

Chapter 2

The “*Forces Profondes*” of Internationalism in the Late Nineteenth Century: Politics, Economy and Culture

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Abstract The decades before 1914 have often been described as the period of internationalism. This is the concept mainly used by historians to describe the internationalisation of economy and culture in the second half of the nineteenth century. This article will examine the driving forces behind internationalism by using the example of the Latin Monetary Union which was founded in 1865 through an international treaty between France, Belgium, Italy, and Switzerland and was the first international monetary union in history. The Latin Monetary Union is an important subject for the interrelatedness of the political sphere and the economic sector because it is an early example of governments trying to intervene into (monetary) markets and trying to shape them to their needs. This, however, met with serious obstacles. The Latin Monetary Union therefore illustrates the struggle between the political and economic sectors and their respective systems of governance. The driving forces behind international monetary internationalism will be analysed on three levels: they have a political, an economic, and a cultural dimension. On the political level the article will ask what are the intentions and motives of the principal actors in monetary internationalism. Who were the actors and what did they intend by promoting monetary union? How did they negotiate the balancing act between diplomacy and monetary policy? On the economic level I will enquire into the role of international markets for monetary integration. Was monetary integration—as economic theory argues—a result of dynamic transnational markets leading inevitably to a single international currency? And the third part will deal with cultural aspects of monetary internationalism. What were the cultural aspects of monetary internationalism?

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Introduction

The decades before 1914 have often been described as the period of internationalism. This is the concept mainly used by historians to describe the internationalisation of economy and culture in the second half of the nineteenth century.¹ Political scientists instead tend to define it as the second phase of globalisation in an economic, cultural and social respect.² Internationalism, however, seems to be the more precise term because it was the contemporaneous notion as to describe the phenomenon whereas globalisation could lead to the misleading interpretation that the internationalisation in this period is more or less the same as globalisation is today. There is at least one important difference between the two: whereas historians have shown that internationalism before 1914 in the long run led to a strengthening of the nation state, most political scientists and economists agree that the nation state would be dissolved by globalisation.³

But even though the phenomenon of internationalism has been an important subject in historical research for a few years now, we do not know what it really means. We know, however, that internationalism is a broad phenomenon that developed certain specifications in different sectors. Political internationalism aimed at the foundation of political institutions and international organisations in a wider sense. Sometimes this led to the establishment of an international office with a staff of its own, in other cases institutions were set up only by an international treaty establishing common rules or standards. Economic internationalism was instead characterised through the transnational entanglement of markets for capital, products and – to a lesser extent at that time labour. Because of the improvement and development of infrastructure, markets more and more transcended political and cultural borders and in this way became international. Cultural internationalism can be characterised as the internationalisation of customs, habits and values. European nations but also the USA were convinced that their way of living was a model for other peoples in other parts of the world and to some extent this was accepted as an ideal of civilisation by other cultures.

This article will examine the driving forces behind internationalism by using the example of the Latin Monetary Union which was founded in 1865 through an international treaty between France, Belgium, Italy and Switzerland and was the first international monetary union in history.⁴ This monetary Union was based on bimetallism, which means that the currencies of the member countries relied on

¹ Herren 2000; Geyer and Paulmann 2001; Osterhammel and Petersson 2003; on financial systems in particular Redish 2006; Thiemeyer 2009.

² Holton 2005, pp. 28–54.

³ For the debate: Ambrosius 2009; Henrich-Franke et al. 2007, pp. 221–230.

⁴ Esslen 1926; from an economic point of view: Zellfelder 1991; Ibid. 1995, pp. 213 f.; Willis 1901; van der Rest 1881, p. 5; Kleinmann 1892; Brossault, Eric 1903; Greul 1926; Niederer 1976; Ratcliffe, “Latin Monetary Union”; Bartel 1977; Bitar 1953; Herren 1999; in spite of plagiarism: Koch-Mehrin 2001; Einaudi 2001.

both gold and silver coins with an identical power to pay debts and conclude transactions, having a fixed legal price for gold in terms of silver of 1:15.5. Britain and the German Reich (from 1871) by contrast had officially adopted the monometallic gold standard which meant that silver was not legal tender for transactions. Prussia and most German states before 1870 had adopted the monometallic silver standard. The Latin Monetary Union is an important subject for the interrelatedness of the political sphere and the economic sector because it is an early example of governments trying to intervene into (monetary) markets and trying to shape them to their needs. This, however, met with serious obstacles. The Latin Monetary Union is therefore an important example of the struggle between the political and economic sectors and their respective systems of governance.

