

# The Catastrophe of the Present and that of the Future

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## ARTICLE

# The Catastrophe of the Present and That of the Future: Expectations for European States from the Great War to the Great Depression

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To understand the mindset that obstructed the paths out of the interwar crisis, we need to reconstruct widely held expectations for the future of states. To examine how such expectations changed, diverged and competed, this paper investigates the work of inquiry committees, ranging from British and German committees engaged in post-war economic planning to the League of Nation's Commission of Enquiry for European Union of the early 1930s. The paper concludes that the interwar crisis can only be understood if we put the Great War and the Great Depression into a common frame. The war changed expectations, but not as drastically as we would instinctively assume. The expectation of an order of expanding, integrating blocs was challenged by the emergence of new 'small states' but survived. It was shattered when efforts to overcome the economic slump failed, leading to a broader acceptance of territorial revisionism across Europe than hitherto assumed.

## Introduction

According to French historian François Hartog, the First World War brought about a crisis of historicity, a rupture in how people connected past, present and future. Enthusiasm for the future, for rapid progress, was discredited. At the same time, confidence in how far past experiences could be used to predict the future was shattered. European intellectuals of the interwar period felt they were lost between two eras: a past they could no longer learn from and a future that had no shape.<sup>1</sup> In his seminal study *The Culture of Time and Space*, Stephen Kern claimed that 'the war shut off direct access to the immediate future and opened an abyss between the present and the distant future for everyone', shattering the nineteenth century's innovation-driven 'vast, shared experience of simultaneity'.<sup>2</sup> As Stefan Zweig wrote towards the end of the interwar period: 'All the bridges between our today and our yesterday and our yesteryears have been burnt.'<sup>3</sup> Those who lived through and wrote about the war could not explain it in historical terms because it marked a break in history itself.<sup>4</sup> Even H. G. Wells, whose belief in the art of prophesying remained largely unshattered by the war, rather helplessly remarked in 1916 that 'the nightmare will fade out of mind, and the spirit of man, with revived energies, will set about the realities of life.'<sup>5</sup>

In this paper, I want to examine the nature of this crisis of historicity, how it unfolded and how it manifested itself in the work of national and international inquiry commissions, ranging from the First

<sup>1</sup> François Hartog, *Regimes of Historicity: Presentism and Experiences of Time* (New York, NY: Columbia University Press), 3–4, 108, 114.

<sup>2</sup> Stephen Kern, *The Culture of Time and Space, 1880–1918* (Cambridge, MA: Harvard University Press, 1983), 298, 314.

<sup>3</sup> Stefan Zweig, *The World of Yesterday* (London: Viking Press, 1943), xix.

<sup>4</sup> Paul Fussell, *The Great War and Modern Memory* (Oxford: Oxford University Press, 1975), 7–8, 311–15, 21.

<sup>5</sup> H. G. Wells, *What Is Coming? A Forecast of Things after the War* (London: Cassell and Company, 1916), 18.

World War to the Great Depression. The uncertainties brought about by the First World War resulted in increased efforts being put into foresight, as forums were established with the task of conjecturing future developments based on past experiences. Yet the evaporation of any expectations for likely futures eventually caused a crisis of the belief in the usefulness of lessons from the past.<sup>6</sup> The commission members at the centre of this study range from (middling) politicians, across economists and businessmen, to social activists, and thus belong to groups who tended to have an outsized influence on the shaping of new orders after historical crises.<sup>7</sup> Although we should not exaggerate these commissions' impact on policymaking, we can safely state that, given the broad scope of the assignments handed to them by the supreme state authorities and by the League of Nations – to prepare the German and British post-war economic systems, to save Austria from starvation and collapse, and to lead Europe out of economic depression and towards political unity – the commissions under investigation certainly deserve a central place in Europe's war-time and interwar history. The commissions have been selected because, while all focusing on the existential question of the survival of states in a changing European order, they shed light on different aspects of expectations for the future of states: the German and British war-time commissions provide us with insights into how mutual perceptions drove radical changes in expectations for the future; the League's commission for Austrian reconstruction showcases the pressures that broader societal post-war expectations brought to bear on the commission's work; and the League's Commission for Enquiry into European Union enhances our understanding of how expectations for Europe's future divided the continent along the fault line of territorial revision. Similar to economic forecasting, these commissions' assessments were highly performative, allowing these actors to produce shared expectations for the future and legitimisation for decisions made in times of crisis.<sup>8</sup> While recent scholarship has examined the intellectual genealogies of interwar expert committees, the focus here is on how far we can trace changing expectations for the future of European states across committees from the war to the early 1930s.<sup>9</sup> Reconstructing not only how the committee members' expectations changed, but also how changing societal expectations influenced their work, promises new insights into the nature of the rupture that the First World War represented both for contemporaries and in historiography.

The First World War is commonly seen as the seminal event that concluded the order of the nineteenth century.<sup>10</sup> It provided the turning point for the interwar period – a transitional period consisting of two volatile decades of recalcitrant peace, under constant threat of unmitigated economic, political and social crisis.<sup>11</sup> However, in the context of the First World War's recent centenary, the enormous scholarly interest in its transformative impact on world history has challenged this

<sup>6</sup> Bertrand de Jouvenel, *The Art of Conjecture* (London: Basic Books, 1967), 10. For a further development of De Jouvenel's ideas, see Barbara Adam and Chris Groves, *Future Matters: Action, Knowledge, Ethics* (Leiden: Brill, 2007).

<sup>7</sup> Dan Gorman, 'Cooperation, Conflict, and International Order', in Seth Center and Emma Bates, eds., *After Disruption: Historical Perspectives on the Future of International Order* (Washington, DC: Center for Strategic and International Studies, 2020), 24–31, here 29.

<sup>8</sup> Jens Beckert, *Imagined Futures: Fictional Expectations and Capitalist Dynamics* (Cambridge, MA: Harvard University Press, 2016), 217.

<sup>9</sup> Daniel Laqua, 'Transnational Intellectual Cooperation, the League of Nations, and the Problem of Order', *Journal of Global History*, 6 (2011), 223–47; Katrin Steffen, 'Experts and the Modernization of the Nation: The Arena of Public Health in Poland in the First Half of the Twentieth Century', *Jahrbücher für Geschichte Osteuropas*, 61, 4 (2013), 574–90; Tomás Irish, 'Scholarly Identities in War and Peace: The Paris Peace Conference and the Mobilization of Intellect', *Journal of Global History*, 11, 3 (2016), 365–86; Katharina Rietzler, 'U.S. Foreign Policy Think Tanks and Women's Intellectual Labor, 1920–1950', *Diplomatic History* 46, 3 (2022), 1–27 (<http://sro.sussex.ac.uk/id/eprint/103154/>).

<sup>10</sup> Most famously elaborated by Eric Hobsbawm, *The Age of Empire: 1875–1914* (London: Weidenfeld & Nicolson, 1987). Recent examples include: Christopher Bayly, *The Birth of the Modern World: Global Connections and Comparisons* (Malden, MA: Blackwell Publishing, 2004); Trevor R. Getz, *The Long Nineteenth Century, 1750–1914: Crucible of Modernity* (London: Bloomsbury, 2018).

<sup>11</sup> The critical nature of the interwar period was most famously emphasised by Edward Hallett Carr, *The Twenty Years' Crisis* (London: Macmillan, 1946). Recent examples include: Richard Overly, *The Inter-War Crisis 1919–1939* (Harlow: Longman, 1994) and Robert Boyce, *The Great Interwar Crisis and the Collapse of Globalization* (Basingstoke: Palgrave Macmillan, 2009).

consensus, culminating in a series of studies that retrace the roots of the interwar order directly to the momentous disruptions the war caused not only at the war and home fronts, but in every sphere of politics, economy and society. Adam Tooze has argued that the interwar period's international order was not forged during the 1919 peace conference in Paris, but during the war itself.<sup>12</sup> Others contend that the interwar period merely represented a (relative) military hiatus within a European 'civil war', within the continent's 'era of self-destruction', within its 'crisis of civilisation', during which political regression, ideological radicalisation and social division prepared the ground for genocide and total war.<sup>13</sup>

Cultural historians were the first to stress the First World War's impact on temporality and the nature of this temporality as a genuine historical force. Summing up the resulting paradigm shift, John Horne claims that these historians 'expanded its time frames by writing about the post-war legacy of the conflict (the past in the past) and about how the war was imagined before it occurred (the future in the past), which in principle takes them into the territory of a broader causal history . . .'<sup>14</sup> In this paper, I argue that, if we want to understand the mindset that obstructed the paths out of the interwar crisis, we need to reconstruct people's expectations of the future and how these changed as a consequence of the First World War. Such expectations were at the root of war-time enthusiasm over statist economies, of negative views towards the 'viability' of interwar states and of the broad acceptance of territorial revisionism in the 1930s. We need to bear in mind that those who shaped the era of the First World War and the interwar period were largely socialised and politicised in the late nineteenth and early twentieth centuries. Although they did not necessarily perceive this era as a period of stability as they lived through it (quite the opposite), they would later construct it as a golden age of peace, liberalism and connectedness. Richard Overy states that, during the interwar 'morbid age', 'even critics of European imperialism and class divisions could be seduced into believing that there was more promise in the pre-war world than in the new.'<sup>15</sup> We can safely assume that this romanticisation, a product of the nightmares of the First World War, had a fundamental impact on how these actors viewed the new uncertain world that unfolded itself as the war concluded. The experience of collapsing reference points displaced, or radically altered, their expectations of the future.<sup>16</sup>

The creation of the interwar international order is still largely attributed to geopolitical considerations (containment of Germany) and Wilsonian idealism (self-determination of previously oppressed nations).<sup>17</sup> However, I contend that not only peace-making, but also the stabilisation and destabilisation of Europe's interwar system largely rested on expectations of the future prospects of states. Purportedly, these expectations were based on objective assessments, yet they were fundamentally subjected to historicity: how people viewed the prospects of a state depended on the links they made

<sup>12</sup> Adam Tooze, *The Deluge: The Great War and the Remaking of the Global Order* (London: Allen Lane, 2014); Robert Gerwarth, *The Vanquished: Why the First World War Failed to End, 1917–1923* (London: Penguin, 2016); see also David Reynolds, *The Long Shadow: The Great War and the Twentieth Century* (New York, NY: Simon & Schuster, 2013).

