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Book Review

Jamie Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance*. Cambridge: Harvard University Press, 2022. Pp 352. $39.95 (Hardcover)

The Meddlers by Jamie Martin aims to revise the prevailing narrative of contemporary nation-state interdependence. Instead of the commonly held belief that global institutions emerged in the aftermath of World War II, Martin contends that the roots of this interdependence trace back to World War I and the urgent need to address dwindling resources.

Before World War I, the Western powers had already achieved a significant level of integration. According to Paul Streeten's 2001 paper in the IMF's *Finance and Development* quarterly, successful economic integration is characterized by dominant powers experiencing account surpluses, converting these surpluses into loans, witnessing advancements in goods and technology, and maintaining intra-state peace and contract enforcement through a standing military. Streeten argues that the pre-World War I world achieved such integration unintentionally by adhering to the "irrational constraints" of the gold standard, which enforced fixed exchange rates, balanced budgets, and restricted expansionary monetary policy. At that time, Britain held the dominant power position. However, the Great War revealed that integration alone was insufficient for managing conflicts among great powers.[1]

Recognizing this insufficiency, Martin contends that the Allies' war needs necessitated a more centralized organizing system than integration could offer. The central planning mechanisms that emerged during World War I laid the foundation for the interdependence later attributed to Bretton Woods. According to Martin, centralizing resource distribution through an Allied shipping council taught two critical lessons: the effectiveness of international coordination between national bureaucracies in solving complex problems and the power of institutionalized resource control and distribution across borders as a tool for influencing international relationships.

While cross-border economic centralization's ability to mete out punishments and rewards faced political opposition, it also encountered resistance in the private sector. Martin uses the example of Chile's nitrate resources to illustrate how private executives were willing to overlook questions of national sovereignty in neutral nations, while insisting that colonies under private control be off-limits to cooperative interference. As the war progressed, private interests tied to capitalist processes for production and distribution found themselves facing a viable contender in the places where they operated. The Bolshevik Revolution in Russia and increasing support for socialism in Eastern Europe and the Global South compelled the war's institutions to cooperate in addressing urgent humanitarian needs. This led to the establishment of the Supreme Economic Council (SEC), tasked with alleviating Europe's crisis of hunger, inflation, and unemployment, as well as countering uprisings and the spread of Bolshevism. Crucially, the SEC had to achieve these goals without appearing to infringe on national sovereignty or corporate interests.

The proponents of interdependence and their controlled institutions found fertile ground in the interwar period. The European theater faced serious reconstruction needs, leading to crises of famine and unemployment that most nation-states could not handle without foreign assistance. While the United States hesitated to provide direct help, its financial institutions stepped in. This gave rise to the Financial Committee of the League of Nations, which facilitated international lending to nations on the brink of economic calamity. Martin notes that due to financial instability being a strategic liability for some of the League's powerful countries, and because intervention could be reasonably limited to unique cases, the financial committee gained authority to bypass traditional sovereignty barriers. The aim of the League of Nations was to make such interventions more tolerable, acting as an intermediary between sovereign and developed nations in need of aid and foreign banks insisting on financial stabilization at a cost to their autonomy (67).

As Martin illustrates with Albania and Austria, the League's mediation was not smooth. Austria underwent wrenching austerity, including the forced termination of over 100,000 government workers, to appease financial investors in its recovery. This meddling proved too threatening for other nations, especially Germany. The League was accused of violating the basic expectations of self-determination and enabling future violations for the benefit of League members and investors. Despite the threat, these initial league-facilitated interventions provided a template for conditional international lending in the future.

The Bank of International Settlements (BIS) emerged in 1930 as another international institution for lending or intervention. The Paris Peace Conference and the Dawes plan had established a precedent of interference in Germany's domestic financial affairs. The BIS was designed as an international bank responsible for a fair distribution of Germany's reparations payments. European advocates for the BIS, notably Pierre

Quesnay, insisted on independence to prevent national governments from checking BIS directives. Central bank independence was considered crucial to maintaining domestic autonomy from political influence, both domestically and internationally. European central bankers involved in establishing the BIS insisted on its detachment from governmental control to affirm the autonomy of their national banks (109). This tension showed that key assumptions about central bank independence as a norm of international governance were more unstable than previously assumed (102).

The institutional makeup of BIS proved ineffectual due to these tensions. Constructed as a private non-governmental organization, the BIS lacked initial liquidity to respond adequately to the Great Depression. This led to a reversion to national politics for international financial stability. In Germany, this consequence led to the rise of the Nazis (128). Similar experiences were observed in America, where JP Morgan resisted the redistribution of gold to economies on the brink of ruin in the name of international financial stability. By World War II, the BIS had been reduced to a meeting place for international bankers and a research center.

The precursors to the development of the World Bank and similar institutions operated alongside those of the BIS. Organized for financing development projects after WWI, the League of Nations sought to facilitate lending between Western banks and Greece and China during a period of political turnover. Martin notes a key difference between this lending and that offered by the BIS was the insistence on "productive" lending. This concept introduced a greater degree of interference in a country's affairs than the austerity regimes imposed by the BIS. Both Greece and China provided the right circumstances to defend against concerns about nation-state sovereignty (134-135).