From a methodological point of view the model of driving forces in history can be traced back to the concept of the “*Forces Profondes*” developed by the French scholars Pierre Renouvin and Jean-Baptiste Duroselle.⁵ In this context the “*Forces Profondes*” designated material and spiritual structures influencing and shaping human behaviour in history. According to Renouvin, history is influenced by long-term structures as for instance geographical preconditions, economic structures, mental activities and shared values which contribute to the framework of human life. We can therefore also speak of material and mental structures shaping human activity in a double sense. On the one hand, these structures initiate human activity, on the other, however, they can be restrictive to human action in the sense that individuals can only act within this framework of structures. The driving forces behind international monetary internationalism will be analysed on three levels: they have a political, an economic and a cultural dimension. On the political level the article will ask what are the intentions and motives of the principal actors in monetary internationalism. Who were the actors and what did they intend by promoting monetary union? How did the relationship stand between diplomacy and monetary policy? On the economic level I will enquire into the role of international markets for monetary integration. Was monetary integration – as economic theory argues – a result of dynamic transnational markets leading inevitably to a single international currency? And the third part will deal with cultural aspects of monetary internationalism. What were the cultural aspects of monetary internationalism?

Economic Driving Forces of Monetary Internationalism

A monetary union is first of all an economic institution and as such economic structures and motives have played a major role in monetary internationalism. Whilst the treaty of the so-called Latin Monetary Union was signed in December 1865, monetary integration had actually begun earlier. When in 1832 Belgium was

⁵ Renouvin 1954; Renouvin and Duroselle 1970, pp. 2 ff.; Thobie 1985; Soutou 2000.

founded as a new nation state, discussions opened concerning a monetary system. Should Belgium develop a new system on its own or would it be better to adopt one of the existing monetary systems?⁶ In the end, the Belgian government decided to adopt the French monetary system, based on the French Franc, for several reasons: firstly, the French monetary system was based on the decimal system which was easy to handle in everyday life. Secondly, influential commercial interest groups in the south of the country pleaded for the French system because it would facilitate economic relations with northern France. This decision was even more remarkable from a political point of view; the French Government of Louis Philippe wanted to avoid any suspicion that the Belgian uprising against the Netherlands was supported by France and therefore avoided any political intervention. The Belgian decision in favour of the French Franc as national currency was therefore motivated by economic pragmatism; political or cultural reasons, the currency as a symbol of national sovereignty for instance, did not play any role.

The situation was quite similar in 1848, when Switzerland adopted the French system.⁷ Since 1758 cantons like Berne, Solothurn, Basle and Lucerne had coined Francs and with the foundation of the 'République Helvétique' under Napoleon the French currency became legal tender. After the foundation of the Swiss Federation in 1848, discussion followed on the question of the monetary standard. While the eastern part of Switzerland supported the adoption of a single silver standard corresponding to the Austrian monetary system, the western part of the country was in favour of the French bimetallic system. The latter was adopted on 7 May 1850 and named the 'Franc Suisse'. The coins were identical to the French and Belgian ones with the only exception that the Swiss subdivision of smaller coins was called 'Rappen' instead of 'centimes'. Again, as in Belgium before, only economic motives seemed to have played a role.

A little bit more complicated was the situation in Italy.⁸ In 1861, when the nation state came into being, the Italian peninsula was economically very heterogeneous and exchanges between the Italian states relatively infrequent. Sardinia-Piemont, which was to become the nucleus for the Italian nation state, was economically and politically oriented towards France, the south of Italy had close contacts with England, whereas Lombardia and Veneto looked to Austria. Consequently the currencies used were different as well; until 1860 there were nine banks issuing their own coin on the Italian peninsula. In 1862 a currency reform was put in place and again the French system became the prototype for the Italian currency system. The only difference from Belgium and Switzerland was that the Italian currency got a name of its own, Lira, although in fact it was a copy of the French Franc. Belgian, Swiss, French and Italian coins were freely accepted in all four countries and a de-facto monetary union developed between 1832 and 1862 without any political cooperation among the respective governments.

⁶ Janssens 1976.

⁷ Paillard 1909; Hagenbach 1929.