<sup>13</sup> Ian Kershaw, *To Hell and Back: Europe 1914–1949* (London: Penguin, 2015); Enzo Traverso, *Fire and Blood: The European Civil War, 1914–1945* (London: Verso Books, 2016); On the notion of the 'crisis of civilization', see Jan Iversen, 'The Crisis of European Civilization after 1918', in Menno Spiering and Michael Wintle, eds., *Ideas of Europe since 1914: The Legacy of the First World War* (London: Palgrave Macmillan, 2002), 14–31; Richard Overy, *The Morbid Age: Britain between the Wars* (London: Allen Lane, 2009); Paul Betts, *Ruin and Renewal: Civilizing Europe after World War II* (New York: Basic Books, 2020).

<sup>14</sup> John Horne, 'End of a Paradigm? The Cultural History of the Great War', *Past & Present*, 242 (2019), 155–92, here 170–1.

<sup>15</sup> Overy, *Morbid Age*: 17.

<sup>16</sup> For approaches to assessing these changes, see the burgeoning literature on the 'ontological security' of societies and states, e.g. Anthony Giddens, *Modernity and Self-Identity: Self and Society in the Late Modern Age* (Cambridge: Polity, 1991); Catarina Kinnvall, 'Globalization and Religious Nationalism: Self, Identity, and the Search for Ontological Security', *Political Psychology*, 25, 5 (2004), 741–67; Ayşe Zarakol, 'States and Ontological Security: A Historical Rethinking', *Cooperation and Conflict*, 51, 1 (2017), 48–68.

<sup>17</sup> Erez Manela, *The Wilsonian Moment: Self Determination and the International Origins of Anticolonial Nationalism* (Oxford: Oxford University Press, 2007); Christoph Cornelisse and Arndt Weinrich, eds., *Writing the Great War: The Historiography of World War I from 1918 to the Present* (New York, NY: Berghahn, 2020).

between the state's past, present and future. Despite often having political agendas, the interpretations of state development carried out by the historical actors under examination here rarely accorded with traditional positions on the political spectrum. Rather, they interpreted these states' histories as evolutionary or revolutionary, as integrating or fragmenting, as natural or artificial, or, in other words, as being in process. Not least, this perspective helps challenge the traditional view that support for territorial revisionism – i.e. for the re-integration of those states that had emerged from the collapsed empires into their larger neighbours – originated from the political (extreme) right and the defeated states only.

But how can we approach such expectations for the future development of states? Methodologically, I am drawing from the toolset provided in Rebecca Bryant and Daniel M. Knight's *The Anthropology of the Future*,<sup>18</sup> which emphasises the crucial distinction between *expectation* and *anticipation* when studying how views on the future change during times of war and conflict. Bryant and Knight argue that expectations rely fundamentally on knowledge and certainty gained from the past and point towards a future that is 'open, unreachable, but visible'. Anticipation, on the other hand, tends to break with the past, drawing 'present and future into the same activity timespace'. A product of moments of sudden rupture, radical change and profound uncertainty, anticipation no longer regards the present as a step towards the future, but as a liminal moment, a transitory temporal anomaly that has to be overcome through action oriented toward the future. If historical actors imagined the future as the next step on a historical trajectory begun in the past, expectations thus pointed ahead on this very trajectory, while anticipations deviated from, bent and thus re-configured this trajectory. Accordingly, I will investigate the work of inquiry commissions to reconstruct how expectations were shattered, how moments of profound crisis caused new anticipations to emerge and replace these unfulfilled expectations, and how this dynamic process produced competing and diverging imagined trajectories towards uncertain futures. For instance, the anticipation of interwar Austria's state failure was difficult to refute because the collapse of the Habsburg Empire had so fundamentally contradicted widely held expectations of ever further integrating Great Powers. Reconstructing how anticipations consolidate themselves to replace shattered expectations thus challenges the 'boundedness' of war by highlighting how the war lastingly changed interpretative frames to the point where these frames made it impossible to solve the crucial challenges of the interwar period.<sup>19</sup>

Expectations for the future of statehood have been largely absent from the historiography of the First World War. We know that British business elites were highly sceptical of Britain's elusive and ever-changing war aims, of the red tape of the war economy and of the naval blockade, but we are less aware of their expectations of the post-war order.<sup>20</sup> Scholars have emphasised the expectations German soldiers and politicians had about the future of the occupied regions of Eastern Europe, which have shed light on continuities between the First and Second World War.<sup>21</sup> Yet it is Fritz Fischer's classic *Griff nach der Weltmacht*<sup>22</sup> that made the most of the role that expectations of national ascension played for German politics in the run-up to and during the war. Fischer attributed the path to war to an expectation within society that 'the unmitigated rise would continue in an

<sup>18</sup> Rebecca Bryant and Daniel M. Knight, *The Anthropology of the Future* (Cambridge: Cambridge University Press, 2019), 22, 36, 50, 58.

<sup>19</sup> Mary L. Dudziak, *War Time: An Idea, Its History, Its Consequences* (Oxford: Oxford University Press, 2012); 'Introduction', in Louis Halewood, Adam Luptak and Hanna Smyth, eds., *War Time: First World War Perspectives on Temporality* (London: Routledge, 2019), 1–12.

<sup>20</sup> John McDermott, "'A Needless Sacrifice': British Businessmen and Business as Usual in the First World War", *Albion: A Quarterly Journal Concerned with British Studies*, 21, 2 (1989), 262–82; W. R. Garside, 'Party Politics, Political Economy and British Protectionism, 1919–1932', *History*, 83, 269 (1998), 47–65, here 49; Brock Millman, 'A Counsel of Despair: British Strategy and War Aims, 1917–18', *Journal of Contemporary History*, 36, 2 (2001), 241–70.

<sup>21</sup> Vejas Gabriel Liulevicius, *War Land on the Eastern Front: Culture, National Identity, and German Occupation in World War I* (Cambridge: Cambridge University Press, 2000); Annemarie Sammartino, *The Impossible Border: Germany and the East, 1914–1922* (Ithaca, NY: Cornell University Press, 2014).

<sup>22</sup> Fritz Fischer, *Griff nach der Weltmacht: Die Kriegszielpolitik des kaiserlichen Deutschland 1914/18* (Düsseldorf: Droste, 1961), Introduction.

expansion that was imagined as almost moving according to an economic law'. Fischer also identified two diverging expectations guided by a 'sense of entitlement driven by economic development', on the one hand, and by political failures to advance Germany's position in the international system on the other, yet we know neither how this divergence occurred nor how these expectations were transformed as Germany's war effort failed.

This paper's first section is dedicated to the question of how the course of the war – and especially the dynamics and perceptions of changing war aims across the belligerents' divide – changed expectations for a future economic order. As a case study, I use British and German war-time committees tasked with the planning of the post-war economy: the British Committee on Commercial and Industrial Policy and the German Imperial Commissariat for the Transition Economy (*Reichskommissariat für die Übergangswirtschaft*). In the second section, I will examine how expectations for the future of states facilitated or hindered the development of states and their integration into the interwar system. The case study of the work of the League of Nations Financial Committee in assessing the future of the interwar Austrian state in the 1920s bears heavily on how people of the interwar period viewed the future prospects of the newly emerged 'small states' in Central and Eastern Europe. Finally, I look at the work of the Commission of Enquiry for European Union, established in 1930, whose work was shaped by the sudden onset of the Great Depression.

### The Paris Economy Pact and *Mitteleuropa*

Before the war, politicians, scientists and intellectuals shared the conviction that the nineteenth century had initiated a historical trajectory that would lead from past fragmentation across a present characterised by the expansion of empires and the integration of nation-states (such as Germany and Italy) towards a future of competing and ever larger political and economic blocs.<sup>23</sup> While these expectations fundamentally structured debates over war aims, they are even more evident in war-time plans drawn up (and frequently changed) to prepare the belligerent states for a post-war 'transition economy'. These economic systems were framed within an imagined post-war order that was radically different from that of the pre-1914 era, but also from the interwar order as it would eventually materialise. These projections of economic development were so singular because pre-war expectations rapidly gave way to escalating anticipations of an unprecedented degree of state control over the economy, which would – in a mitigated form – later characterise the interwar period. I will reconstruct the production of these anticipations using the example of British and German economic planning. On both sides, expectations of the outcome of the First World War were firmly based on visions produced by the early twentieth-century geopolitical mainstream: first, that sovereign states were shrinking in number but increasing in size and, second, that these ever-larger blocs would be interlocked in an almost eternal, existential economic conflict.<sup>24</sup> Such expectations are reflected in the well-known German debates around an economic bloc and customs union in *Mitteleuropa* ('Central Europe', occasionally enlarged to include part of Africa) and in the less well-known policies stipulated by the Paris Economy Pact of 1916.<sup>25</sup> Yet the rapid re-configuration of these expectations during the war was not a direct

<sup>23</sup> Charles Maier, *Once Within Borders: Territories of Power, Wealth, and Belonging since 1500* (Cambridge, MA: Harvard University Press, 2016); Patricia Chiantera-Stutte, 'Space, *Großraum* and *Mitteleuropa* in Some Debates of the Early Twentieth Century', *European Journal of Social Theory*, 11, 2 (2008), 185–201; Sven Beckert, 'American Danger: United States Empire, Eurafrika, and the Territorialization of Industrial Capitalism, 1870–1950', *The American Historical Review*, 122, 4 (2017), 1137–70.

<sup>24</sup> Gearóid O'Tuathail, *Critical Geopolitics: The Politics of Writing Global Space* (Minneapolis: University of Minnesota Press, 1996); Gerry Kearns, 'Geography, Geopolitics and Empire', *Transactions of the Institute of British Geographers*, 35, 2 (2010) 187–203; Lucian M. Ashworth, 'Realism and the Spirit of 1919: Halford Mackinder, Geopolitics and the Reality of the League of Nations', *European Journal of International Relations*, 17, 2 (2010), 279–301.

