2022: 63).

While financial assistance proved unsuccessful in the League, it has since become a preferred feature of global governance from the lend-lease program of the US Roosevelt administration in 1941 to the financial assistance in present-day Ukraine. Although not possible within the scope of this article, the ideological culture of the EFO and the continuity into the UN suggests themselves as natural successors to this study and important perspectives to further illuminate the history of financial assistance.⁵

⁵ On ideology, see Mulder 2022; Slobodian 2018. On continuity, see Mazower 2013.



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