⁸ di Mattia Rom, Bari 1990; Theurl 1992, p. 86.

Why did this monetary union come into being?⁹ From an economic point of view, the rapidly growing international trade played a predominant role: it led to a modernisation of the national economies in which money became more and more important as an exchange instrument in cross-border transactions. As a consequence, three major currency areas developed throughout Europe in the 1860s, the first based on the monometallic gold standard with the British Sterling as its centre, the second on the monometallic silver standard with the German states as its core region and thirdly the bimetallic de-facto monetary union with the French Franc as pivotal currency. As with all markets, monetary markets tend to monopolise because actors try to reduce their transaction costs. Consequently, there is a certain tendency in international trade towards using one single currency for cross-border transactions, a phenomenon, that was also observed by the French member of parliament, Charles Louvet: “Monetary internationalism is a consequence of free trade and of the irresistible movement which pushes nations to associate with each other through the strongest solidarity of all, the solidarity of industry and trade, of wealth and well being.”¹⁰

Consequently, from an economic point of view, monetary internationalism was the result of the liberalisation of trade within the framework of industrialisation. The rapid growth of international trade was based on innovative developments in the European infrastructure of transport and communication. The monetary union that came into being between 1832 and 1862 was a result of this development. Economic structures, however, do not explain the treaty of the Latin Monetary Union in 1865, and to understand this, we have to take into account the political aspects of monetary internationalism.

Political Driving Forces of Monetary Internationalism

In the mid 1860s the de-facto monetary union that had come into being between 1832 and 1862 ran into trouble. The reason for this was the gold-rush of the middle of the century that took off with the discovery of gold mines in California (1847) and Australia (1851), and resulted in a significant increase of gold on markets for precious metals around the world. The problem for the Latin Monetary Union was that the fixed exchange rate between gold and silver of 1:15.5 was no longer valid on the markets, even though the monetary system was based on this relationship, and the governments of the Latin Monetary Union were obliged to sell or buy gold and silver at this fixed price. As a result, traders sold their silver coins in Paris for gold, transferred this gold to the London market and sold it at extraordinary profit. The problem for France was that silver coins disappeared from circulation; between

⁹ Haberler 1964; Flandreau 1995, pp. 13–21.

¹⁰ *Annales du Sénat et du Corps Législatif*, vol. VIII (1866), 13 June 1866, p. 11 (annexe) quoted after Einaudi 2000, p. 288.

1855 and 1860 the country lost about 10 % of its silver coins. This in turn was detrimental to everyday life, because it was silver coins which were mostly used for smaller transactions. On 25 May 1864 the French government reduced the proportion of silver in 20 and 50 centimes coins from 900 to 835. In January 1861 the Swiss government had done the same, but reduced the standard from 900 to 800. The Belgian government instead waited for the markets to calm down and then strove to adapt to the new circumstances. All these actions helped to overcome the downward revaluation of gold but had an important disadvantage: the monetary union based on the identity of national coins was destroyed. The French minister of Finance Achille Fould concluded:

Ces modifications, effectuées sans concert préalable, ont eu l'inconvénient de donner carrière à un commerce illicite très préjudiciable aux intérêts des gouvernements. [...] Ces mesures restrictives sont de nature à jeter du trouble dans les relations internationales et il serait de l'intérêt de tous les gouvernements de les faire disparaître. J'ai pensé qu'il serait possible d'assister à ce résultat par la voie diplomatique et en réglant d'une manière uniforme par une Convention spéciale la fabrication et la circulation des monnaies fractionnaires dans chacun des pays intéressés.¹¹

Here we find the initial political interest of the Latin Monetary Union. After the uncoordinated actions against the depreciation of gold the national governments realised the economic and political significance of the de-facto monetary union. On 11 February 1865, therefore, the French government invited the governments of Belgium, Switzerland and Italy to a conference in Paris in order to re-establish the common monetary standard. After brief discussions on 23 December 1865, an international treaty was signed that re-established the monetary union. From this perspective the Latin Monetary Union was a diplomatic step to overcome the troubles of the international monetary system in the 1860s.

But this is just one part of the story. Article 12 of the treaty for the Monetary Union offered membership to all those countries that were willing to adopt the rules of the monetary union.¹² Just before the negotiations with Belgium, Italy and Switzerland, discussions had taken place within the French government on the enlargement of the monetary union that would not only be advantageous for France but for Europe as a whole.