<sup>25</sup> For surveys of the development of *Mitteleuropa* plans, see Bo Stråth, 'Mitteleuropa from List to Naumann', *European Journal of Social Theory*, 11, 2 (2008), 171–82; Jürgen Elvert, *Mitteleuropa! Deutsche Pläne zur Europäischen Neuordnung (1918–1945)* (Stuttgart: Franz Steiner Verlag, 1999). No comprehensive appraisal exists that does justice to the sweeping character of the Paris Economy Pact but, for an insightful contextualisation of the pact's significance

result of changing war aims – rather it was prompted by the anticipation that the enemy's war aims had radically changed.

There is a clear indication that policies aimed at the formation of protectionist blocs were based on erroneous anticipations that the enemy was one step ahead in pursuing the same policy, i.e. that it was further along on the same imagined trajectory. The Paris Economy Pact of June 1916, in which the Entente agreed to create and sustain a protectionist economic bloc that would obstruct the Central Powers' access to international markets after the end of the military conflict, was the Entente's direct response to what they thought were very real German *Mitteuropa* plans. The pact, which has been almost entirely overlooked by historians, marked the beginning of an inter-allied cooperation at the economic, scientific and technocratic level that would provide a model for the post-1945 project of European integration.<sup>26</sup> In Britain, the Paris Economy Pact led to the creation of the British Committee on Commercial and Industrial Policy under Lord Balfour of Burleigh, governor of the Bank of Scotland. This directly provoked the establishment of the German Imperial Commissariat for the Transition Economy (*Reichskommissariat für die Übergangswirtschaft*) under Deutsche Bank director Karl Helfferich only three months later. This German committee based its plans for long-term economic warfare on the anticipation that the Entente would rigorously implement the Paris Economy Pact.

Much of the planning on both sides, however, was based on mirages: German Chancellor von Bethmann-Hollweg's infamous 'September Programme' of 1914 had indeed stipulated the conclusion of an almost pan-European customs union under German leadership. Yet, by the time the Entente convened in Paris in 1916, this aim had already been scaled back significantly to include only parts of Central and Eastern Europe (primarily Germany and the Habsburg Empire, later to be supplemented by western parts of the Russian Empire). And even these plans were under constant fire of Germany's business elite, who believed they threatened their global markets. Apart from *Mitteuropa*'s creator, Friedrich Naumann, British intelligence attributed excessive significance to a social democrat called Edgar Jaffé, a proponent of a highly protectionist, hermetically closed and self-sufficient post-war German-African bloc, who was an outlier in German debates.<sup>27</sup>

Nine months after its conclusion, the Paris Economy Pact was already for all intents and purposes obsolete. The entry of the United States into the war in spring 1917 had shifted the fortunes of war so drastically that adhering to a policy of trade war and protectionism in the face of economically depleted central powers was expected to unnecessarily weaken the import-dependent British Empire. Now, the Committee on Commercial and Industrial Policy recommended working towards the reconstitution of a liberal order and maintaining the economic blockade only for a 'transitory period at the close of hostilities'.<sup>28</sup> Yet, by now, both the British and the German committee realised that the creation of an entirely novel kind of war economy on both sides had entrenched a broader anticipation of protracted economic war to such an extent that it became difficult to step back from it. In the process, both British and German practices of war economy repeatedly reshaped national laws and

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for the transformation of post-war trade norms, see Patricia Clavin and Madeleine Dungy, 'Trade, Law, and the Global Order of 1919', *Diplomatic History*, 44, 4 (2020), 554–79.

<sup>26</sup> Tooze, *Deluge*, 205.

<sup>27</sup> 'German post-war economic policy', Jan. 1917. The National Archives (=TNA), CAB 24/9/7: 35. Jaffé's views are most clearly phrased in: Edgar Jaffé, *Volkswirtschaft und Krieg*. Tübingen: Verlag von J. C. B. Mohr, 1915, cited in: W. D. Preyer, 'Wirtschaftliche Kriegsliteratur. II. Die Organisation des Wirtschaftslebens in Deutschland', *Jahrbücher für Nationalökonomie und Statistik*, 50, 4 (1915), 525–34, here 527. For one of several German critiques, see Eduard Rosenbaum, 'Review of Edgar Jaffé, *Volkswirtschaft und Krieg*. Tübingen: Verlag von J. C. B. Mohr, 1915', *Weltwirtschaftliches Archiv*, 5 (1915), 423–5, here 424.

<sup>28</sup> Committee on Commercial and Industrial Policy, 'Views of the Members of the Committee on the Draft Final Report, and Suggested Amendments Thereof', 1917. TNA, BT 55/13–41: 1–2, 119, 123; Commercial and Industrial Policy Committee, 'Memo on Post-War Commercial Policy', 12 Jul. 1917. TNA, BT 55/13–43: 2–7; Ministry of Munitions of War, 'Report on the Post-War Control and Allocation of Raw Materials by Section II. of Reconstruction Advisory Council', 5 Apr. 1918. TNA, MUN 5/113/600/13: unnumbered.

broke international law.<sup>29</sup> In late 1917, German observers interpreted newspaper reports and speeches by influential British politicians, such as that of Edward Carson, who demanded that the Entente should starve Germany of raw materials after the war, as evidence of the continued primacy of the Paris Economy Pact.<sup>30</sup> At the same time, the British Ministry of Munitions insisted that forecasts of Germany's systematic planning for economic war had been largely accurate.<sup>31</sup> As news of the enemy's economic policies were continuously misinterpreted, they served to consolidate anticipations of a permanent trade war into solid expectations.

Business representatives were very aware that the respective enemy modelled its economic projects on vague and often inaccurate perceptions of the other side's economic planning. With regards to Germany's post-war economic plans, the British committee conceded that 'it is impossible to say how far the opinions expressed represent what the Government really intends to do as distinguished from what it wishes the public to think that it intends to do'.<sup>32</sup> As the German position became weaker, German industry representatives urged the German Commission for the Transition Economy to avoid 'excessively foregrounding the economic war to the outside world and thus making it seem inevitable even to those among our enemies who do not want it yet'.<sup>33</sup> Exaggerated trade-war rhetoric was regarded as particularly harmful for the re-forging of trade links outside the warring blocs. British economists and entrepreneurs vehemently opposed the recommendations of the British Committee on Commercial and Industrial Policy to maintain an import ban after the war, warning that such a policy would 'be construed as an attempt to build a wall around the Allied Powers to the permanent injury of our trade with neutral nations'.<sup>34</sup> While British forecasters expected Germany to seize markets in neutral countries while the Allies were busy reconstructing post-war Belgium, Russia, Serbia and northern France, their German counterparts were convinced that the Allies could exploit Germany's isolation from the markets of the neutral states to tie these into an Allied customs union.<sup>35</sup>

British apprehension in the face of a protracted trade war was based on expectations produced by the experience of decades of German industrial and economic ascension. Germany had quadrupled its share in global industrial production from 1860 to 1913, overtaking Britain, whose share had shrunk by a third. Over the same period, Germany almost caught up with Britain in terms of world trade. As Christopher Clark has pointed out, Britons viewed the German economy as a threat because it 'hinted at the limits of British global dominance'.<sup>36</sup> According to British economists, two measures had provided Germany with a modernisation boost of such power that it would eventually eclipse Britain's national economy: national unification and, more specifically, economic integration in the form of a customs union (it is thus unsurprising that, in one of its more radical memoranda, the Committee on Commercial and Industrial Policy recommended breaking the German Empire up into its pre-1871 constituents and dissolving the customs union).<sup>37</sup> Economists and politicians across Europe viewed successful economies as increasingly integrated (meaning intrinsically tied to broader

<sup>29</sup> Isabel V. Hull, *A Scrap of Paper: Breaking and Making International Law during the Great War* (Ithaca, NY: Cornell University Press, 2014), 141–210.

<sup>30</sup> 'Bericht', 1918. Bundesarchiv (=BArch), R 3101/1854: 386–393.

<sup>31</sup> 'Notes on the Post Bellum Economic Structure of Germany. Part 2', 7 Dec. 1917. TNA, MUN 4/6472: unnumbered.

<sup>32</sup> 'German Post-war Economic Policy', Jan. 1917. TNA, CAB 24/9/7: 31–2, 36, 38.

<sup>33</sup> 'Abschrift I A 2755 2. Ang. Richtlinien für eine Erhebung zur Vorbereitung des Wirtschaftsfriedens', 1918. BArch, R 3101/1856: 20.

<sup>34</sup> Committee on Commercial and Industrial Policy, 'Interim Report on the Importation of Goods from the Present Enemy Countries after the War', 9 Nov. 1916; TNA, MUN 5/113/600/12: 14–16; 'The Treatment of Exports from the United Kingdom and British Overseas Possessions and the Conservation of the Resources of the Empire during the Transitional Period after the War', 14 Dec. 1917. TNA, MUN 5/113/600/12: 10.

<sup>35</sup> Board of Trade, 'Recommendations of the Economic Conference of the Allies at Paris, June 14, 15, 16 and 17', 1916. TNA, T 172/371: 1–8, here 6, 8; 'Wirtschaftskrieg und Uebergangswirtschaft', 26 Sep. 1916. BArch, R 3101/1854: 127–8.

<sup>36</sup> Christopher Clark, *The Sleepwalkers: How Europe Went to War in 1914* (New York, NY: HarperCollins, 2013), 201.

