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THE GENOVA CONFERENCE OF 1922: A REASSESSMENT AFTER 100 YEARS

Abstract

At the Genoa Conference, the characteristics of the post-war international monetary order or Gold Exchange Standard were defined. This system, lasted for only a few years: from 1925 to 1931 and was followed by a period of sever monetary disorder, which only ended after the conclusion of the Second World War with the Bretton Woods Agreements.

The Gold Exchange Standard could have only function if there have been a good level of cooperation between central banks. However, this latter, even if initially remained high, since 1927 it gradually diminished. This is not surprising. In fact, in the international multipolar equilibrium that emerged after World War I and the Treaty of Versailles cooperation was problematic since each country places great weight on the relative gains from cooperation for fear that another country might benefit more and eventually become a threat to its security.

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Riassunto

La Conferenza di Genova del 1922: una rivalutazione 100 anni dopo

Alla Conferenza di Genova furono definite le caratteristiche dell'ordine monetario internazionale del dopoguerra o Gold Exchange Standard. Questo sistema durò solo pochi anni: dal 1925 al 1931 e fu seguito da un periodo di gravi disordini monetari, che terminò solo dopo la conclusione della seconda guerra mondiale con gli accordi di Bretton Woods.

Il Gold Exchange Standard avrebbe potuto funzionare solo se ci fosse stato un buon livello di cooperazione tra le banche centrali. Tuttavia, tale cooperazione, anche se inizialmente fu elevata, dal 1927 diminuì significativamente. Ciò non stupisce. Infatti, nell'equilibrio multipolare internazionale emerso dopo la prima guerra mondiale e il Trattato di Versailles, la cooperazione era problematica poiché ogni paese attribuiva grande importanza ai relativi vantaggi derivanti

dalla cooperazione per paura che un altro paese potesse trarne maggiori benefici e alla fine diventare una minaccia per la sua sicurezza.

1. Introduction

The classical gold standard was a commodity-currency based system in which the monetary sovereignty of the participating countries was limited. The unwritten rule that if a country, for whatever reason, abandoned convertibility, it had to restore it as soon as possible meant that, in the long run, governments could not expand the quantity of money significantly beyond their available gold reserves. When a country, after a period of suspension, returned to convertibility the associated deflationary costs fell primarily on the working class, who, since voting systems were not yet universal and, in effect excluded this social group, had little political power.

During the First World War, the Gold Standard was suspended by all the belligerent countries in order to, at least partly, finance their war efforts with 'money'. In these countries, at the end of the war, price levels were inevitably much higher than in 1913.
The years immediately following the First World War were therefore characterised by high levels of monetary disorder due to the non convertibility of currencies and fluctuating exchange rates. This disorder discouraged the exchange of goods and services on the international market. Against this backdrop, the governments of industrialised countries quickly recognised the need to stabilise prices and exchange rates in order to foster the expansion of trade and hence encourage economic growth.

The dominant idea on how to achieve this was to establish the conditions for a return to the gold standard, a project lead by Great Britain, which, shortly after the 1920 Brussels conference, promoted the idea of the Genoa conference.
In fact, it was the British Prime Minister Lloyd George who succeeded in convincing the Allied countries to hold such a conference as soon as possible at the meeting of the Supreme Allied Council held in Cannes in January 1922[1]. Having received agreement for the conference, the British government appointed an interdepartmental commission, headed by Sir Sydney Chapman, the Secretary of the Board of Trade, to organise it.

[1] Cf. Fink (1984; 1986; 1991).

In March 1922, this Commission published a report in which it defined the main discussion points for the conference. Among these, a crucial role was assigned to the reorganisation of the international monetary system and cooperation between central banks.
The Conference, which began on 10 April 1922 and lasted until 19 May, was attended by 34 countries. The work was divided into several Commissions. Among them, the Finance Commission, chaired by Sir Robert Horne, the British Chancellor of the Exchequer, had the task of discussing a plan for the reform of the international monetary system. This plan had been drawn up by Ralph Hawtrey, a senior official in the British Treasury Department. Twelve Resolutions emerged from this discussion and were submitted by the Finance Commission to the plenary meeting of the Conference, which then approved them.

It is no exaggeration to say that these Resolutions were the basis of the international monetary system of the 1920s known as the Gold Exchange Standard. As Nurkse (1944; p. 27) writes:

"The adoption of a gold exchange standard was officially recommended by the Genoa Conference, which met in the spring of 1922".

The limited success of the Genoa Conference in resolving the international issues on the agenda, starting with the normalisation of the allied countries' relations with the USSR, has led many scholars to consider it a failure. Indeed, one of the most important historians to have studied the Genoa Conference, Carole Fink, stated precisely that:

"The Genoa Conference was a failure. The Russians refused to recognize their debts and restore private property, and the Allies refused to offer credit to the Soviet government. Lloyd George devised a cover for the debacle: a follow-up meeting of Allied and Soviet 'expert' commissions at The Hague. France reluctantly agreed to prolong the negotiations, and Italy supported Lloyd George's efforts. At the final plenary session of the Genoa Conference, once again held in Palazzo San Giorgio, the major delegates tried to express optimism. Nonetheless, Lloyd George and Chicherin indulged in recriminations, Barthou ended on a dour note, Facta admitted his disappointment, and Rathenau, in an eloquent but empty address, joined the chorus of thanks to the host by quoting Petrarch"[2].

However, the outcome of the Genoa Conference cannot be measured only by its failure to resolve the international issues on the agenda. At this conference, in fact, the structure to be given to the

[2] Fink (1986; p. 52).

new international monetary order was substantially defined and considering this, one cannot but agree with Rothbard (1998; p. 133), when he writes:

> "Many historians have written off the Genoa Conference as a 'failure' and dismiss its influence on the international money of the Twentieth century ... But the critical point is that Genoa triumphed, anyway…".

The specific international monetary system outlined at the Genoa Conference, the so-called Gold Exchange Standard, lasted for only a few years: from 1925 to 1931 and was followed by a period of sever monetary disorder, which only ended after the conclusion of the Second World War with the Bretton Woods Agreements.

In this paper, an attempt is made to clarify the reasons for the short life of the Gold Exchange Standard and why it collapsed, while also showing how some of the innovations of an institutional nature which emerged in the 1920s, were taken up in the international monetary system built after World War II.