"Il est évident", the Finance Minister, Achille Fould, wrote in a letter to the Ministry of Foreign Affairs,

qu'il y aurait d'incontestable avantages à créer en Europe une vaste circulation monétaire, se rattachant à un même système, et identique dans la valeur réelle et nominale. Cette circulation ne tarderait pas à s'assimiler celle des autres pays, et l'on pourrait entrevoir l'époque où, sous influence d'un même régime monétaire, les paiements en numéraire seraient soustraits aux conditions essentiellement variables du change.¹³

¹¹ MAE Convention Monétaire de 1865. 1865–1880, vol. 602/3, dossier 2, no. 2, Ministre des Finances à Ministre des Affaires Etrangères, 19.01.1865.

¹² Text of the treaty in: Knipping 1996, pp. 291–301.

¹³ MAE Convention Monétaire de 1865. 1865–1880, Boite 602/3, dossier 2, no. 6, Le Ministre des Finances à Ministre des Affaires Etrangères, 18.05.1865.

This shows that the principal aim of the treaty of 1865 was not only to re-establish the existing monetary union, which had been destroyed by external factors (i.e. the gold rush), but to create a European monetary union. This was a completely new concept, emerging not primarily out of economic structures as had the monetary union existing up to 1865, but out of political motives. This is confirmed by a letter from Achille Fould to the Emperor Napoleon III. on 14 April 1866: The aim of the French initiative, he explained, was “an international enactment which may bring important advantages in the commercial communications of more than 66 millions souls, which, in spite of the diversity of language and of nationality, are united under a monetary system whose name and origin remain French”¹⁴ With more pathos, this was taken up by Félix de Parieu¹⁵ in the French *Revue Contemporaine*: “Le Franc peut donc avoir de grande chance d’être un jour tout au moins une des syllabes fondamentales dans une langue universelle des valeurs.”¹⁶ The extension of the Latin Monetary Union, therefore, had two underlying motives: firstly, to facilitate and support the commercial relations between European countries by establishing a common European currency; secondly, the new European currency should be based on the French monetary system and this again would give France a natural leadership within this union.

Monetary union had thus become an instrument of French foreign policy in order to establish economic leadership in continental Europe. This corresponds to the general aim of French foreign policy under Napoleon III. Since the early 1860s, the French Emperor tried to assert French hegemony throughout Europe by diplomatic means. First of all, he tried to prevent the rise of Prussia and a likely German unification. But leadership in this context had not only to be asserted through traditional instruments of diplomatic and military force, but also through setting formal and informal rules and norms in infrastructures, weights and measures in order to make the national system a mandatory regulation on the international level. This is what political theory nowadays calls “soft power”, that is the ability to reach national interests through co-operation and attraction instead of force and violence. But this was just one aspect. The Latin Monetary Union can be considered as an integral part of the French economic ideology of that time, which became known as “Saint Simonism”.¹⁷ This was based on a specific combination of social politics and *laissez-faire* liberalism in which the state was not intended to act as an entrepreneur but rather to secure the economy’s infrastructure in a wider sense. This meant not only the construction of roads, railways and canals, but the government was also supposed to provide the economy with cheap loans and provide collateral for

¹⁴ Report addressed to his Majesty the Emperor by his Excellency the Minister of Finance, 14.04.1866, in: International Monetary Conference 1879, p. 786.

¹⁵ Félix de Parieu was one of the most influential personalities in the Second Empire. As Vice-President of the Council of State from 1865 to 1870 he exerted considerable influence on French monetary policy.

¹⁶ de Parieu 1866.

¹⁷ Cf. Ratcliffe 1985; Smith 1982, pp. 248–265; Schieder 1984.

business enterprises. The same applied to the Monetary Union: the French government did not intervene directly in the economy but instead facilitated international trade by reducing transaction costs.

