# From *Pax Britannica* to *Pax Americana* : Free Trade, Empire, and Globalisation, 1846-1948

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In a sense all history is the history of globalisation and it is both tempting and necessary to demarcate the past into broad chronological periods according to this new protean theme. Amidst such analyses, Hopkins's categorisation of archaic, proto, modern and post-colonial forms of globalisation has provided the framework for a fruitful and important collection of essays.[1] Other studies have attempted to identify shorter periods in the past, in particular the years 1890-1914, which seem to have borne a particular resemblance to trends in the late twentieth century.[2] This essay attempts to combine these approaches, and above all seeks to explore the tensions within the phenomenon of modern, national, or imperial globalisation between roughly 1800 and 1950. The first part of this period encapsulated the rise of the nation state and industrialisation in Western Europe, especially between 1789-1870, building on the vast increase in knowledge of, travel to, and trade with the non-European world since the mid-eighteenth century.[3] This encouraged not only the benevolent liberal vision of a world in which trade itself would become a sufficient force to bind the world together in a new form of universal civil society but also the cataclysmic Marxist one in which the extension of the shackles of capitalist power would provoke its own overthrow by the united workers of the world. In the second half of this period, c.1870-1950, the transformation of economic relations into more formal ties of political rule coincided with the greater integration of the world economy, although it would seem an exaggeration to claim that it was only now that a 'world economy' was

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created for the first time.[4] However, after the First World War, this economic interdependence of regions and markets was pulled apart and set in reverse in the interwar years, now widely regarded as a period of 'de-globalisation' before the onset of the Second World War.[5] Hence it was only in the period of post-colonial or contemporary globalisation since the 1950s, that the world has returned to the levels of integration, measured by trade, capital export, and migration, experienced before the First World War.[6] From the 1950s, as the European empires disintegrated, the world economy expanded through a process of regionalism (Europe, North America, Japan) while the final fall of the Russian Empire in the 1980s ushered in the contemporary period of globalisation.

Central to contemporary globalisation, and to protests against it, has been the revival of free market economics and the return to free trade between nations, with the post-Keynesian retreat of the state from economies hailed in some quarters as a return to the mid-19th century ideal of the British 'Manchester School'.[7] This in turn suggests an additional perspective on the relationship between empire and globalisation, for the two powers, Britain and the United States who have been seen to exercise hegemony within the modern world system were both, at the period of their greatest power, relatively indifferent to the territorial extension of imperial authority. It was therefore free trade, not empire, which has been defined as the central element within hegemonic power.[8] Free trade in turn may, I shall argue here, be seen as the indispensable condition for modern globalisation, and its history integrates the themes of the internationalisation of economic growth and the territorial expansion of empires. Unlike empire (save in its Christian universalist form) free trade was by its very nature cosmopolitan, emphasising the international, not imperial, division of labour, and recognising no barriers to the economic interdependence of states. This understanding of the international order was at the heart of British politics and British diplomacy until after 1918 but it was also one which gradually seeped into American policymaking, such that by 1945, the United States, not Britain, had become the global champion of free trade. American understanding of free trade differed in many ways from that of Britain but it was also profoundly antithetical to formal empire and envisaged a world community linked by unfettered trade and markets. After 1945, this free trade world was designed to replace the imperial economic blocs whose strengthening between the wars had been the most obvious symptom, if not cause, of the retreat from globalisation.