The paper is divided into four sections. Section 1 discusses the Conference Resolutions regarding the new international monetary order. Section 2 is devoted to an analysis of the causes that led to the collapse of the gold exchange standard. Section 3 moves on to explain why, towards the latter part of the 1920s, the cooperation among central banks so ardently called for in Resolution 9 broke down, thereby undermining the smooth functioning of the new international monetary order. Section 4 explains the ways in which, despite the short life of the Gold Exchange Standard, the ideas developed in 1920s foreshadowed mechanisms and institutional innovations that were later adopted in the Bretton Woods Accords. Some final remarks close the paper.

2. The Conference resolutions on the new international monetary order

The duration of the First World War had been much longer than anyone expected and, for all the countries involved in the conflict, financing military expenditure by raising taxes and taking on debt had proved impossible. Therefore, to varying degrees from one country to another, much of the war effort was financed through issuing currency and the exploitation of seigniorage.

The considerable increase of money in circulation was followed almost everywhere by a significant rise in prices. Faced with the risks of pronounced exchange rate instability and persistent inflationary processes, the idea that dominated the thinking of the authorities of the major European countries was that the only way to stabilise prices was to return to the gold standard.

The most insistent pressure for this proposal came from England, in particular from the Governor of that country's Central Bank, Montagu Norman. In fact, as early as 1918, the Report of the Cunliffe Commission on Currency and Exchange Rates recommended that

"after the war the conditions necessary to the maintenance of an effective gold standard should be restored without delay"[3] .

In the view of the British authorities a rapid return to the gold standard was not only necessary to avoid a great disorder in the monetary system but also it would have enabled London to regain a large part of the pre-eminent role it had had in the pre-war international financial market.

Benjamin Strong, President of the New York Federal Reserve, also felt that there was no alternative but to return to the Gold Standard believing that the complete abandonment of the Gold Standard system would encourage governments to adopt systems based on paper money, resulting in inflation and turmoil in the financial and foreign exchange markets.

Norman and Strong's position was shared, albeit with some differences on the parities to be adopted, by the governments of the major European countries.

Three differing views prevailed among economists regarding the return to the Gold Standard, some, primarily exponents of the 'Austrian School' including Mises and Hayek, advocated for a return to the Gold Standard and the 'rules of the game' of the pre-World War I period.

In contrast Cassel (1920; 1921) and Hawtrey (1919a; 1919b) criticised the proposal of a pure return to the pre-war Gold Standard, believing that the world economy was facing a gold shortage and that, therefore, a return to the classical Gold Standard would lead to severe deflation. Cassel, in particular, argued in an article published in the *Economic Journal* in 1920 that:

"... a restoration of the use of gold as a circulating medium, and the former requirements as to gold covering for the liabilities of the central banks, would without doubt mean a violent rise in the value of gold and a corresponding fall in the general price level"[4].

[3] Report of the Committee on currency (1918; p. 457).
[4] Cassel (1920; p.203).

Therefore, while both Cassel and Hawtrey were in favour of a return to the Gold Standard they argued that a mechanism was needed to limit the global demand for gold. Otherwise, they argued it would result in severe deflation[5]. In lectures delivered in May 1928 at Columbia University, Cassel reiterated that with a limited growth in the supply of gold it was necessary to contain demand.

"[Only] if we succeed in doing this we can hope to prevent a permanent fall of the general price level and the prolonged and worldwide depression which would inevitably be connected with this process"[6].

Hence the need to provide institutional mechanisms, primarily cooperation between central banks, to limit the demand for gold. In contrast to both the Austrian school scholars and Cassel and Hawtrey was the position of other economists, first and foremost Fisher (1920) and Keynes (1923; 1925), who opposed a return to the Gold Standard, believing that the authorities should pursue price stability rather than exchange rate stability.

In his book "Indian Currency and Finance", Keynes[7] had already proposed a reform of the (Indian) monetary system aimed at increasing the elasticity of the money supply. This reform envisaged the possibility of guaranteeing the currency in circulation not only with gold, but also with foreign exchange reserves[8].

Keynes' view reflected the increasing need in the 1920s for governments to control the money supply. According to Keynes, the objective of the monetary authorities should not have been to restore the exchange rate in whole or in part to its pre-war level, but simply to stabilise the price level.

"In truth, the gold standard is already a barbarous relic. All of us, from the Governor of the Bank of England downwards, are now primarily concerned with preserving the stability of business, prices, and employment,

[5] See Batchelder and Glasner (2013) and Irwin (2012).
[6] Cassel (1928; p. 44). Repeatedly, Mundell (2000) pointed out that the views and predictions of these scholars were correct: deflation, preceded by the fall in the prices of agricultural products and necessities in the late 1920s and the Wall Street crash in 1929, was in full swing by 1930. This led to the conclusion that after the First World War a return to the gold standard would only be compatible with price stability if the price of gold was increased. Eichengreen, however, disputes the thesis that there was a shortage of liquidity in the 1920s. In his view, the problem of gold scarcity was addressed both through mechanisms that tended to reduce the demand for gold and those that increased its supply. Regarding the first point, gold was withdrawn from circulation as a medium of exchange between private individuals (see Eichengreen, 2000; p. 233), while under the second, liquidity increased significantly thanks to the monetary pyramid of the gold exchange standard (see Eichengreen, 1996; pp. 148-55).
[7] See Keynes (1913).
[8] This practice had already been followed by a number of governments before 1914. Cf. Nurkse (1944).

and are not likely, when the choice is forced upon us, deliberately to sacrifice these to the outworn dogma, which had its value once, of 3 pounds, 17 shillings, 10 1/2 pence per ounce. Advocates of the ancient standard do not observe how remote it now is from the spirit and the requirements of the age"[9].

In the Monetary System defined at the Genoa Conference of the three positions just outlined, it was the second, which formed the foundation of the plan presented by Hawtrey, and agreed by him with the Governor of the Bank of England Montagu Norman, which prevailed. This plan was translated into 12 Resolutions that were approved by the Financial Commission and then ratified at the plenary session of the Conference[10].

Resolution No. 1[11] stated that the essential requirement for the economic reconstruction of Europe was for each country to stabilise the value of its currency. To make the pursuit of this goal effective, Resolution No. 2[12] called for the strengthening of the independence of Central Banks and, where these institutions did not exist, their creation[13].