On 5 December 1866, therefore, the French Foreign Ministry sent a circular letter to all diplomatic missions and embassies in Europe inviting the diplomats to forward the text of the Monetary Union treaty to all governments with special reference to article 12 and the invitation to join the Union.¹⁸ This French initiative met with considerable interest. Sweden and the other Scandinavian countries had been interested in the French system since the early 1860s. One of the country's leading monetary expert had appealed to the government in a report to adopt the French standard and to give up the existing silver standard. The same applied in Denmark where the government was preparing the introduction of gold coins which were identical in composition, weight and measure with the French ten-franc coin.¹⁹ But not only Scandinavia, Austria too was interested in the French initiative. After the defeat by Prussia in 1866, the Austrian Government had decided to leave the monetary treaty with Prussia and Baron von Hock, a leading expert in questions of monetary affairs, recommended that the French government be contacted in order to explore the conditions under which Austria might join the Latin Monetary Union.²⁰ Negotiations started on 23 July 1867 in Paris where von Hock presented a draft treaty to the French delegation under the leadership of Félix de Parieu. Interestingly, Prussia also entered into negotiations about joining the Latin Monetary Union and in March 1867 the French Minister for Foreign Affairs submitted a note to the Prussian Ambassador in Paris asking the German state to join the Union. In Berlin this approach led to discussions between Prime Minister Otto von Bismarck and his Finance Minister von der Heydt. Whilst Bismarck, for political reasons, showed some interest in the French approach, von der Heydt argued that this step would require monetary reform in Prussia something which would be impossible with preparations taking place for monetary integration among the German states.²¹ Further negotiations were also held with the Holy See which submitted its request for membership of the Monetary Union in May 1867. These negotiations proved to be very complicated, mainly for political reasons since Italy as a member of the Monetary Union tried to prevent the Vatican from joining because of the still lingering 'Questione Romana', the situation whereby the Italian

¹⁸ MAE Convention monétaire de 1865, 1865–1880, vol. 602/603, doss. 2, no. 4. Le Ministre des Affaires étrangères à Berne, Turin/Bruxelles, 01.02.1867.

¹⁹ MAE, Direction Commerciale. Questions monétaires. Convention de 1865 et de 1867, vol. 604, no. 205 Légation de France en Suède à MAE, 29.8.1968; MAE, Direction Commerciale. Questions monétaires. Convention de 1865 et de 1867, vol 604, no. 209, Légation de France en Danemark à MAE, 14.09.1968.

²⁰ MAE Direction Commerciale. Convention monétaire de 1865 et de 1867, Vol. 603. Négociations monétaires entre la France et l'Autriche, 23.07.1867.

²¹ Cf. for details: Thiemeyer 2002.

government did not accept the papal supremacy over the City of Rome.²² Apart from these, Spain and even Venezuela showed their interest in joining the Latin Monetary Union.

All in all, the French initiative for monetary leadership in continental Europe seemed to be very successful. The only state that openly rejected the proposal was Russia. In spite of this considerable interest, however, the initiative failed for an unexpected reason: as said before, the Latin Monetary Union that had come into existence with the treaty of December 1865 was based on bimetallism, and all the nations interested in joining the Union did so expecting that they would have to adopt a bimetallic system, too. But this was highly improbable. At the very time the foreign ministry sent the circular letter to the European states, the French political and economic elite were discussing the monetary standard of France.²³ Some of the most influential actors in this system openly argued that the two metal standard should be abandoned and a monometallic gold standard be adopted. During the negotiations with Belgium, Switzerland and Italy in December 1865 the French government was the only one wanting to keep bimetallism, whereas all the other governments were in favour of introducing the gold standard as monetary system. The French delegation, however, based on its economic power, had asserted the bimetallic system, if on condition that there should be further discussions among the member countries on this particular question. The decisive question of the monetary standard, therefore, was still unresolved when France asked the other nations to join the Union. This was the exact point the Belgian Finance Minister, Hubert Frère-Orban, hinted at in a letter to his French colleague: “Cette considération ne portera-t-elle pas le cabinet des Tuileries à penser avec moi qu’il y a là une question préalable à résoudre, avant de recommander aux autres états l’accession à la convention?”²⁴ This turned out to be the decisive reason for the failure of the French initiative. Even though many European states and even Great Powers like Austria had showed considerable interest in the French proposal, all negotiations – with the only exception of Greece which joined the Union in January 1869 – failed utterly. From today’s perspective it is quite astonishing to see that the French government had started an initiative for monetary (and political) leadership in Europe without having the domestic preconditions to support it.

Regarding the underlying question of the driving forces of internationalism this episode clearly shows that the ‘internationalisation’ of monetary markets was not only driven by market forces but also by governments. The French government had decided to enlarge the Latin Monetary Union in order to support its principal aim in foreign policy, hegemony over continental Europe, by means of economic, i.e. monetary instruments. The French government, however, was not the only one to

²² MAE Direction Commerciale. Convention monétaire de 1865. 1865–1877. vol. 601, dossier 3, no. 61, Ministère des Affaires Étrangères à Berne, Bruxelles, Florence, 29.05.1867.