<sup>37</sup> Committee on Commercial and Industrial Policy, 'Memorandum on Control of Trade after the War', 20 Aug. 1916, TNA, BT 55/12–12: 1–3; Committee on Commercial and Industrial Policy, 'Notes for Chairman of Committee', 20 Apr. 1917.



networks of state, scientific and social institutions) and Germany seemed far ahead on this trajectory. Germany's industries worked closely with financial and scientific institutions, production was combined and consolidated, and foreign trade was both subjected to an expansionist foreign policy and supported through innovative training measures.<sup>38</sup>

Due to the prominence of Walter Rathenau's work of economic organisation and German resilience in the face of the naval blockade, scholars have tended to assume that Germany had indeed maintained a lead on this trajectory.<sup>39</sup> However, this narrative of a Germany pursuing economic planning and a British Empire seeking to protect liberalism lacks nuance. Even among extreme German nationalists, there was a real fear that the race towards a more state-controlled economy would put an end to the liberal order and impoverish all nations, including Germany. Karl Helfferich warned of his own Imperial Commissariat for the Transition Economy that it might spiral out of control: 'When we create such an organisation, it becomes a being of itself, as it were, and every being has the natural inclination to stay alive.'<sup>40</sup> Moreover, contemporary expectations did not see Germany as clearly ahead as historians later did. Nine months after the Paris Economy Pact, the Reconstruction Committee of Britain's Ministry of Munitions noted a marked change in public opinion: the British public, traditionally sceptical of interventionism, had become used to and began to support state control over British commerce and industries – an acceptance that had to be fostered and harnessed to prevail in economic war with Germany.

I do not think it is sufficiently realised that . . . British Industry has for the first time in its existence become State controlled, nor is it fully appreciated that the British commercial community has always hitherto evinced a disinclination to accept any form of control, and that such a proclivity . . . is a grave disadvantage under which British trading has laboured in the past, in contrast to the highly organised Government-recognised efforts of Germany. Individualism breeds helplessness and waste. When opposed by combined effort it stands no chance. . . . British Trade must cure itself. During the War it has sat up, it has jumped out of bed, and become energetic. . . . Interference with business has become an accepted fact; and it is significant that, as the months have sped, it has been found that in many industries such interference has led in reality to a renaissance of the particular industry concerned.<sup>41</sup>

This British enthusiasm for a future statist order was reflected in genuine worries among German politicians, business leaders and economists that a post-war economic confrontation would allow Britain to reverse the lead Germany had gained since national unification. As Prussia had done with the small German principalities, the British Empire could create a cross-imperial customs union that would boost its domestic economy, protect it from the outside and harness the vast potential offered by its immense territory.<sup>42</sup> Economist Hermann Schumacher told the German Imperial Commissariat for the Transition Economy that the British organisational genius had been shamefully underestimated: 'Gentlemen, the English bull has been kicked after all, and we must not underestimate how seriously and passionately he pursues his aim', Schumacher warned: 'If you look back four years

BT 55/12–30: 68–77; Committee on Commercial and Industrial Policy, 'Report from the Head of a South African Merchant Firm, in Answer to Questionnaire re Enemy Trading', 1916. TNA, BT 55/12–10: 4–6.

<sup>38</sup> 'Report to the Right Hon. D. Lloyd George, M.P., Prime Minister', 3 Dec. 1917. TNA, MUN 5/113/600/12: 22. 'Competition of Germany in After War Trade', 10 Sep. 1917. TNA, CO 323.751: 233–34.

<sup>39</sup> Hew Strachan, *First World War, Vol. 1: To Arms* (Oxford: Oxford University Press, 2001), 777–803; James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, CT: Yale University Press, 1998), 98–102; Markus Krajewski, *Restlosigkeit: Weltprojekte um 1900* (Frankfurt am Main: Fischer, 2006), 196–255.

<sup>40</sup> Karl Helfferich, 'Übergangswirtschaft. Rede vom Oktober 1916', in Karl Helfferich, *Reden und Aufsätze aus dem Kriege* (Berlin: Georg Stilke, 1917), 233–52, here 252.

<sup>41</sup> Ministry of Munitions Reconstruction Committee, 'Memorandum on Reconstruction: Trade Registration Proposals', Apr. 1917. TNA, MUN 5/113/600/5: 1–3.

<sup>42</sup> Regierungsrat Dr. Schwarzkopf, 'Vertraulich', 1918. BArch, R 3101/1856: 198–202; Zentral-Verwaltung der Deutscher Eisenhandel Aktiengesellschaft an Reichswirtschaftsamt. 7 September 1918. BArch, R/3101/1858: 28–37, here 32, 35.

. . . you will be surprised to find how many of the plans, which the Englishmen have hatched, have been executed.<sup>43</sup> According to the commission's chairman, Freiherr von Stein, the whole trajectory of a protectionist Germany unscrupulously out-competing a liberal British Empire was misconstrued:

It is wrong when people say England is a country that detests organisational measures. It contradicts historical experience. . . . Who created the Navigation Acts, who excluded foreign shipping from trade? Was it us or England, this country that purportedly tolerates freedom only? – Of course, for itself, but not for others! And that is what we want to protect us against!<sup>44</sup>

While pre-war imagined trajectories of economic integration had seemed to favour Germany's future development, the major indicator for successful statehood – territorial size and the capability to expand further – clearly seemed to favour the British Empire. German territorial gains made in Africa and Asia had been extremely modest. In a geopolitical order imagined as shaped by a decreasing number of increasingly expanding states, Germany seemed – at best – at the crossroads of stagnation. According to this logic, the war was the last chance to rectify this – otherwise Germany was bound to fail not only as a Great Power but as a nation-state per se.

However, while German geopolitical designs (*Weltpolitik*) are often interpreted primarily as a struggle for empire, articulations of expectations reveal a more nuanced picture.<sup>45</sup> For this, I want to shift the focus to a rather marginal committee, founded by German banker Hjalmar Schacht (who would later become 'Hitler's banker'). The German Economic Council for *Mittleuropa* (*Wirtschaftsrat für Mitteleuropa*), established by a group of journalists and national-liberal economists, never served an official function and was never associated with the Imperial Commission for the Transition Economy. At its inaugural meeting in Berlin's Hotel Adlon on 26 July 1918, Schacht expressed his anticipation of an immediately imminent struggle for territory, integration and economic organisation, as Britain had finally abandoned free trade in favour of imperial preference (which would indeed come in 1919, albeit in a rather 'mild' form). To Schacht, this was evidence of a direct future competition between a German- and a British-led customs union. To survive in this imminent struggle, a *Mittleuropa* that integrated at the minimum the German and Austro-Hungarian markets and tax systems had to be accomplished at all costs.<sup>46</sup> Rather than world dominance, this *Mittleuropa* was a means to keep pace – its failure would mean Germany's marginalisation and, later, disappearance, as economist Gerhart von Schulze-Gävernitz warned the council members:

. . . any smaller Germany would be a shining, but ultimately dying meteorite and in a few decades, in the face of global developments, it will have shrunk to a small state, similar to 18th-century Holland. For Germany, *Mittleuropa* is the only way to somewhat keep pace politically with the great world powers, for Austria–Hungary even the only instrument to remain a European Great Power. . . . We need to stress that *Mittleuropa* and global economy are by no means opposites, and that *Mittleuropa* . . . is only an individual case of a broader movement towards customs unions. Think of the Australian customs union, the South African customs union, which were recently concluded, think of the negotiated customs union between Canada and the United States, think of the integrative efforts in the Anglo-Saxon, South American

<sup>43</sup> 'Stenographischer Bericht über die Verhandlungen im Reichswirtschaftsamt am 17. Jui 1918', BArch, R 3101/1856: 294.

<sup>44</sup> *Ibid.*, 297.

<sup>45</sup> Wolfgang J. Mommsen, *Großmachtstellung und Weltpolitik* (Berlin: Ullstein, 1993); Nancy Mitchell, *Danger of Dreams: German and American Imperialism in Latin America* (Chapel Hill: University of North Carolina Press, 1999); Erik Grimmer-Solem, *Learning Empire: Globalization and the German Quest for World Status, 1875–1919* (Cambridge: Cambridge University Press, 2019).

<sup>46</sup> 'Gründungs-Sitzung des "Deutschen Wirtschaftsrates für Mitteleuropa"', *Mittel-Europa. Mitteilungen des Arbeitsausschusses für Mitteleuropa*, 32, 2 (1918), 353; Dr. Walther Schotte, 'Der Deutsche Wirtschaftsrat für Mitteleuropa', July 1918. BArch, R 703/4: 21–4.

and East Asian world; between national economy and global economy the continental economy seems to delineate itself. If we cast a glance into the distant future, then *Mitteleuropa* could eventually become the seed for the ‘United States of Europe’. Our friend Naumann would have been its prophet, like Cecil Rhodes had prophesied the union of the Anglo-Saxon world.<sup>47</sup>

Yet it was particularly the German business elites who had driven the preparations for the transition economy as part of the Imperial Commission – most of all industrialist Hugo Stinnes and shipping magnate Albert Ballin – who, in the face of a dire outlook of the war, vehemently opposed such plans as irresponsible steps towards trade war. *Mitteleuropa* would mean a German union with economically weak partners, a loss of sovereignty for Austria–Hungary and a loss of existential markets abroad.<sup>48</sup> Ultimately, the German government discarded any possibility of supporting *Mitteleuropa* plans, citing a distrust in both the German industries and among political elites in Austria and Hungary.<sup>49</sup>

Schulze-Gävernitz’s warning that Germany, in the event of its defeat, would end up as a ‘small state’ reflects the conviction that the future prospects of states were entirely determined by their size and capability to expand. At the same time, the prospects of the Habsburg Empire breaking apart and the fear of the German Empire suffering the same fate produced an anticipation that ‘small states’ faced the prospect of a struggle for survival in a permanent trade war waged by Great Powers. This anticipation of a fragmented, disorganised continent warped the trajectory of pre-war expectations of further integration into ever larger blocs. This anticipation consolidated itself, becoming a firm expectation across Europe as collapsed empires gave birth to a series of nation-states in Central and Eastern Europe in 1919. However, in the immediate aftermath of German defeat, we can see an amalgamation of this trajectory to include both size and internal organisation – a concept integral to the interwar order of ‘small states’. Germany itself now constituted a ‘small’ state – not strictly in territorial terms, but in terms of its diminished power and of access to markets, which many anticipated to remain ringfenced by the victorious Western Entente in line with the Paris Economy Pact. At a convention of German entrepreneurs and economists in December 1918, which explicitly excluded Ballin, Stinnes and other businessmen involved in the planning of a transition economy, mining magnate Robert Friedländer-Prechtl warned that the defeated, politically diminished Germany had to be restructured as a strong, interventionist, organismic state, mobilised for trade war to make up for the loss of markets, lest it become ‘an abject ruin of a nation . . . which is merely a fertiliser for the life of foreign nations’:

More than anything else and much stronger than ever before, we need to learn to feel economically as limbs of a big whole. We must learn that the idea of a national economy has ceased to be a theoretical concept, that it has become eminently practical. The economy of the German nation must be seen as a single, large whole, to which every private economic interest must be subjected. . . . If we serve the economy, we serve the fatherland – this idea must dominate us all. . . . We are the soldiers now!<sup>50</sup>

### Austria and the Viability of Small States

As anticipations of future economic warfare consolidated into firm expectations, the future prospects of states were increasingly conflated with territorial size, economic coherence and the capability to

<sup>47</sup> Gerhart von Schulze-Gävernitz, ‘Mitteleuropa jetzt!’, 6 May 1918. BArch, R 703/4: 2–11, here 9–10.