Resolution 2's emphasis on the autonomy of central banks concealed a concern to protect the automatic mechanisms of the gold standard, thus preventing currency from being subject to political pressures in a period of major socio-political change largely due to the spread of universal suffrage. Referring to the above, Strakosch stated:

"The trend of political evolution the world over … is in a direction which makes it less safe to entrust governments with the management of currencies than it may have been in the pre-war days"[14].

This view was shared by Norman. In a letter to Victor Moll, head of the Swedish central bank, he wrote:

[9] Keynes (1923 [2013; p. 138])
[10] See Silverman (1982) and Fink (1984).
[11] Resolution No. 1: "*The essential requisite for the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency*".
[12] Resolution No 2: "*Banks, and especially banks of issue, should be free from political pressure, and should be conducted solely on lines of prudent finance. In countries where 'there is no central bank of issue one should be established*"'.
[13] In the 1920s, the Governor of the Bank of England, Norman, and other senior officials of this institution, such as Niemeyer and Strakosch, strongly supported the creation of central banks with a monopoly on the issue of money and being autonomous from their national government, this extended to all the countries that received assistance and advice from the League of Nations Finance Commission. As happened in Austria (1923), Hungary (1924), Gdansk (1924), Bulgaria (1926), Greece (1927) and Estonia (1926-27).
[14] Henry Strakosch to Basil Blackett, Oct. 17, 1925, T176/25B, p.3, PRO, cited in Helleiner (2003; p. 148).

"... the danger of a collapse in Central Europe is still present and there is no one of us in Europe who would not wish to prevent such a disaster. The politicians do not appear to be able to settle this problem at the present time and I submit that it is, therefore, the duty of Central Banks to join together now and maintain as far as possible the economic position of Central Europe until such time as agreement and reconstruction is possible"[15].

Norman's lack of confidence in the ability of politicians to solve the economic problems of the time also emerges clearly in the first point of the draft code of conduct for central banks submitted to the conference of central bankers which, according to Resolution No. 12 of the Genoa Conference, England was to organise but which never, in fact, took place:

"Autonomy and freedom from political control are desirable for all Central Banks"[16].

In Norman and Hawtrey's vision, independence from politics was a pre-requisite for the smooth functioning of the new monetary world order[17]. The basic pillars of which were defined in Resolution No. 4[18], in which it was stated as desirable that European currencies be based on a common standard, and No. 5[19], in which it was hoped that European countries would adopt gold as a common standard. If these points were agreed then there were some necessary steps needed to be taken to build a monetary system based on them.

The first step was the stabilisation of domestic prices, which could be achieved (according to Resolution No. 7[20]), via the elimination of public finance imbalances, which were considered to be the ultimate cause of excessive money supply.

[15] Norman to Moll, 29 March 1924, Riksbankens Archiv. On this view of Norman see Einzig (1932).
[16] "Agenda. Resolution proposed for adoption by the Central and Reserve Banks represented at Meetings to be held at the Bank of England. Part I: Resolutions concerning Co-operation', Draft, 13 June 1922, Riksbanken Archiv.
[17] See Simmons (1996).
[18]Resolution No. 4 "*It is desirable that all European currencies should be based upon a common standard"*.
[19]Resolution No. 5 "*Gold is the only common standard which all European countries could at present agree to adopt*".
[20]Resolution No. 7: "*So long as there is a deficiency in the annual budget of the State which is met by the creation of fiduciary money or bank credits, no currency reform is possible and no approach to the establishment of the gold standard can be made. The most important reform of all must therefore be the balancing of the annual expenditure of the State without the creation of fresh credits unrepresented by new assets. The balancing of the budget requires adequate taxation, but if government expenditure is so high as to drive taxation to a point beyond what can be paid out of the income of the country, the taxation itself may still lead to inflation. The reduction of government expenditure is the true remedy. The balancing of the budget will go to remedy an adverse balance of external payment by reducing internal consumption. But it is recognised that in the cases of some countries the adverse balance is such as to render the attainment of equilibrium in the budget difficult without the assistance in addition of an external loan. Without such a loan that comparative stability in the currency upon which the balancing of the budget by the means indicated above largely depends may be unattainable*".

The next step was, as stipulated in Resolution No. 8[21] , to set the parity of the currency against gold. The choice of this parity was left to the discretion of individual national governments and central banks.

Finally, Resolution No. 11[22] stipulated that the maintenance of the gold parity of currencies was to be ensured by the availability of an adequate amount of foreign exchange reserves not necessarily in gold. In this way, even countries with low gold reserves could participate in the new monetary system. Thus, a two-tier international monetary system was defined which later was named the Gold Exchange Standard.

At the top level were the key currencies, i.e. the currencies convertible into gold (the dollar and sterling) while below these were the other currencies convertible into key currencies.

The possibility given to countries, which did not have sufficient gold reserves, to protect parity with reserves in key currencies not only expanded the number of countries that could participate in the new international monetary system, but also reduced the demand for gold.

The need to limit the demand for gold was then made explicit in Resolution No. 9[23].

[21] Resolution No. 8 "*The next step will be to determine and fix the gold value of the monetary unit. This step can only be taken in each country when the economic circumstances permit; for the country will then have to decide the question whether to adopt the old gold parity or a new parity approximating to the exchange value of the monetary unit at the time*".

[22] Resolution No. 11: "*It is desirable that the following proposals, to form the basis of the international convention contemplated in Resolution 9, be submitted for the consideration of the meeting of central banks suggested in Resolution 3: 1. The Governments of the participating countries declare that the restoration of a gold standard is their ultimate object, and they agree to carry out, as rapidly as may be in their power, the following program: (a) In order to gain effective control of its own currency each Government must meet its annual expenditure without resorting to the creation of fiduciary money or bank credits for the purpose. (b) The next step will be, as soon as the economic circumstances permit, to determine and fix the gold value of the monetary unit. This will not necessarily be at the former gold power. (c) The gold value so fixed must then be made effective in a free exchange market. (d) The maintenance of the currency at its gold value must be assured by the provision of an adequate reserve of approved assets, not necessarily gold. 2. When progress permits, certain of the participating countries will establish a free market in gold and thus become gold centres. 3. A participating country, in addition to any gold reserve held at home, may maintain in any other participating country reserves of approved assets in the form of bank balances, bills, short-term securities, or other suitable liquid resources. The ordinary practice of a participating country will be to buy and sell exchange on other participating countries within a prescribed fraction of parity of exchange for its own currency on demand. 5. The convention will thus be based on a gold exchange standard. The condition of continuing membership will be the maintenance of the national currency unit at the prescribed value. Failure in this respect will entail suspension of the right to hold the reserve balances of other participating countries. Each country will be responsible for the necessary legislative and other measures required to maintain the international value of its currency at par, and will be left entirely free to devise and apply the means, whether through regulation of credit by central banks or otherwise. 7. Credit will be regulated not only with a view to maintaining the currencies at par with one another, but also with a view to preventing undue fluctuations in the purchasing power of gold. It is not contemplated, however, that the discretion of the central banks should be fettered by any definite rules framed for this purpose, but that their collaboration will have been assured in matters outside the province of the participating countries*".