²³ Einaudi 2000, passim.

²⁴ MAE Convention Monétaire de 1865. 1865–1880, vol. 602/603, doss. 2, no. 47, Frère-Orban à Ministère des Affaires étrangères, 23.12.1866.

attempt this. The United Kingdom and the U.S. (from 1878) acted quite similarly. From a political point of view, therefore, internationalism had become an instrument of foreign policy.

But this is just one aspect. Another is that monetary internationalism not only supported foreign policy but could also prove harmful to the sovereignty of the nation state. This was the situation in the mid-1870s when the Latin Monetary Union was confronted with serious problems. One of them was the introduction of the “Cours Forcé” in Italy (1866) and France (1871).²⁵ Following the wars of 1866 (Italy) and 1870/71 (France) neither country was capable any longer of securing the changeability of their respective currencies into gold and silver through their national banks. This was not only detrimental to their own currencies which lost in value, but also to the other countries of the Latin Monetary Union, Belgium and Switzerland in particular, who found themselves flooded with Italian 5-franc silver coins.²⁶ The LMU convened a number of conferences on this subject until the Italian government was forced to give up the Cours Forcé under pressure from the other states of the monetary union in 1879. Even though the abolition of the Cours Forcé had been the political aim of all Italian governments since 1866, the decisive impetus for monetary reform in Italy now came from outside, from the countries of the monetary union. One of the leading Italian experts on monetary questions, Luigi Luzzatti, commented in the newspaper *Opinione* on 15 January 1879:

I delegati nostri a titolo di transazione proposero il ritiro dei piccoli biglietti, cioè concedettero meno. Ma non si avvidero che introducendo nella Convenzione Internazionale l'obbligo di ritirare i piccoli biglietti e di non emettere di nuovi, impegnavano la sovranità nazionale in un punto che si sottrae per l'indole sua a vincoli somiglianti. Ora il Governo italiano, se lo credeva conveniente, poteva annunziare la sua volontà di ritirare i piccoli biglietti e di sostituirvi gli spiccioli; ma dall'annunzio di questo suo disegno alla stipulazione internazionale vi è il tratto che corre fra l'equità e la debolezza.²⁷

In Italy this decision was perceived as a serious intervention into national sovereignty.

Another example is Belgium which for several reasons wanted to leave the monetary union in 1885. After a short but intense discussion in Brussels, the government decided to remain in the union because the economic disadvantages which might ensue in the event of a dissolution of the monetary union were so enormous. Decisive arguments were brought forward by the chamber of commerce in Antwerp: the transnational trade, it argued, with France had been extremely intense on all levels. “Le papier belge, en effet, a toujours été très estimé en France et les maisons de banque ou de commerce le conservaient volontiers en portefeuille.”²⁸ Since the political debate about the Belgian retreat from the Latin

²⁵ Mertens 1944; di Mattia 1982, p. 189; Romanelli 1979, pp. 80 f.

²⁶ Einaudi 1997.

²⁷ Luigi Luzzatti in: *L'opinione*, 15.01.1879; quoted after Luzzatti 1935, p. 127.

²⁸ MAE Direction Commerciale. Question Monétaire. Union Latine. Convention de 1885, Consulat Général de France en Belgique (Anvers) à MAE, 20.11.1885.

Monetary Union, however, Belgian traders had been confronted with serious trouble. The Belgian Franc devalued considerably and the National Bank was forced to raise interest rates, both having marked negative impact on external trade. Again the question was to decide between serious economic disadvantages or political freedom and national sovereignty. The Belgian liberal Hubert Frère-Orban noted on this occasion:

Ce n'est pas, messieurs, qu'en exprimant le regret de voir cesser l'Union, je partage la frayeur que quelques-uns paraissent éprouver à l'idée de cette rupture. Cette Union a incontestablement ses avantages, mais elle offre aussi des inconvénients. De très bons esprits sont opposés à de semblables conventions; ils sont convaincus qu'un pays ne doit pas abandonner son indépendance monétaire; et à voir ce qui se passe aujourd'hui, je serais presque tenté aujourd'hui de partager cette manière de voir.²⁹