The need to manage a refugee crisis in Greece and recoup pre-war debts in China provided an opportunity to condition loans with less resistance. In Greece, the League of Nations arranged loans for the resettlement of refugees as small-holding farmers and to establish a banking infrastructure for future lending to support small-scale industry. According to Martin, the aim of the League loan was not to shrink the Greek state, but to expand its powers while removing them from control of elected governments (135). In China, Chiang Kai-Shek's new nationalist government held debts in arrears when he came to power. The conditional loans to China also assumed the guise of infrastructure to mollify Chiang's nationalist regime at a time of security concerns over Japan.

Controlling fluctuating commodities prices during the interwar period is the final focus of Martin's analysis. In 1929, the Great Depression accelerated a decrease in the demand for commodities worldwide. Since commodities employed a significant share of the world's labor forces (178), a collapse in their prices threatened mass unemployment and colonial instability. Martin observes that unlike the BIS and other attempts at intervention, the coordinating mechanisms that emerged to confront sinking commodities prices were initially quite successful. These institutions sought to replace market-driven price decreases with meaningful collusion to raise prices, primarily through supply reduction (180). Martin illustrates how tin and rubber became conduits for this market intervention. Colonial governments colluded to reduce the supply of tin and rubber to inflate their prices. Facilitating such collusion, however, required a distinctive form of external intervention in supplying countries' domestic affairs and the private interests of domestic industries.

Post WWII efforts at transnational institution-building had experience in the concerns about sovereignty they would confront in the post-war world order. For Martin, it is the IMF that grappled with the competing needs of access to capital and the political assumptions of self-determination. The U.S.' overwhelming supremacy in the remnants of the West's imperial order, particularly Britain, added a plot twist. Economic support from America to Britain during WWII embedded significant ambiguities in the IMF's Articles of Agreement. According to Martin, these ambiguities allowed linking IMF funding to demands on the financial and monetary policies of its borrowers (212). Such ambiguities asymmetrically benefited American capital, acknowledging that U.S. participation in any new institution was possible only if Washington dominated it (221). This dominance compelled Keynes and others to confront the deleterious effects of such conditionality on Europe's post-imperial states at the Bretton Woods conference. Although the World Bank emerged from Bretton Woods as a peer of the IMF, Martin's emphasis on the IMF provides an illustrative continuity to contemporary readers of the contradictions that war, transnational development banking, and political assumptions of self-determination produced at that time.

Martin's analysis of the antecedent conditions and iterations of today's transnational institutions is a useful text for practitioners of World History. Organized chronologically in six chapters, Martin's analysis helpfully begins with The Great War's attempts to coordinate domestic economic policies between governments during war time and ends with the Bretton Woods conference in 1944 where the IMF is created. The ensuing narrative between these two poles carefully takes readers through the events the best illustrates the IMF's emergence and the urgency felt at Bretton Woods to meaningfully apply the lessons learned since World War I. Most striking is Martin's use of specific and concrete illustrative examples that illuminate the larger global processes occurring around it. Martin's use of the refugee crisis in Greece, for example, helps demonstrate how the acute experience of refugee immigration explains the influence of private capital in the development of the League of Nations and capital's interests in subverting democratic processes in Greece and rising nationalism in China to realize concrete financial gain. What is more, that acute experience of Greece and the machinations behind its rescuers are proved eerily like the activities of the BIS operating concurrently in different theaters for ostensibly different purposes. From these illustrative experiences, Martin easily draws our attention to the institutions that contemporary history is more familiar with. It is hard, therefore, for the learning or learned world historian to experience a reading of *Meddlers* that is not perforated with identifying apt continuities in other aspects of world history. The learning world historian also observes a master class in the use of illustrative examples for broader world historical processes and the rich territory it provides to any historian.

The relevance of Martin's work is easy to identify for the engaged world historian of the twentieth century. So too is Martin's work an appropriate addition to any discourse considering the costs and benefits of globalization, post-Keynesian approaches to political economy, or any learned confrontation with transnational institution building in the contemporary era. Practitioners might also take heed of the inherently narrow nature that *Meddlers*' subtitle suggests. Martin restricts his analysis and use of illustrative examples to primarily those of the interwar period. The benefits of such an approach are obvious throughout Martin's book. But for the world historian, *Meddler's* struggles to establish deeper continuities to other global developments that a world historian is otherwise endeavoring to establish. Decolonization struggles in Africa and Latin America, for example, beyond those briefly mentioned in *Meddlers*, may be a particularly pregnant theater for analysis with respect to the dissonance between facilitating global capital and honoring commitments to self-determination. But therein lay the work of the world historian. For Martin rightly and appropriately begins us down the road of the ever-present concern of post-imperial evolution within a paradigm of world integration that appears, currently, to be considering retrenchment.

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Notes

1 Paul Streeten. "Integration, Interdependence, and Globalization." Finance and Development. The International Monetary Fund: Vol. 38, No.2 (June 2001) https://www.imf.org/external/Pubs/FT/fandd/2001/06/streeten.htm.