[23] Resolution No. 9: "*These steps might by themselves suffice to establish a gold standard, but its successful maintenance would be materially promoted, not only by the proposed collaboration of central banks, but by an international convention to be adopted at a suitable time. The purpose of the convention would be to centralise and coordinate the demand for gold, and so to avoid those wide fluctuations in the purchasing power of gold which might*

According to this Resolution, central banks were to

"centralise and coordinate the demand for gold, and so avoid those wide fluctuations in the purchasing power of gold which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves".

Resolutions No. 3 and No. 9 called on the central banks to cooperate continuously to enable the operation and preservation of the gold exchange standard.
This need for close cooperation between central banks is reiterated in Resolution No. 12[24], in which, as already mentioned, the Bank of England is instructed to organise a meeting of central banks as soon as possible in order to

"examine the proposals approved at the Conference so that these banks may recommend to their governments the adoption of an international monetary convention".

This meeting was originally scheduled for June 1922, but was postponed many times for various reasons and by 1923, interest in it had faded.
Although the monetary convention between central banks envisaged in Resolution No. 9 was never signed, the influence of the Genoa Resolutions was nonetheless considerable. Firstly, the 1920s saw the establishment of several new central banks that were rigorously autonomous from their governments. Second, the way the Finance Committee of the League of Nations supported the stabilisation of certain countries was profoundly influenced by the Genoa Resolutions. Finally, and perhaps most importantly, it was on the basis of the Genoa Conference of 1922 that a process began that led, a few years later, to the creation of the Gold Exchange Standard, an international monetary system that mirrored both the Hawtrey Plan presented at the Conference and the Resolutions adopted at it. The resulting monetary system was, however, to prove fragile and lasted only from 1925 to 1931, respectively the date when England re-established the gold standard of the pound and the date when it abandoned it for good.

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otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves. The convention should embody some means of economizing the use of gold by maintaining reserves in the form of foreign balances, such, for example, as the gold-exchange standard or an international clearing system".

[24] Resolution No. 12 : "*With a view to the development of the practice of continuous cooperation among central banks and banks regulating credit policy in the several countries, as recommended in Resolution 3, this conference recommends that the Bank of England be requested to call a meeting of such banks as soon as possible to consider the proposals adopted by the conference and to make recommendations to their respective Governments for the adoption of an international monetary convention*".

3. The main explanations offered for the collapse of the Gold Exchange Standard

There have been various explanations proposed for the collapse of the Gold Exchange Standard, of these the main ones are outlined below.

Mundell (2000) has repeatedly emphasised the views and predictions of those scholars, such as Cassel, who argued that, given the scarcity of gold, a return to the gold standard would lead to global deflation. Indeed, global deflation (preceded by a fall in the prices of agricultural products and basic necessities in the late 1920s and the Wall Street crash of 1929) took on dramatic levels in 1930. This led Mundell to conclude that after the First World War a return to the gold standard would only have been compatible with price stability if the price of gold were raised:

> "Had the price of gold been raised in the late 1920's, or, alternatively, had the major central banks pursued policies of price stability instead of adhering to the gold standard, there would have been no Great Depression, no Nazi revolution and no World War II"[25] .

A second line of argument regarding the collapse of the Gold Exchange Standard is represented by those who focus on the importance of structural changes of a social and political nature that occurred after the First World War[26].

From the perspective of social change, it should be noted that after the First World War, powerful trade unions emerged in almost all industrialised countries which contributed to an increased downward rigidity of wages, while from the political perspective, it is crucial to note that after the First World War, universal suffrage was adopted in almost all industrialised countries giving the poorer classes access to the vote and encouraging the formation and expansion of mass parties seeking to protect workers' interests.

In the Gold Exchange Standard an outflow of gold or a reserve currency would have to be countered by an increase in the domestic interest rate. This would have been followed by a decrease in production, an increase in unemployment and downward pressure on wages. In this context, as in the classical Gold Standard, the adjustment of any imbalances in foreign accounts would fall mainly on the working class. However, with the emergence of strong trade unions and

[25] Mundell (2000; p. 232). Mundell argued that no importance was given to Cassel's thesis that: "*The big problem that we have to face is how to deal with the scarce growth of gold which threatens the world both through the increase of the demand and the decrease of the supply. We have to resolve this problem by systematically limiting the demand for gold*". Cassel (1928; p. 24). A similar view to Cassel's can be found in Rueff (1971) and Mundell (1990). For a detailed exposition of this thesis see also Johnson (1997).

[26] This line of research was initiated by the contributions of Temin (1989) and Eichengreen (1992a).

mass political parties, the adoption of these measures and compliance with the rules of the new monetary system became problematic[27].
Because of this, as pointed out by Obstfeld and Taylor (1998; 2004), the management of the so-called macroeconomic trilemma changed after World War I[28].

In the period between the two world wars, the increasing focus on domestic objectives, such as growth and employment, and the consequent need to preserve monetary sovereignty came into conflict with the basic assumptions of any form of Gold Standard, which was inevitably based on the fixed gold parity of currencies and perfect international mobility of capital.

The difficulty in 'balancing' the macroeconomic trilemma undermined both the credibility of central banks (or rather their commitment to maintaining the gold standard) and their ability to cooperate internationally.
The degree of cooperation between these institutions diminished significantly in the later part of the 1920s, as Schuker (2002; p. 87) writes:

"For various reasons ... the notable Central Bankers meeting of July 1927 did not consolidate the movement towards closer monetary cooperation. Instead, each country pursued national objectives with renewal zeal".

Credibility was linked to an unwritten rule that for McKinnon (1993) went something like this:

"... if exceptional circumstances force the temporary suspension of the conversion, the authorities must promise to restore it at its traditional conditions as soon as this is possible, and if necessary, by imposing a deflation of the national economy".