<sup>48</sup> Gerald D. Feldman, *Hugo Stinnes. Biographie eines Industriellen* (Munich: C. H. Beck, 1998), 462, 485; Kriegsausschuss der deutschen Industrie, ‘Abschrift. R. K. 15780’, 22 Dec. 1917. BArch, R 704/44: 53–4.

<sup>49</sup> ‘Der Stellvertreter des Reichskanzlers an den Arbeitsausschuss für Mitteleuropa, Dr. Walther Schotte’, 15 Jul. 1918. BArch, R 703/4: unnumbered.

<sup>50</sup> ‘Erste öffentliche Kundgebung am 16. Dezember 1918 für einen Deutschen Wirtschafts-Kongreß’, BArch, R 3101/1859: 249–50.

expand. This proved a major stumbling block to the internal consolidation and international acceptance of those ‘small states’ that emerged from the disintegrating Russian and Austro-Hungarian Empires, such as Poland, Czechoslovakia, Hungary, Austria and the Baltic States. Historians have rightly emphasised the immense legitimising power that the Wilsonian idea of national self-determination provided to the new states of Central and Eastern Europe (and to anti-colonial movements across the world).<sup>51</sup> Yet there has been much less scholarly interest in those discourses that limited the acceptance of these states.<sup>52</sup> The US Inquiry, established in 1917 by US President Woodrow Wilson to explore how the principle of self-determination could be implemented during the peace negotiations, warned that, unless a post-war order could be based on an unshakable principle of economic freedom, any state’s policy would be guided by the expectation of a future order dominated by large state formations only:

As long as nations feel insecurity in regard to one another the peoples will be confirmed in the entirely sound idea that national might, Great Powers, Empires, are necessary. They will, perforce, form compact national blocks and, impelled by vital interests, will refuse to listen to the pleas of sacrificed and wretched subject nationalities. Insecurity will inevitably lead to the formation of the greatest possible units, the integration of smaller nationalities into empires. It follows that the problem of international security must first be solved before the gradual disintegration of these great national units and the reconstruction of the world into independent or autonomous nationalities can be attained; only in this way can a natural and lasting readjustment be worked out.<sup>53</sup>

These doubts concerning the survivability of ‘small states’, encapsulated in the idea that these states lacked ‘viability’ in Anglo-Saxon or *Lebensfähigkeit* (‘ability to live’) in German discourse, was first and foremost expressed in the pessimistic debates around the future prospects of small, landlocked interwar Austria, which found itself cut off from industries, supply networks, markets, hinterlands and ports now located in the other successor states of the Habsburg Empire.<sup>54</sup> We can discern two solutions which critics of the ‘viability’ of the ‘small states’ of interwar Europe put forward. Both were based on fundamentally opposed expectations of the future economic and international order. Those whose expectations originated from wartime anticipations of sustained economic warfare promoted the internal reconfiguration of ‘unviable’ states to shield them from the effects of protectionist policies and thus make them self-contained. Those, on the other hand, who expected a reconstituted liberal order based on the broad disavowal of trade war in 1918 and the enthusiasm that surrounded the creation of the League of Nations, claimed that ‘unviable’ states would become ‘viable’ through their economic integration into global economy based on free trade and low tariffs. While the first group conflated ‘viability’ with autarky, the second, which included a majority of Austrian intellectuals, rejected this conflation as harmful to the building of a stable post-war order: ‘Life in a blocked group of states, which are secluded by trenches, has made such a condition seem desirable to us’, Viennese lawyer Ernst Broda claimed: ‘In the coming peace, it will be senseless, dangerous indeed,

<sup>51</sup> Erez Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anticolonial Nationalism* (Oxford: Oxford University Press, 2007); Borislav Chernev, ‘The Brest-Litovsk Moment: Self-Determination Discourse in Eastern Europe before Wilsonianism’, *Diplomacy and Statecraft*, 22, 3 (2011), 369–87; Eric Weitz, ‘Self-Determination: How a German Enlightenment Idea Became the Slogan of National Liberation and a Human Right’, *American Historical Review*, 120, 2 (2015), 462–96; Volker Prott, *The Politics of Self-Determination: Remaking Territories and National Identities in Europe, 1917–1923* (Oxford: Oxford University Press, 2016).

<sup>52</sup> For an overview of the impact of criticism on the ‘viability’ of the states of East Central Europe, see Klaus Richter, *Fragmentation in East Central Europe: Poland and the Baltics, 1915–1929* (Oxford: Oxford University Press, 2020).

<sup>53</sup> ‘National Self-Determination. International Economic Freedom as the Basis of Self-Government and the Key to the Cooperative Federation of the World’, National Archives and Records Administration (=NARA), M/1107/35/722: 1–5.

<sup>54</sup> Kurt W. Rothschild, ‘Staatengröße und Lebensfähigkeit: Das österreichische Beispiel’, *Zeitschrift für Nationalökonomie*, 19 (1959), 302–14. For a study of the application of ‘viability’ to interwar Poland, Lithuania, Latvia and Estonia, see Klaus Richter, *Fragmentation in East Central Europe: Poland and the Baltics, 1915–1929* (Oxford: Oxford University Press, 2020), 141–9.

to try to attain it. To make its attainment the criterion of “economic viability” would mean to deny it to all European states.<sup>55</sup>

The enduring expectation that the future belonged to large state formations explains why *Anschluss*, the integration of Austria into a larger German state, was not merely a project of pan-German nationalists but found broad support among Austrian liberals and social democrats alike.<sup>56</sup> Liberal economist Gustav Stolper attributed Austria’s ‘viability’ problem not to territorial loss but to a general artificiality of Europe’s post-war states, which, as economic organisational units, were vastly inferior to the former empires. How to achieve viability, Stolper claimed, depended on whether one believed ‘in the restoration of economic freedom of movement or in the political fixedness of the economy’.<sup>57</sup> This specific moment in time thus required as a solution the *Anschluss* of this ‘artificial, historically baseless formation that nobody wants’.<sup>58</sup> Siegfried Strakosch, like Stolper a liberal, opposed *Anschluss*. He countered proliferating economic statistics drawn up as evidence of Austria’s lack of ‘viability’ by arguing that future trajectories had to be constructed based on radically increased productivity rates which could be achieved through the internal reconfiguration of Austria: ‘We can thus integrate these into our calculation, because the analysis does not aim at showing whether Austria is viable within its current economic distortions, which the ruling conditions strikingly reject, but whether Austria can become viable.’<sup>59</sup>

While the study of war-time committees has shown the dynamics and interaction of rapidly changing expectations, examining the League of Nation’s efforts to solve Austria’s ‘viability’ crisis provides us with crucial insights into the impact of expectations on actual economic conditions.<sup>60</sup> The League’s Financial Committee was convinced that Austria either had to lose a substantial part of its population through emigration or radically increase productivity.<sup>61</sup> From the onset, the Committee’s work in restructuring Austria’s economy was bedevilled by popular expectations that Austria as a state was bound to fail. While wartime famine had caused anticipations of impending state collapse, these anticipations became firm expectations as Austria was severed from its former economic hinterlands and food shortages persisted into the early 1920s.<sup>62</sup> When Alfred Rudolph Zimmerman assumed the position of General Commissioner for the Economic Reconstruction of Austria in 1923, he noticed these expectations had become so entrenched that they obstructed the procurement of existential loans: the assessment of Austria’s lack of ‘viability’ had become a self-fulfilling prophecy as it structured decisions to withhold investments and loans. When American businessmen were scheduled to visit Austria, Zimmerman was warned:

In addition, with Austria, there is the special difficulty that Americans have been taught to believe that Austria cannot live, in other words that she is an unsound economic unit, and that her status must violently change. As you know, they have thought of Austria for three years now in terms of want and charity and have not yet had the data to make them see that conditions have changed. So true is this that several of the men who are now going to Vienna actually intended to avoid it because of the imagined difficulties.<sup>63</sup>

<sup>55</sup> Ernst Broda, *Benötigt die tschechoslowakische Republik zur ihrer wirtschaftlichen Lebensfähigkeit den Anschluß fremdnationaler Gebiete?* (Vienna: Manzsche Verlags- und Universitäts-Buchhandlung, 1919), 4, 6.

<sup>56</sup> On *Anschluss* debates that transcended political fault lines see Erin R. Hochman, *Imagining a Greater Germany: Republican Nationalism and the Idea of Anschluss* (Ithaca, NY: Cornell University Press, 2016).

<sup>57</sup> Gustav Stolper, *Deutsch-Österreich als Sozial- und Wirtschaftsproblem* (Munich, 1921), 127–30, 134–5, 142.

<sup>58</sup> *Ibid.*, 151.

<sup>59</sup> Siegfried Strakosch, *Der Selbstmord eines Volkes. Wirtschaft in Österreich* (Wien, 1922), 100–1.