These examples show the other side of political internationalism in the second half of the nineteenth century. On the one hand, monetary internationalism provided a new instrument for governments, as for instance the French, for exerting power in Europe by setting standards in measures, weights and currency. Even though the French government by the end of the 1860s had failed to impose the French monetary standard on Europe because of domestic problems the concept was successfully adopted by Great Britain, Germany and – later – the United States. On the other hand, monetary internationalism created a multitude of mutual interdependencies between the countries involved. In monetary matters in particular, national governments were no longer sovereign, but subject to decisions taken in other nations under different conditions. The contemporaries recognised this difficult interrelatedness only very slowly. With remarkable clarity it was summarised by the head of the French consulate-general in Leipzig in a note to the French Ministry for Foreign Affairs:

Ces exemples prouvent qu'une convention monétaire internationale implique ou suppose une foule d'homogénéités et de solidarités *impossibles* entre les parties contractantes. Toute pacte de cette nature, en effet, ne forme qu'un chaînon de la grande chaîne qui unit les contractants, et la moindre secousse qui vient ébranler la situation de l'un d'entre eux, sera immédiatement et par ricochet ressentie, par tout les autres. Surviennent dans l'un des pays alliés une guerre ou une mauvaise récolte, les intérêts de l'Etat directement atteint seront affectés les premiers, mais l'impression électrique de la catastrophe se communiquera nécessairement aux autres.³⁰

All in all, internationalism in the second half of the nineteenth century was not only driven by economic market forces but also by political interests. Foreign ministries and diplomats tried to extend their means to assert national interest. Even though this turned out to be quite successful in the case of the Latin Monetary Union, the same Union also showed the consequences of these actions. This led to a

²⁹ Chambre des Représentants 1885, p. 1781.

³⁰ MAE Direction Commerciale. Questions monétaires et financières. Conférence de 1881, vol. 612, Consulat Général de France à Leipzig à MAE, 30.11.1880.

closer interrelationship between the countries, in some cases even to a restriction of national sovereignty.

Cultural Driving Forces of Monetary Internationalism

These economic and political structures met with and were reinforced by a general tendency supporting internationalism out of cultural motives, and with this I come to my third level of analysis. The cultural driving forces of monetary internationalism relied on a set of shared values, goals and practices among actors involved in the political and economic processes in the second half of the nineteenth century. These shared values are what engender community among individuals. They create a common ideology and thus a common goal for political and economic action. From a constructivist historian's perspective, these common ideologies are created in permanent collective bargaining processes on the basic questions of a society in a transnational public sphere. This public sphere is created through media (in the nineteenth century first of all newspapers) but also in parliamentary debates and, last but not least, international conferences on monetary questions. In the period in question, i.e. between 1865 and 1914, there were at least ten international conferences dealing with monetary affairs, most of them taking place in Paris which had become the capital of monetary internationalism at this time. Those shared values and common ideologies manifested themselves in a couple of key words frequently used in the opening addresses of the conferences, dealing with the general framework of the deliberations with mostly political and technical questions of international finance.

One of these key words frequently used in the context of monetary integration in the framework of monetary internationalism is 'civilisation'. The French government, as all European governments, considered itself civilised, first and foremost in contrast to other peoples, particularly in Africa and Asia. This was the reason why the French government in its initiative for European monetary unification in 1866 aimed at a "circulation monétaire uniforme entre tous les états civilisés".³¹ Membership in the monetary union was to be restricted to those countries that were 'civilised', and more than this, monetary integration, from this point of view, itself became a symbol of civilisation. For the English newspaper *The Times* the foundation of the Latin Monetary Union therefore was "a most important step in the process of European civilisation".³² This was confirmed by the US representative to the international monetary union in 1879, Senator Robert Fenton, who said in his opening remarks:

³¹ MAE Convention monétaire de 1865, 1865–1880, Vol. 602/603, doss. 2, no. 4. Le Ministre des Affaires étrangères à Berne, Turin, Bruxelles, 01.02.1867.

³² "Monetary Convention," in: *The Times*, 08.09.1866, p. 8.