This rule implied that domestic monetary policy and thus, in the long run, governments had no possibility to influence price levels. In the Classic Gold Standard, cooperation between central banks was largely supported by Britain's hegemonic role in the world economy. This role had meant that the pound acted as an international currency; and had allowed the Bank of England, to a large extent, to influence the flow of capital and gold through the simple mechanism of varying

[27] On this aspect see Bayoumi and Eichengreen (1996).
[28] As well known, the "trilemma" states that it is not possible for a country to have a fixed exchange rate, perfect international capital mobility and an autonomous monetary policy at the same time.

the discount rate[29].

Kindleberger (1973), instead of focusing on the socio-political changes that occurred within countries after the war, explains the reasons for the collapse of the Gold Exchange Standard focusing on relations between states. In particular, he believes that the foundations of the international monetary system built in the 1920s were undermined by the absence of a hegemonic country. Britain no longer had the financial power to eliminate market imbalances, to lend funds in an 'anti-cyclical' sense nor to coordinate the expectations of governments and multinational corporations. Conversely, the United States, while having the necessary financial power, chose not to take on England's role in the classic Gold Standard. Hence, he argues, in the absence of a hegemon the Gold Exchange Standard lasted only a short time.

Finally, some scholars have traced the collapse of the Gold Exchange Standard to the 'irrational' behaviour of the United States and France, which they argue, by sterilising capital inflows from abroad, prevented the price-specie-flow mechanism from functioning, thus imparting a deflationary bias to the monetary system.

In this interpretation the larger part of the blame for the ineffectiveness of this mechanism is typically attributed to France, which unlike the United States, accumulated, 'irrationally' according to these scholars[30], large gold reserves in the second half of the 1920s. The sterilisation of capital inflows by France and the United States inevitably had deflationary consequences on the world economy. This was in stark conflict with Resolution No. 9 of the Genoa Conference, but it is worth remembering this Resolution was merely a recommendation[31].

The misallocation of gold reserves, however, was not only due to the behaviour of some central banks, but also to the choice of parity of the various currencies at the time of the return to convertibility[32]. Thus, for example, England had chosen to return to the pound's pre-war parity, as a result of which the sterling exchange rate appreciated in real terms with inevitable negative

[29] As Eichengreen (1996; p. 143) notes: "An increase of the discount rate by the Bank of England had two main effects. First, it induced banks to apply a higher interest rate on loans. This favoured a reduction of domestic demand. Secondly, an increase of the discount rate favoured a flow of capital to Britain". Author's translation.
[30] See Mouré (2002) and Johnson (1997).
[31] Hence the conclusion of several scholars that the Gold Exchange Standard had deflationary tendencies in it that both encouraged its collapse and deepened the Great Depression. See Eichengreen (1986), Bernanke and James (1991) and Irwin (2012).
[32] See Bordo and MacDonald (2001).

effects on the country's external balance of accounts. Conversely, France had chosen to establish a significantly depreciated franc gold parity compared to that of 1913. The depreciation, in real terms, of its currency allowed France to have persistently positive balance of payments. England, due to its current account deficits, was forced to adopt generally restrictive monetary policy to maintain the convertibility of the pound. This problem was partly mitigated by the Federal Reserve's support for the British currency through an accommodative monetary policy. However, the weakness of one of the two key currency countries reflected negatively on the credibility of the Gold Exchange Standard, a credibility which was drastically reduced in the late 1920s as a result of the marked change in the American monetary policy stance. As Table 1 shows, a process of rebalancing the countries' foreign exchange reserves in favour of gold began in 1930.

TABLE 1 - *Central Banks' and Governments' Old Reserves (in percentage of world total)*

Country	1913	1918	1923	1927	1930	1934
United States	26.6	39.0	44.3	41.7	38.7	37.8
France	14.0	9.8	8.2	10.0	19.2	25.0
United Kingdom	3.4	7.7	8.6	7.7	6.6	7.3
Germany	5.7	7.9	1.3	4.7	4.8	0.1
Italy	5.5	0.9	1.3	1.2	1.2	2.4
Japan	1.3	3.3	7.0	5.7	3.8	1.8
Others	43.5	31.4	29.3	29.0	25.7	25.6
Total	100	100	100	100	100	100

Source: Eichengreen (1992a).

When in 1931 the banking crisis (triggered by the collapse of the Austrian bank 'Credit Anstalt' and spread to central Europe, in particular Germany, before impacting on the British banking system) led to the British government being forced to suspend the convertibility of sterling, it was the collapse of the Gold Exchange Standard.

4. WHY DID COOPERATION BETWEEN CENTRAL BANKS BREAK DOWN IN THE LATE 1920S?

In the classical gold standard, cooperation between central banks was limited. Any imbalances in payments or the exchange rate were automatically corrected through economic adjustments, while Great Britain played a coordinating role facilitating the adjustment processes in order to avoid unsustainable imbalances. The most important forms of bilateral cooperation consisted of loans between central banks to manage critical situations, such as a major loss of gold reserves. The role of lender of last resort was played by the Bank of France and the Reichsbank.

In the Gold Exchange Standard, given the worldwide scarcity of gold, cooperation between the central banks of the advanced countries was decisive in containing the demand for the precious metal and avoiding fluctuations in its price that would have destabilised the system.
On the main implications of Resolution 3 of the Genoa Conference, Hawtrey wrote in 1927:

"The scheme [of rebuilding the monetary system] aims at the co-operation of the Central Bank of Issue of the principal countries in the regulation of credit with a view to preventing undue fluctuations in the purchasing power of gold"[33].

In essence, the value of gold was not to be an exogenous variable on which each individual currency was based, but rather was to be an endogenous variable based on the value of each national currency.

For Norman, independence of central banks from politics was a prerequisite for them to be able to cooperate. In a letter to Havenstein in which he called for greater independence for the Reichsbank from politics, he said:

"In my opinion a Central Bank which is so much dominated by its own government as to have no independence or initiation and even no right to protest is not in a fair position and therefore cannot play its part either within its own country or, even more, alongside other Central Banks. That is for instance the present position of the Bank of France, and we all lose by it"[34].

Independent central banks could have given rise to the Club of Central Banks, as Norman[35] called it, aimed at promoting the reconstruction of Europe, regardless of the 'irrational' choices of governments.