<sup>60</sup> For a comprehensive overview of the League’s involvement in Austria’s financial reconstruction, see Patricia Clavin, ‘The Austrian Hunger Crisis and the Genesis of International Organization after the First World War’, *International Affairs*, 90, 2 (2014), 265–78; Nathan Marcus, *Austrian Reconstruction and the Collapse of Global Finance, 1921–1931* (Cambridge, MA: Harvard University Press, 2018).

<sup>61</sup> Arthur Salter, ‘Austria: Saved or Duped?’, 5 Jul. 1923, League of Nations Archive (=LNA), S 113, No. 2/15: unnumbered.

<sup>62</sup> Maureen Healy, *Vienna and the Fall of the Habsburg Empire: Total War and Everyday Life in World War I* (Cambridge: Cambridge University Press, 2004).

<sup>63</sup> Letter to Dr. Zimmerman, 1923, LNA, S 113, No. 2/15: unnumbered.

Members of the Financial Committee realised that economic conditions could only improve if expectations for Austria's prospects could be changed. Confidence in Austria had to be created not only within Austria, but also outside of it. The Committee thus decided to undertake a propaganda campaign, deploying a 'steady and regular drip of facts' in the form of serial articles and statistics.<sup>64</sup> Representatives of the League were quick to consider their work a success. The League's press section claimed that, prior to the Financial Committee's work, Austria's 'artificial economic prosperity was like the unnatural flush of a consumptive' yet, after four months, improvements were already palpable.<sup>65</sup> Within Austria, however, the view persisted that 'Austria is doomed to starvation behind tariff walls'.<sup>66</sup> The cuts that Zimmerman had advised to increase Austria's viability prompted unemployment to surge from 9,000 in 1921 to almost 170,000 in early 1923. A year later, a further 100,000 state officials were dismissed. As Zimmerman succeeded in stabilising the Austrian crown, the industry almost collapsed: hospital closures, mass lay-offs and surges in rents ensued. Similar to proponents of 1990s 'shock therapy' in Eastern Europe and of post-2009 austerity in Greece, Zimmerman insisted there was no alternative to cuts, lest Austria face a future of 'chaos of destitution and starvation to which there is no modern analogy outside Russia'.<sup>67</sup> 'With some further progress in the removal of economic barriers', Zimmerman claimed, 'Austria is essentially "viable"'.<sup>68</sup>

As the project of the reconstitution of a liberal international order stuttered and the post-war economic slump persisted, the League failed to change Austrian expectations of imminent state failure. As tariffs of the Habsburg Empire's other successor states remained five to twenty times higher than those of isolated Austria, the *Economist* attested Austrian society 'a grave psychological depression . . . which is producing a feeling of hopelessness about the future unless someone from the outside steps in and clears these barriers away, or at all events reduces them.' A lack of patriotism and political unity meant that the Austrians' greatest need was 'encouragement and inspiration', which the League had failed to provide.<sup>69</sup> According to one Austrian economist, Austrian citizens continued to believe Austria was 'a homunculus of international law', bound to fail as a consequence of its artificiality.<sup>70</sup> Angrily, Arthur Salter, head of the League's Financial Section, retorted that the Austrians were bound to forget their own agency in improving their country's 'viability' if the narrative was allowed to shift from domestic to international problems. If the League failed in the face of a protectionist world, there would be no alternative to *Anschluss*, Salter warned.<sup>71</sup>

Not all 'small states' were subjected to pessimistic assessments of their 'viability'. The economic survival of Belgium, the Netherlands or Switzerland was never in doubt. Yet the 'viability' of Poland, which was twelve times larger than Belgium but still regarded as a 'small' state, was continuously challenged. Poland and Austria had one thing in common: their former macro-economic spaces had collapsed. The pessimism towards the 'viability' of the successor states of the Russian and Austro-Hungarian empires revolved around the challenge to mitigate the impact of the loss of their former imperial spaces. Their severance from commercial infrastructures established over centuries could theoretically be overcome by cross-border trade, yet the escalating protectionism and renunciation of the project to recover the pre-war liberal order made this seem entirely impossible. The survival of the Free City of Danzig, a political entity created entirely on the premise of a liberal

<sup>64</sup> O. E. Niemeyer to Eric Drummond, 19 Jan. 1923, LNA, S 113, No. 2/15: unnumbered.

<sup>65</sup> H. R. Cummings to Mr. Fyfe, 3 Mar. 1923, LNA, S 113, No. 2/15: unnumbered

<sup>66</sup> Nathaniel Pfeffer, 'Austria: Saved or Duped', *The New Republic*, 20 Jun. (1923), 91–4.

<sup>67</sup> General Council Trades Union Congress. Joint Research and Information Department, Advisory Committee on International Questions, 'The Working of the League of Nations' Scheme in Austria', Oct. 1923, LNA, S 113, No. 2/15: unnumbered.

<sup>68</sup> Arthur Salter, 'Austria: Saved or Duped?', LNA, S 113, 5 Jul. (1923), No. 2/15: unnumbered.

<sup>69</sup> 'The State of Austria', *Economist*, 24 Jan. (1925); W. T. Layton to Arthur Salter, 9 Feb. (1925), LNA, S 113, No. 2/15: unnumbered.

<sup>70</sup> Siegmund Schilder, *Der Streit um die Lebensfähigkeit Österreichs* (Stuttgart: Ferdinand Enke, 1926), 3, 5, 11.

<sup>71</sup> Arthur Salter to Mr. Layton, 19 Feb. (1925), LNA, S 113, No. 2/15: unnumbered; Mr. Comert to Mr. Arthur Salter, 13 May (1925), LNA, S 113, No. 2/15: unnumbered; Arthur Salter, 'Recent Progress in European Reconstruction', Jun. (1925), LNA, S 113, No. 2/14/2: unnumbered.

international order, seemed unimaginable at the pinnacle of German–Polish trade wars, which were fought across most of the interwar period.<sup>72</sup> Over-industrialised during the war, Danzig was now entirely congested by unemployed industrial workers who could not emigrate.<sup>73</sup> League experts dispatched to restructure the finances of Estonia claimed the country could achieve ‘viability’ only as part of a larger entity – either together with the other Baltic States or with a much larger neighbour.<sup>74</sup>

One could argue that the whole purpose of the ‘Commission for Inquiry into the Production and Sales Conditions of the German Economy’ (*Ausschuss zur Untersuchung der Erzeugungs- und Absatzbedingungen der deutschen Wirtschaft*), established in Germany in 1927 to assess the economic damage of Germany’s territorial losses in the West and East, was to prove that Germany suffered from a ‘viability’ problem similar to the ‘small states’ of Europe – yet, in Germany’s case, the cause was not the artificial character of its existence, but that of its truncated state.<sup>75</sup> As Germany accumulated vast amounts of new foreign debt as an unintended result of the Dawes Plan, the commission based its work on the assumption that the Paris Economy Pact had only represented the first step in an enduring trade war against Germany:

From the war, which was fought not only by military, but also by economic means, Germany’s national economy emerged heavily damaged and extraordinarily weakened. Germany’s global power had been destroyed for the time being, the once mighty German economic organism was mutilated and bled from a thousand wounds. . . . The post-war years, which were no years of peace, but war with other – economic – means, continued this work of destruction. The German national economy was further macerated and hollowed out, and under the pressure of reparation creditors and in the turmoil of inflation, the economy, once blooming, consolidated and harmoniously ordered within the mechanisms of the global economy, came to the verge of collapse.<sup>76</sup>

The Commission failed because there was a palpable fatigue among German business leaders of further inquiries. However, its assessments are evidence that there was little political will any more to put hope into the reconstitution of international free trade. Given that the Commission’s aim was to prove by statistical means that territorial loss was at the heart of Germany’s ‘viability’ problem, the solution implied in its reports was the revision of the territorial settlement of Versailles. The explicit solution, on the other hand, was the reconfiguration of Germany’s ‘unviable’ East (‘a limb not severed from the body yet, but constricted, which is still being fed by it, but does not receive enough food and thus wastes away’) through infrastructural projects, loan schemes and a resettlement policy. This had to be supplemented by a targeted policy of bilateral trade agreements to cover Germany’s aggravated raw-material shortages and – in the long run – a policy of autarky.<sup>77</sup>

<sup>72</sup> Barbara Ratyńska, *Stosunki polsko-niemieckie w okresie wojny gospodarczej 1919–1930* (Warsaw: Książka i Wiedza, 1968); Klaus-Richard Böhme, ‘Die deutsch-polnischen Handelsbeziehungen, 1923–1933’, *Zeitschrift für Ostforschung*, 12, 1–4 (1964), 500–18.

<sup>73</sup> ‘Notes of conversation between the finance senator, Dr. Volkmann, and Mmes. Janssen and Jacobsson’, 10 Jul. 1926. LNA, S 62, no. 10: n.p.

<sup>74</sup> ‘The Economic Situation of Estonia’, *Financial Times*, 29 Jun. 1925. The League’s Financial Committee’s mediation of the loan was regarded as a guarantee of Estonia’s viability. Ultimately, the loan proved so popular (albeit to small-scale investors) that it ended up oversubscribed. ‘City Notes. Another League Loan’, *The Times*, 20 Jun. 1927; ‘Estonia Loan. Letters of Acceptance and Regret Posted’, *Financial Times*, 25 Jun. 1927.

<sup>75</sup> Ausschuss zur Untersuchung der Erzeugungs- und Absatzbedingungen der deutschen Wirtschaft, *Die Einwirkungen der Gebietsabtretungen auf die deutsche Wirtschaft. Verhandlungen und Berichte des Unterausschusses für allgemeine Wirtschaftsstruktur (I. Unterausschuss) 1. Arbeitsgruppe. Band 1. Der deutsche Osten und Norden* (Berlin: E. S. Mittler & Sohn, 1930), IX.