It marks the beneficent advance of civilisation that the commercial relations of different countries grow nearer and firmer year by year. Thus we come to see more clearly the community of interest among nations, and are wisely prompted to cultivate more and more friendly intercourse. Among the measures to this end we cannot be insensible to the benefits which would flow from a uniform basis as to international coin-metal exchanges.³³

As a reason for the Spanish application for membership the Spanish Minister of Finance declared in 1868:

Everything that facilitates trade and relations between nations constitutes an immense benefit, fertilising the seeds of wealth, improving the position of citizens and reaffirming civilization and freedom. Adopting the monetary system of the international convention, Spain opens her arms to her sister states in Europe and gives a new and evident proof of her unshakable resolve to unite with them, to enter the assembly of free peoples.³⁴

From this point of view membership in the Latin Monetary Union was not only important for political and economic reasons but also became a symbol of membership among the free and civilised nations. This idea of civilisation was closely linked to another key word supporting monetary internationalism in this period, ‘progress’. This was a recurring theme for the whole period characterising not only technical achievements but also the construction of societies by means of scientific knowledge. Science was considered the key instrument to understand and shape the world. This underlying attitude was supported by the bourgeois ideology of liberalism as for instance when the Belgian delegate to the international monetary conference in 1878 declared:

This conference proves how easily a number of nations can assemble together to discuss the interests which are common to them. I doubt not that this precedent will bear fruit, but if I may be allowed here to express a desire ... it is that the labours of future conferences ... may be directed, not with a view to government interference, but by liberal aspirations. There still exist in the world – and I do not think a single country is exempt from them – a multitude of measures, restrictive of liberty ... It is to make them disappear that the combined efforts of nations should tend.³⁵

From this perspective, monetary internationalism was part of a huge project: the transformation of the world into a single society based on scientific knowledge under the auspices of bourgeois liberalism. National monetary systems were considered restrictive to economic and political liberty. Their abolition could be achieved by us of a single international currency constructed by the people and not by governments.

³³ International Monetary Conference 1879, p. 4.

³⁴ French Embassy in Spain to the Minister of Foreign Affairs, 05.11.1868, quoted after Einaudi 2000, p. 289.

³⁵ International Monetary Conference 1879, p. 125.

Conclusion: Driving Forces of Internationalism in the Late Nineteenth Century

Monetary internationalism in the late nineteenth century relied on three essential driving forces: in the economic sector, emerging transnational markets led to a unification of currencies through markets. This was a process that had already started in the 1830s, when Belgium had adopted the French monetary system chiefly for economic reasons. The same applied to Switzerland (1848) and Italy (1861). Seen from this angle, rapid industrialisation in combination with path-breaking developments in infrastructure led to the internationalisation of trade. Consequently, there was a strong development in the monopolisation of currency markets, leading in the 1860s to three major currency areas in Europe: one adhering to the monometallic gold standard with British Sterling as its centre, one following the monometallic silver standard with Germany as its core region and a third, the bimetallic Latin Monetary Union with the French Franc as pivotal currency. Economic integration through transnational markets, therefore, played an important role.

This development affected national politics in a double sense, on the one hand, governments and diplomats tried to use currencies for their particular interests as such for example when the French ministry for foreign affairs asked the European governments to join the Latin Monetary Union in December 1866, this was an instrument for asserting political leadership in continental Europe. This was a new development of the nineteenth century, prior to which there had been a sharp partition between the political and the economic sectors of international relations. The emerging international markets, however, provided diplomats with new tools they willingly adopted: the principal idea was to impose the French national standards for weights and measures and currencies on continental Europe and thereby create an economic union under French leadership. The attempt failed, however, because of domestic problems in the Second Empire in the late 1860s. Perhaps to the surprise of most diplomats, the new instruments turned out to be ambivalent. On the one hand, they extended the possibilities for diplomatic action; on the other hand they proved to be harmful for national sovereignty. This was the case for Italy, which was obliged to give up the *Cours Forcé* in 1879 after considerable pressure from the member states of the Latin Monetary Union. Another example is given by Belgium which planned to leave the monetary union in 1885, but refrained from doing so after pressure from several chambers of commerce interested in cross-border trade with France. But nevertheless, diplomatic actors, foreign ministries and diplomats were important driving forces for monetary internationalism.

There is, however, a third important driving force at the cultural level. Both economic markets and diplomatic actions were supported by a set of shared values held by the European elite of the time. They found their concrete expression in the notions of civilisation and progress. The organisation of an international monetary system was part of a European mission to civilise the world. It was closely combined with the idea of scientific progress, i.e. the shaping of the world through the instruments of science.

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