[33] Hawtrey (1927; p. 93).
[34] Norman to Havenstein, 5 December 1921, copy 1116.2 (3), Strong Papers.
[35] Einzig (1932; p. 85).

The aim of Norman and the British authorities was not only to facilitate the economic reconstruction of Europe, but also to restore London's role as the main international financial market, to help rebuild Germany and Austria so that British exports could be restored to pre-war levels and to limit the political influence of France.
These objectives were well known to the Governor of the Bank of France, Moreau, who writes in his memoirs:

"... Norman is above all profoundly English, and this does him credit. He is an imperialist, hoping for world domination for his country, which he loves passionately. All his monetary manoeuvres are aimed at making the pound sterling the universal medium of exchange" [36]

and elsewhere calls Norman's idea of creating a network of independent central banks, which would not be influenced by governments and could set the conditions for financial diplomacy, are described as 'utopian' and at the same time somewhat 'Machiavellian'[37].

The enthusiasm with which Norman and the British insisted on the autonomy of central banks from governments was only partly shared by Strong. In particular, the president of the Federal Reserve Bank of New York was concerned that the United States would be asked by the Allies to renounce its war credits and implement an inflationary monetary policy in order to encourage a significant appreciation of the US dollar. Strong knew, having had experience during the war, that a central bank's autonomy from government and parliament was limited. In a letter to Norman in February 1922 he stated:

"We cannot allow ourselves, in practice and politically, to go down a road that ignores administrative politics, and putting ourselves in constant conflict with it and putting ourselves in a position of impotence against the Congress which could change, in a deep and vital way, the principle on which the Federal Reserve System rests" [38].

Conscious of this, he never took any initiative that was not shared by the Treasury and the US State Department[39].

[36] Translation of the Author. See Moreau (1986; pp. 54-55).
[37] Moreau (1986; p. 136).
[38] Quoted in Clarke (1967; p.40).
[39] Chandler (1958).

Strong saw the gold exchange standard as simply a transitional phase aimed at a long term return to the classical gold standard. With this in mind, he saw central bank cooperation as a practical tool to resolve occasional critical situations that would arise from time to time, rather than a form of international 'club'.

Strong's position is well described by Arthur Salter, who was at the time the head of the League of Nations Economics Office, when he wrote:

"Governor Strong has stated that he has always been opposed, for various reasons, to any type of official conference or meeting among the central banks of the world, as was outlined in Genoa ... He is not at all convinced that in a full reunion or an organisation created by the central banks, the policies of each institute will not be dictated by their respective governments rather than only by strictly monetary concerns"[40].

Despite these differing views, both Norman and Strong encouraged a high level of cooperation between central banks for much of the 1920s[41].
This cooperation proved particularly effective in the stabilisation processes that took place in the first half of the decade[42]. The case of Germany is a prime example as it was made possible only by France's acceptance of the Dawes Plan and American loans to Germany. However, the cooperation between central banks seemed definitively over with the death of Strong in 1928.

"... The experience of the cooperation among central banks starting from the second half of 1928 must be considered a failure"[43].

In that year, the Bank of France converted a large part of its sterling reserves into gold[44], forcing the Bank of England to adopt restrictive monetary measures with negative repercussions on production and employment.

This action by the French central bank is emblematic of what Eichengreen (1992a) called
"an international struggle for gold",

but it is also symptomatic of underlying foreign policy conflicts.

[40] Quoted in Clarke (1967; p. 40).
[41] See Clarke (1967) and Borio and Toniolo (2006).
[42] See James (1996).
[43] Clarke (1967).
[44] See Kirshner (1995).

It must be remembered that the First World War had left Europe with a highly unstable multipolar equilibrium. Indeed, the Treaty of Versailles had pursued largely irreconcilable goals. On the one hand, it aimed to prevent widespread economic and social disruption in Germany, which might lead to a Bolshevik coup d'état.

But on the other, it also sought to weaken Germany in order to prevent potential future aggression.
While the first objective was particularly close to Lloyd George's heart, the second was equally close to France's, in fact, France had emerged from the First World War victorious but significantly weakened.

In the context of the serious instability in the balance of power that arose after the Treaty of Versailles, the Great Powers sought to protect their independence through the expansion of their reserves. Between 1925 and 1930, the share of reserves held by the Great Powers grew from 69.3 per cent to 84.8 per cent (Table 2) with the percentage held by France and the United States rising from 52.3 to 67.3 per cent. As contemporary scholars pointed out (Del Vecchio, 1933; pp. 396), currency reserves were accumulated between the wars to achieve not only economic but also military and political objectives.

TABLE 2 - *Currency Reserves of Major Countries (in Millions of Dollars)*

Countries	1925	1930
France	724	3.126
Germany	531	710
Italy	285	507
United Kingdom	695	715
United States	3.985	4.225
Total reserves of major countries	6.220	9.283
Total world reserves	8.997	10.944
Percentage share of reserves of major countries	69.3	84.8

Source: Nurkse (1944).

High levels of reserves, on the one hand, made it possible to reduce the likelihood of needing foreign borrowing without depending on other countries to preserve the convertibility of one's currency and, on the other hand, allowed policymakers to pursue their own domestic objectives without foreign constraints.
The structure of the reserves was also an aspect that countries had to consider to safeguard their international security.

The country with a key currency depended to some extent on the countries that had chosen to hold reserves in its currency since a potential demand for gold convertibility of these reserves could lead to exchange rate tensions. The degree of dependence was obviously related to the amount of gold reserves that the country held, in fact it was high for the United Kingdom whose gold reserves were relatively modest.

No wonder, then, that France was believed it could influence UK foreign policy by exerting pressure on the pound through its ample reserves. In its strategy to attract allies against Germany, France was keen to create allies in central Europe, such as Poland, Yugoslavia, Romania, and Czechoslovakia so when, in May 1927, tried to draw Poland under its influence through the League of Nations Financial Committee, the Bank of France demanded the conversion of a considerable amount of sterling into gold, thus creating tension over the British currency[45]. In his Memoirs, the Governor of the Bank of France, Moreau, wrote on 6 February 1928:

"I say to the President that England, the first European country to regain a stable currency after the war, has taken advantage of this advantage to lay the foundations of a true financial dominance in Europe. The Geneva Finance Committee was the instrument of this policy. England has thus completely or partially settled in Austria, Hungary, Belgium, Norway and Italy. It is about to settle in Greece and Portugal. It is trying to gain a foothold in Yugoslavia and underneath it is fighting us in Romania..."[46] .