<sup>76</sup> *Die Untersuchung der deutschen Wirtschaft. Der Enquete-Ausschuss. Seine Aufgaben und seine Arbeitsmethode* (Berlin: Zentralverlag G.m.b.H, 1927), 5.

<sup>77</sup> Ausschuss zur Untersuchung der Erzeugungs- und Absatzbedingungen der deutschen Wirtschaft, *Die Einwirkungen der Gebietsabtretungen auf die deutsche Wirtschaft. Verhandlungen und Berichte des Unterausschusses für allgemeine*

This multi-stage plan to secure Germany's 'viability' through internal reconfiguration, autarky and – ultimately – territorial revision fed directly into the 'economics of large spaces' (*Großraumwirtschaft*) of Nazi Germany. It was reflected in two different imagined futures and two different expectations of how the 'artificial' international order of 'unviable' states could be overcome. Both built on anticipations produced during the First World War and both rejected the reconstitution of a liberal international economy as a failed project. The first closely resembled the *Mitteleuropa* project. In 1932, Walter Grävell, director of Germany's Statistical Office (*Statistisches Reichsamt*), bemoaned the 'psychosis of the harmfulness of imports' that had seized the world since the war and especially since the Great Depression.<sup>78</sup> He proposed the creation of a large autarkic economic bloc, not unlike a customs union, built on 'mutual dependency, mutual utilisation, neighbourly support, evolvment and development aligned with capability and demand'.<sup>79</sup> The blueprints were the unfinished *Mitteleuropa* plans pursued in the extensive regions occupied in Eastern Europe during the First World War. The first step for economic integration would be bilateral trade deals modelled on the contingent agreements struck with Bolshevik Russia and Ukraine as part of the Treaty of Brest-Litovsk (which Grävell apparently regarded as a prime example of 'neighbourly support').<sup>80</sup> The second trajectory, promoted particularly vehemently by those who would become the protagonists of Nazi *Ostforschung*, was based on the assumption that the war had disrupted the natural, evolutionary process of bringing state territories into congruence with 'historically evolved economic spaces'. For them, the successor states of the empires were artificial products of revolution and of the 'political rationale of the victors', who had built these states as geopolitical and economic weapons against Germany – as acts of 'violent state-building', as economist Peter-Heinz Seraphim phrased it:

Every act of state-building necessarily creates new economic units. Yet unlike the states of pre-war Europe, the economic units of the new states in Europe have not evolved historically – in Germany, for instance, economic unity, in the form of the German customs union, preceded even state-building, the creation of the empire through Bismarck – they were rather assembled from parts that were differently orientated, differently structured and that stood at different levels of economic development.<sup>81</sup>

### The Enquiry for European Union and the Great Depression

The Commission of Enquiry for European Union often appears as a marginal note of interwar history, as a project that reflected the League of Nations' loss of significance in a time of surging national egotism. Robert Boyce has even claimed that Aristide Briand's plan of European union was already dead at this time, and the commission was only established as a 'face-saving gesture'.<sup>82</sup> Yet the commission's work showcases that these aforementioned views on the legitimacy of revisionist demands had much broader international support than traditionally assumed. The commission's establishment was

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*Wirtschaftsstruktur (I. Unterausschuss) 1. Arbeitsgruppe. Band 1. Der deutsche Osten und Norden* (Berlin: E. S. Mittler & Sohn, 1930), 99.

<sup>78</sup> Walter Grävell, *Der Zwang zur Ein- und Ausfuhr. Außenhandel, Staat und Wirtschaft* (Berlin: Reimar Hobbing, 1932), 38.

<sup>79</sup> Walter Grävell, 'Großraumbedingte Umlagerungen im europäischen Außenhandel', in *Probleme des europäischen Grosswirtschaftsraumes. Gesammelte Beiträge von A. Reithinger, B. Kiesewetter, W. Grävell, K. Krüger und W. Schmidt*. (Berlin: VJD, 1942), 72. Op. cit. Birgit Kletzin, *Europa aus Rasse und Raum. Die nationalsozialistische Idee der Neuen Ordnung*. (Münster: Lit, 2002), 180.

<sup>80</sup> Walter Grävell, *Der Zwang zur Ein- und Ausfuhr. Außenhandel, Staat und Wirtschaft* (Berlin: Reimar Hobbing, 1932), 40; Walter Grävell, Hans Peter Danielcik, Werner Daitz and Ernst Schultze, *Ausfuhr ist Not!* (Stuttgart: Ferdinand Enke, 1934), 30–1.

<sup>81</sup> Peter-Heinz Seraphim, 'Wirkungen der Neustaatenbildung in Nachkriegseuropa auf Wirtschaftsstruktur und Wirtschaftsniveau', *Weltwirtschaftliches Archiv*, 41 (1935), 385–402, here 385.

<sup>82</sup> Robert Boyce, 'Was There a "British" Alternative to the Briand Plan?', in Peter Catterall and Kate Utting, eds., *Britain and the Threat to Stability in Europe, 1918–45* (London: Bloomsbury, 2016), 17–34, here 20; Conan Fischer, *A Vision of Europe: Franco–German Relations during the Great Depression, 1929–1932* (Oxford: Oxford University Press, 2017), 58.



exceptionally badly timed. Its aim – to entangle the European national markets and industries and thus promote peace in Europe – seemed ambitious in September 1930, when it was set up. Yet, by the time it commenced its work in summer 1931, the Great Depression had hit Europe with full force as banks in Austria and Germany collapsed, making this aim entirely unrealistic. As protective tariffs soared, the creation of so-called *rapprochements* – cross-border cooperation through cartels, infrastructural projects and mutual supply dependencies – proved unfeasible.<sup>83</sup> Yet the Commission's work provides us with profound insights into changing expectations for the capabilities of the European states and state system. As protectionism escalated in response to the economic downturn, the 'small' and 'unviable' new states of East Central Europe were hurled into the limelight – and not only as the victims of the depression, but increasingly as its culprits. Whereas John Keiger has argued that the commission showcases an asymmetric Europe divided between the victors of the war and the vanquished revisionists, I argue that the commission's discussions portray a very different fault line that ran between the group of the 'new' 'small' states of Central and Eastern Europe, on the one hand, and a larger group of 'old' states whose contributions to the commission's work were guided by the conviction that it was the 'small states' who obstructed the continent's economic recovery, on the other.<sup>84</sup> Casting the successor states of the collapsed empires as catalysts of trade disruption may seem unfair given that all European states – including Germany, France and Britain – massively increased import tariffs. However, this paradox can be revolved. Surging protectionism itself did not deviate from expectations raised during the war – yet war-time expectations had reserved protectionism for ever-larger states and trade blocs, not for 'small states'. As Portuguese delegate Augusto de Vasconcelos noted, the sudden surge in protectionism heralded the final arrival of a 'prolonged economic war to the death, in which tariffs are used as weapons of offence' – yet this war was now fought 'along a front that has been extended by 20,000 km solely in consequence of the new frontiers'.<sup>85</sup>

Of course, the 'small states', whose agricultural economies were exceptionally hard hit by the depression, could not accept demands to lower import tariffs because they – not unreasonably – feared a loss of sovereignty or even of their existence as independent states. The International Labour Organisation (ILO), which condemned the effects of tariffs on markets and industrial output, conceded that lowering tariffs in these states would eradicate protected 'artificial' industries and thus aggravate mass unemployment. Yugoslavia's Minister of Foreign Affairs, Vojislav Marinković, warned polemically that the abolition of tariffs would make all states of Southeast and East Central Europe unviable, leading to the destruction of domestic markets and consequentially to mass emigration and famine: 'No prediction of catastrophe following upon a Customs war could daunt us. . . . We have in any case to choose between one of two catastrophes – the catastrophe of the present and that of the future.'<sup>86</sup> Dutch liberal Hendrikus Colijn conceded that the Gordian knot of two decades of protectionism and customs wars had structured Europe to such an extent that future escalations were almost unavoidable:

If an abstract conviction were in itself enough to settle problems, I do not doubt that this labyrinth of trenches, this mosaic of economic units, large, medium-sized and small – every unit, however, too small to allow production to proceed on truly rational and modern lines – would rapidly be transformed into a single vast market. But we all know that behind the shelter

<sup>83</sup> 'Commission of Enquiry for European Union. Minutes of the Third Session of the Commission. Held at Geneva from May 15th to 21st, 1931', 25 Jun. 1931. LNA, C.E.U.E./3rd Session/P.V. – C.395.M.158.1931.VII: 25; 'Commission of Enquiry for European Union. Minutes of the First Session. Held at Geneva on Tuesday, 23 Sep. 1930', 29 Sept. 1930, LNA, C.E.U.E./1st Session/P.V.I. – C.565.M.225.1930.VII: unnumbered; 'Committee of Enquiry on European Union', 20 Jan. 1931. LNA, C.E.U.E./COM.SECR/1: unnumbered.

<sup>84</sup> John Keiger, 'L'Europe était-elle asymétrique en 1930? Une ébauche d'évaluation à travers le plan Briand d'Union Fédérale Européenne', *Guerres mondiales et conflits contemporains*, 282 (2021), 7–14.

<sup>85</sup> 'League of Nations. Commission of Enquiry for European Union. Minutes of the Second Session of the Commission', (1931) 16 Feb., LNA, C.144.M.45.1931.VII: 45.