Given this situation, in Moreau's opinion, a strong reaction was needed, relying on the United States and supporting the countries in trouble before they resorted to the Geneva Financial Committee.

[45] See Kirshner (1995).
[46] Translation of the Author. See Moreau (1986; p. 460).

"We now have powerful means to put pressure on the Bank of England. Would it not be better for us to have serious talks with Norman, to try to divide Europe into two zones of financial influence to be assigned to France and England respectively?"[47].

With this in mind, Moreau travelled to London on 21 February 1928 to offer Norman peace or war. He did not meet the British governor, but reached an agreement with officials delegated by the latter in which the two Central Banks were accorded equal status and a guarantee was given that the Bank of England would not intervene in the negotiations concerning the stabilisation of Romania. The terms of this agreement were rejected by Norman: on hearing of this the Bank of France made a request to convert a large amount of sterling into gold. Between the end of January and the end of March the flow of gold from Britain to France amounted to over $90 million, it had been just over $4 million for the whole of the previous year. In the following months, the UK and France reached a compromise. The above highlights the strong rivalry between the Bank of England and the Bank of France. The former's aim was to consolidate and expand the City's financial dominance in Europe, while the latter's was to use its financial leverage to create new political alliances to protect its international security[48].

In the presence of such contrasting objectives for these two central banks, the margins for cooperation were very narrow indeed: therefore one of the prerequisites for the functioning of the Gold Exchange Standard repeatedly referred to by Hawtrey, namely cooperation between central banks, had from 1928 onwards disappeared. From the perspective just outlined, it is also difficult to interpret the accumulation of foreign exchange and gold reserves by the Bank of France as 'irrational' rather it appears as an attempt to use financial statecraft as a means to induce the UK to adopt a less hostile policy towards France.

The behaviour of France and its Central Bank, which was strictly aligned to the government, can therefore be explained by the international equilibrium that was created after the First World War and the Treaty of Versailles; as Kissinger (1995; p. 523) writes:

"Paradoxically, despite its punitive provisions the Treaty of Versaille magnified both France's vulnerability and Germany's strategic advantage. Before the war, Germany had faced strong neighbors in both the East and the West. It could not expand in either direction without encountering a major state - France, the

[47] Translation of the Author. See Moreau (1986; p. 461).

[48] The different views between countries emerge also from the contributions to the Reconstruction Supplements of the Manchester Guardian supervised by Keynes and published by the newspaper during the Genoa Conference. See Keynes (2013 [1922]).

Austria-Hungarian Empire, or Russia. But after the Treaty of Versailles, there was no longer a counter weight to Germany to the East. With France weakened, the Austria-Hungarian Empire dissolved, and Russia out of the picture for some time, there was simply no way to reconstruct the old balance of power, especially since the Anglo-Saxon powers refused to guarantee what the Treaty of Versailles stipulated".

To these considerations Kissinger adds a critical assessment of British foreign policy, stating that this country

"… feared Germany less than France, whose conduct it mistakenly attributed to arrogance rather than panic"[49].

The failure of cooperation between the Central Banks of the advanced countries in the final phase of the 1920s confirms Waltz's (1987) view of the possibility of achieving international cooperation in a multipolar context. It is no coincidence that in his 'Theory of International Relations' he writes:

"The condition of insecurity - at the very least, the uncertainty of each about the other's future intentions and actions - works against their cooperation … A state worries about a division of possible gains that may favour others more than itself".

The '*international struggle for gold*' became particularly intense after Great Britain's exit from the gold exchange standard in 1931, as the need to safeguard their economic and political security led most countries to drastically reduce their foreign exchange reserves in favour of gold (Table 2).

5. Supply and demand for institutional innovation in the inter-war period

After the First World War, the idea of a return to the Gold Standard, put forward as early as 1918 by the Cunliffe Report, was widely shared in political circles and amongst central bankers of the time, notably Norman and Strong. Temin (1989) believes that this position can be traced back to an ideological stance, i.e. cultural prejudices, that prevented the idea of an international monetary system in which gold was gradually 'demonetised'. Implicitly endorsing Temin's view, Giannini (2004; p. 241) asks why even an enlightened central banker like Strong failed to envisage an alternative to the Gold Standard. In reality, the interwar period lacked the conditions to establish

[49] Kissinger (1995; p. 546).

an international monetary system based on a currency with high supply elasticity, i.e. on a fiat or quasi-flat currency[50].

While it is true that there was (both domestically and internationally) demand for profound monetary innovation, in particular, for an international currency with greater elasticity of supply than the commodity currency such as a fiat or quasi-flat currency, however the conditions to build and maintain confidence in the value of such a currency (which has a lower intrinsic value than its face value) were lacking.

The production of this confidence entails costs of various kinds for the country issuing the international fiat currency, including constraints on the management of its monetary policy[51]. A country would find it worth bearing such costs only if it benefits from the issuance of the international currency, e.g. if it can enjoy the income from the exploitation of seigniorage rights[52].

Exploitation of seigniorage, however, implies substantial 'relative gains' for the issuing country. It is clear that other countries would be willing to accept this 'profit' only when they attach little weight to the 'relative gain' obtained by the issuing country, i.e. when there are particular conditions of the balance of power in the international arena.

In the presence of a multipolar equilibrium, the weight given by states to relative gains tends to be high: in the present case, such gains could allow the issuing country to increase its political-military power thereby altering the existing equilibrium. If, on the other hand, there is a leading country, i.e. a country whose political-military power is vastly superior to that of the others, the equilibrium will not be significantly affected by such relative gains and, hence, countries are likely to attach comparatively little weight to the relative gains accruing to the leader as a result if its issuing an international fiat currency.

The distinction just outlined helps us to understand why at Bretton Woods it was possible to build an international monetary system based on a quasi-fiat currency, the dollar, and, equally, why this was not possible in the interwar period, where a multipolar equilibrium prevailed and the United States did not yet have the supremacy it acquired after the Second World War.

[50] By this is meant a currency pegged to a commodity, but whose cover ratio is not predetermined.
[51] See Pittaluga and Seghezza (2021).
[52] One of the limitations of the economic stability hypothesis proposed by Kindleberger (1973) is that it is not clear in it what benefits the US would gain from exercising the hegemonic function.