<sup>86</sup> *Ibid.*, 76.

of age-old dividing walls, de facto situations have been created which we cannot hope to overthrow in a day.<sup>87</sup>

Unsurprisingly, German Foreign Minister Julius Curtius proposed a pan-European customs union to solve 'this economic subdivision of Europe, or rather of Central and Eastern Europe [which] is the greatest peril to the future of our continent'. Territorial fragmentation had created irrational production and distribution patterns, causing pauperisation, under-consumption and unemployment. 'There is only one way out of this dilemma', Curtius claimed: 'the steady expansion of the different economic territories. Every economic territory that coincides with a political territory has a tendency – and the smaller the territory, the stronger the tendency – to make itself economically self-sufficient.' This pan-European customs union, a thinly disguised attempt to disguise *Anschluss* as a broader response to the depression, was supposed to be created from below, based on agreements between a small group of states (possibly Germany and Austria at first) and then gradually expanded, leading to an 'economic fusion of Europe' in which 'the present multiplicity of economic territories will be superseded by a smaller number of larger economic groups'. Protectionism, a measure required to protect the limited markets of 'small economic territories' only, would vanish as customs unions grew.<sup>88</sup> Unsurprisingly, France and the 'small states' of Central and Eastern Europe (with the exception of Austria) rejected the proposal, claiming that high tariffs were an effect, not the cause of the depression, and that customs unions benefited their members only, but damaged those left outside. The Polish delegate, August Zaleski, warned that the creation of a customs union would thus lead to the formation of other – protected – blocs purely as measures of retaliation. French delegate André François-Poncet dismissed the proposal (and the history of the German customs union) as too firmly embedded in nineteenth-century geopolitical thinking of competing large blocs that had caused the war in the first place.<sup>89</sup>

Although the commission's work eventually fizzled out, it shows how far the consensus had shifted: while its initial responses to the Great Depression were based on the assumption that foreign-trade regimes based on protectionism and soaring tariffs had to be rejigged towards a more liberal order, it rapidly drifted towards the position that it was not the nature of the borders that was the problem, but the borders themselves – i.e. the fragmentation of Europe into smaller states. To the outrage of the 'small states' of Central and Eastern Europe, the commission's Sub-Committee of Economic Experts presented a report in summer 1931 that claimed that 'the peculiar weakness of the economic structure of Europe' was most likely 'largely due to its division into a large number of units'. Productive capacity was duplicated across several states, leading to an over-production of commodities, the report warned: 'This state of affairs is out of harmony with the growth in facilities for communication and intercourse, and with advances in industrial method which need an enlargement in the scale of production.' Of course, the sub-committee did not promote territorial revision (it even dismissed customs unions as unrealistic given the fundamentally different interests and economic configurations of the European states) – rather, it proposed no feasible solution at all, apart from the very general proposal to specialise production and create larger industrial units.<sup>90</sup> While the Commission itself responded

<sup>87</sup> 'Commission of Enquiry for European Union. Speech by M. Colijn, President of the Second Conference for Concerted Economic Action', 14 Jan. 1931, LNA, C.E.U.E./7: 8, 15.

<sup>88</sup> 'Commission of Enquiry for European Union. Minutes of the Third Session of the Commission. Held at Geneva from May 15th to 21st, 1931', 25 Jun. 1931. LNA, C.E.U.E./3rd Session/P.V. – C.395.M.158.1931.VII: 14–15. The Austrian delegate reminded his French counterparts of a claim they had made earlier that any effort to unite Europe had to deal first and foremost with the Austrian problem – and this could only be solved through its inclusion in a 'large economic unit', 'Commission of Enquiry for European Union. Minutes of the Third Session of the Commission. Held at Geneva from May 15th to 21st, 1931', 25 Jun. 1931. LNA, C.E.U.E./3rd Session/P.V. – C.395.M.158.1931.VII: 29; 'Note by the Secretary General. French Memorandum', 16 May 1931. LNA, C.E.U.E./33.

<sup>89</sup> 'Commission of Enquiry for European Union. Minutes of the Third Session of the Commission. Held at Geneva from May 15th to 21st, 1931', 25 Jun. 1931. LNA, C.E.U.E./3rd Session/P.V. – C.395.M.158.1931.VII: 16, 24–25, 45.

<sup>90</sup> 'League of Nations. Commission of Enquiry for European Union. Report of the Sub-Committee of Economic Experts', (1931) 29 Aug. LNA, C.510.M.215.1931.VII: 3–4; 'Commission of Enquiry for European Union. Minutes of the Fourth Session of the Commission', (1931) 30 Oct., LNA, C.681.M.287.1931.VII: 43–44.

with reserved acquiescence, the German delegate was jubilant. He was joined by delegates of other state formations that suffered particularly from the loss of markets and commercial routes, such as the Free City of Danzig.<sup>91</sup>

The report sent shock-waves through the ranks of representatives of the 'small states'. The Czech delegate warned that it was not fragmentation per se, but only excessive tariffs that aggravated the crisis and that rapprochements should not 'become the starting point for the formation of rival groups'.<sup>92</sup> The Latvian representative insisted Latvia's protectionist regulations were temporary only and would be dropped in favour of 'economic rapprochement' as 'soon as circumstances permit'.<sup>93</sup> The Polish delegate rejected the report's controversial phrase and claimed that the 'organic weakness of the economic situation of Europe' was rather a consequence of the large states' negative view of the 'small states' of East Central Europe and thus of 'the failure to understand the part played in that economy by the states of Central and Eastern Europe, and in particular the vast territories situated between the Baltic Sea and the Black Sea, with their population of a hundred million inhabitants, or approximately a quarter of the total population of Europe'.<sup>94</sup>

### Conclusion

This paper has showcased some of the potential of studying historical expectations of the capabilities and prospects of states. Examining changing expectations (and uncovering how anticipations are produced in times of profound crisis) challenges entrenched periodisations and political narratives of the First World War and the interwar period. Moreover, we see that the assessment of states is not merely an expert discourse – instead, it interacts closely with other spheres of social, economic and political activity. Aware of the impact expectations had on policymaking and economic activities, the committees under investigation – whether they are German or British wartime committees of the League's Financial Committee – tried to influence these but failed because their own work could not shape how people viewed the future in the same way that the war and economic collapse could.

Expectations for the future of states changed rapidly during the early twentieth century. The planning for post-war economies in both Germany and Britain was based on anticipations of an international order characterised by large blocs interlocked in economic war. These anticipations entrenched themselves, thus becoming firm expectations. Yet, at the end of the war, in anticipation of imminent German defeat, expectations diverged. The traditional expectation of a development towards large, self-contained state formations was challenged by the view that war-time state control over the economy was provisional, a deviation from the norm, and that the post-war order would continue on the pre-war liberal trajectory. As Germans were worried that defeat would throw Germany ages back on its path towards integration and expansion, eventually causing it to revert to an existence as a 'small state', these two expectations were further refracted in the ensuing assessment of the 'viability' of the 'small states' that had emerged from the collapsed empires. Despite the work of the League's financial experts to improve the 'viability' of post-imperial Austria, expectations of Austrian state failure consolidated themselves against the background of food shortages and the loss of Austria's economic hinterlands. At the same time, expectations of economic war bifurcated further: some promoted the restructuring of 'small states' to become autarkic and thus 'viable' within a global protectionist system, while others rejected this possibility and promoted these states' integration into larger state formations (as in the case of *Anschluss*). This has

<sup>91</sup> 'Observations by Governments on the Report of the Sub-Committee of Economic Experts submitted to the Commission of Enquiry for European Union on 29 August 1931', 10 Mar. 1932. LNA, C.E.U.E.73 – C.280.M.167.1932.VI: 2, 4.

<sup>92</sup> 'Observations by Governments on the Report Submitted by the Sub-Committee of Economic Experts to the Commission of Enquiry for European Union on 29 August 1931', (1932) 16 Jan. LNA, C.E.U.E.69 – C.61.M.33.1932.VII: 6.

<sup>93</sup> 'Observations by Governments on the Report of the Sub-Committee of Economic Experts submitted to the Commission of Enquiry for European Union on 29 August 1931' (1932), 4 Feb. LNA, C.E.U.E.72 – C.172.M.83.1932.VII: 4.

<sup>94</sup> 'Observations of Governments on the Report Submitted on 29 August 1931, by the Sub-Committee of Economic Experts to the Commission of Enquiry for European Union' (1932), 28 Jan. LNA, C.E.U.E.71 – C.129.M.55.1932.VII: 3.

significant implications for our understanding of interwar revisionism, which is too often misunderstood as a political strategy of the extreme right only. Yet not only fascists expected ‘small states’ to disappear and large states alone to survive – many liberals, conservatives and even social democrats, and certainly the members of the commissions investigated in this paper, shared this expectation, lending revisionism much stronger support than often acknowledged. As is evident in the work of the Enquiry for European Union, the Great Depression shattered both the expectation of a future order of large state formations – as the European states had failed to reverse the continent’s political fragmentation – and the expectation of a reconstituted liberalism, as protectionist policies became commonplace across the whole of Europe. This put the ‘small states’ of Central and Eastern Europe into the firing line once and for all, as they were assigned the blame for Europe’s economic crisis and for the failure of all efforts to overcome it.

If we look at the continuities of war-time expectations into the apex of mid-1930s German revisionism, we see how further trajectories are produced: while the project of a German-led customs union across Central and Eastern Europe lived on, it was increasingly marginalised by the demand to destroy the ‘artificial’ order of ‘small states’ in Europe as a precondition to return Germany (and Europe) to its position on the natural trajectory towards expansion and integration. Not least, this was a product of the crisis of historicity that Hartog<sup>95</sup> has noticed: none of the expectations articulated before the war, none of the trajectories that could be cast from the past across the present into the future, had remained visible on the horizon. Yet it seems that this crisis can only be understood if we put the First World War and the Great Depression into a common frame. The war had changed expectations, but not as drastically as we tend to assume. The expectation of an impending order of expanding and integrating blocs was challenged, but survived. Yet it was at odds with the reality of a territorially reshaped Central and Eastern Europe. This was the primary reason why the sovereignty of the ‘small states’ in this region was continuously challenged throughout the 1920s. In what people believed to be a reconstituted liberal order, there should have been a place for ‘small states’ as neutral states or even as facilitators for international exchange. Yet the firm expectation produced by the war that protectionism would become a permanent feature of states within an order characterised by escalating trade warfare meant that ‘small states’ could not survive and, indeed, endangered the survival of all other European states. By 1932, no plausible solutions to Europe’s catastrophic state seemed to remain, leaving no other possible developments on the horizon but the – violent, if need be – revision of Europe’s post-war territorial order. Pre-war expectations of state development thus survived the Great War, but not the Great Depression.

<sup>95</sup> Hartog, *Historicity*.