In the interwar period an international monetary order could only be restored by resorting to something like the old Gold Standard, though even at the time there was the realisation among many that a return to the classical Gold Standard was not possible in any case.
In this context, it is clear that there was no lack of attempts to create an institutional framework that would allow the creation of an alternative international monetary system that would be more flexible than the classical Gold Standard.

First, during the 1920s, an attempt was made to bring monetary cooperation back into an institutional framework. The Genoa Conference had concluded with Resolution No. 9 stating that the smooth functioning of the new international monetary system could not be achieved without close cooperation between central banks and the Bretton Woods Agreements showed that such cooperation can exist where there is a leading country that promotes it.
The 1920s also saw the emergence of the conviction that an orderly international monetary system could not be achieved without the creation of international institutions with supranational powers, and the Finance Committee of the League of Nations is a clear example of such an institution.

The Resolutions of the Genoa Conference were the basis for that Committee's actions in the monetary and currency crises of the 1920s, in fact the stabilisation plans of five European countries (Austria, Hungary, Greece, Bulgaria and Danzig) were supported by funds from the Finance Committee of the League[53] and in return for this support, the Committee imposed strict conditions, especially in fiscal matters[54].

In order to monitor that the countries complied with the conditions imposed on them, the League resorted to various instruments, including having the right to nominate a member of the board of the central bank and the appointment of a Commissioner tasked with checking whether the agreed conditions had been complied with.

The role played by the League of Nations in the management of various crises in the 1920s foreshadows what, on a larger scale, was the role of the International Monetary Fund in the post-World War II period[55].

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[53] Cf. Santaella (1993).
[54] See Eichengreen (1992a).
[55] See Jacobsson (1979) and Pauly (1996).

In the early 1930s, an attempt was also made to give an institutional framework to central bank cooperation, which until then had been based on personal relationships between central bankers. In fact, the Bank for International Settlements was founded in 1931, which was intended to provide a 'neutral' solution to the reparations issue and promote cooperation between banks to make the capital market less volatile[56].
The above examples lead to the conclusion that between the two wars, institutional mechanisms were devised that although unsuccessful at the time, were taken up with more success after the Second World War by the Bretton Woods system and its developments.

6. Conclusions

At the Genoa Conference, the characteristics of the post-war international monetary order or Gold Exchange Standard were defined.

While the Classical Gold Standard was based on a commodity-currency, gold, against which the parity of national currencies were fixed, and on quasi-automatic adjustment mechanisms, the Gold Exchange Standard was a pyramid system: at the top were the key currencies (first and foremost sterling and the dollar) that were convertible into gold, while at the lower level were the other currencies that were convertible either into the key currencies or gold. This dual convertibility mechanism made it possible to increase the world's money supply and increase its elasticity of supply with respect to output. It, however, made the Gold Exchange Standard less credible than the Classical Gold Standard, as the link between the amount of money in circulation and gold reserves was inevitably loosened.

Because of this, the 'brand' of currencies varied within the system. In an environment of free international capital mobility, investors tended to hold assets in higher rated currencies: the asymmetric distribution of gold tended to increase instead of decrease.

Two other factors contributed to this process. The discretion with which governments chose the gold parity of their currencies meant that initially at least they had persistently appreciated or depreciated exchange rates in real terms. This favoured the emergence of current account

[56] *"To attract short term capital to long term markets is another task which can only be accomplished by identifying the policies of the central banks, by coordinating the movements of their discount rates, by increasing the control of each on its own markets"*, in Conversation between P. Quesnay and Norman, 24 April 1930.

imbalances which then became persistent as the central banks of countries with trade surpluses, primarily France and the United States, tended to sterilise capital inflows, preventing the price-species flow mechanism from operating so that the imbalances would be reabsorbed.

In essence, the Gold Exchange Standard could only function if there was a good level of cooperation between central banks, this cooperation remained high until 1927 but thereafter it gradually diminished.
Both in the past and in more recent studies, it has been argued that the collapse of the Gold Exchange Standard was caused by the uncooperative behaviour of the Banque de France and the Federal Reserve from 1928 onwards.

However, considering the situation in the 1920s one is led to conclude that it would have been very difficult for central banks to cooperate to safeguard the Gold Exchange Standard. In fact the social and political transformations that occurred after World War I, such as the spread of universal suffrage, led governments to pay increasing attention to domestic objectives rather than exchange rate stability. Furthermore, governments and central banks in advanced countries were also influenced by the multipolar nature of the international equilibrium that emerged after World War I and the Treaty of Versailles.

In such a critically balanced environment, cooperation is clearly problematic since each country places great weight on the relative gains from cooperation for fear that another country might benefit more and eventually become a threat to its security. This was ultimately the situation in the 1920s.
The collapse of the Gold Exchange Standard in 1931 was in no small part due to the disputes and conflicts, not only between France and Germany, but also and perhaps more importantly between France and England, that arose after the Treaty of Versailles.

Despite its short duration from 1925 to 1931, the Gold Exchange Standard was an important step in the long process that would lead to the use of fiat currency not only within states, but also in international trade.

Indeed, while it is true that the Genoa Conference, and more generally the international community during the inter-war period, failed to establish a lasting international monetary system, it is also true that institutions developed in the 1920s were the prerequisites of cooperation between different countries. These institutions include central banks. Resolution No. 2 of the Genoa Conference recommended that where central banks did not exist, they should be established and, in the interwar period, several new central banks were established around the world, many of them in Latin America. Through these institutions the various states assumed full control over money, the quantity of which was no longer determined exogenously.

At the Genoa Conference, Resolution No. 7 defined the principles that guaranteed a country's financial and monetary stability and, in fact, the Finance Committee of the League of Nations adhered to these principles when assisting the stabilisation processes of countries suffering from extreme inflation. In exercising its role, this Committee foreshadowed in many respects the ways in which post-World War II the International Monetary Fund would intervene to support countries affected by currency and financial crises.

The same two-tier structure of the international monetary system, defined at the Genoa Conference and initially realised with the Gold Exchange Standard, formed the basis of the monetary system that emerged from the Bretton Woods Accords.

In view of this, it does not seem incorrect to state that, despite the 'failure' of the Gold Exchange Standard, a number of institutional innovations emerged in the inter-war period (in part under the aegis of the Genoa Conference), which can be found in the international monetary system that emerged after the Second World War.

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