It may be objected that to study free trade is to bring policy considerations to the fore at the expense of transformations at the level of economic structure and organisation. But issues of free trade were unique in their ability to crystallise thought and action at the global level and to encourage and deploy an understanding of the relationship between domestic prosperity and the world system. Its history allows us to engage with those supra-national issues vital to the history of globalisation and to escape from the boundaries of national history. In particular, its history between c.1850 and 1950 complements our understanding of empire and globalisation in its three central phases. Firstly, in the age of 'national globalisation', Britain's attachment to policies of free trade had vital ramifications for the world economic order. Succinctly put by Bernard Porter, 'what we know as globalization ... the Victorians called "free trade."' [9] As is well known, the singularity of Britain's imperial experience in the 19th century was the dismantling of the formal economic bonds of empire (imperial preference, the Corn Laws, the Navigation Acts), promoting the process misleadingly renamed by Robinson and Gallagher as the 'imperialism of free trade'.[10] The British empire was not a deliberate economic construct but rested on sentimental, even ornamental, foundations. Imperial ties were replaced by free trade between nations, at times consolidated in the form of commercial treaties. As 'imperial globalisation' succeeded its national variant, however, Britain refused to reshape her links with the empire, persistently ignoring the demands of her 'constructive imperialists' who wished to consolidate the disparate amalgam of British territories into a coherent economic federation.[11] As a result, in the period before the First World War, a period now heralded as a prototype for contemporary globalisation, the openness and interdependence of the world economy rested largely on Britain's refusal to abandon free trade. As a result the British Empire before 1914 constituted the largest transnational free trade area the modern world had hitherto seen.

Even so, by 1914 Britain's continuing ability to sustain this role was limited, and as a result of the First World War, Britain was increasingly pulled into the orbit of her own

Dominions. This increased the influence of the 'constructive imperialists' such that by the late 1920s, imperial protection was seen to offer the best shelter from the maelstrom of the world economy, leading to the abandonment of free trade in 1931 and the recreation of an imperial economic system at the Ottawa Conference of 1932. However, even before 1914 percipient free traders had increasingly looked to the United States as the world's most buoyant economy to take on Britain's role as free trade leader. This, as is well known, the USA was reluctant to do but in this transitional period, we see a growing process of role reversal — as Britain was drawn back towards imperial protection, the United States felt her way cautiously towards taking on the free trade baton which as Keynes put it had conducted the 19th century orchestra. While Britain built up her imperial tariff walls, the United States under the leadership of Cordell Hull, a neglected and underrated figure, abandoned her long attachment to protectionism in favour of policies of reciprocal trade and non-discrimination, including therein the new bête noire of American trade policy, Britain's revived attachment to imperial preference. As one of Hull's officials summarised developments in the 1930s, '[while] we had reversed our international policies and begun to move vigorously in the direction of healthy international economic relations, Great Britain was in the process of moving away from the sound economic policies which she had advocated and pursued'.[12]

Finally, in the third period, the origins of post-colonial globalisation derived from the economic planning for peace by British and American policy makers from the early years of the Second World War. Their vision was predicated on the necessity that the world should move away from economic nationalism and the imperial blocs of the interwar period back towards a multilateral system of free trade which the British empire before 1914 had embodied. It was this model of the British empire which was upheld as an example to American statesmen — as Sumner Welles put it 'the trade policies of the British empire during the latter portion of the nineteenth century... contributed enormously to the sane and prosperous condition of the world.'[13] This model of the international economic order also informed most wartime discussions for the creation of a new system of world trade to be regulated by an ITO. By 1946, the US was ready to take on Britain's former part as the world's leading free trade power, even if Britain remained stubbornly attached to imperial preference. Even so, this enthusiasm was short-lived for by 1947, a model of world economic order based on free trade universalism was at odds with contemporary reality : as the newly appointed President of the Board of Trade (and future prime minister), Harold Wilson, put it, the world 'had changed a great deal since Cordell Hull saturated the State Department at Washington with his almost religious convictions on the subject of Tariff Reductions.'[14] As the pressures of the Cold War cut in, the ITO was effectively put into abeyance until revived in the shape of the WTO in 1995, although in 1948 the GATT was created, a pale shadow of the ITO but an important testament to the desire for a global trading order. In this period, Britain's reluctance to abandon her imperial economic ties remained a partial restraint on multilateralism but only a minor one alongside the Cold War, the drive towards regionalism in the world order, and the reinvigoration of domestic protectionism in the USA. Even so, in a very real sense the architects of the post-1945 economic system, the basis for contemporary globalisation, looked back to the model created by Britain in the mid-nineteenth century.

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Following the Repeal of the Corn Laws in 1846, there is no doubt that Britain's free traders including statesmen such as Peel, Gladstone, and Cobden, foresaw a new role for Britain in encouraging peaceful relations between states based on trade. This optimistic vision was easy to debunk in retrospect but it is important to realise that in the period 1846 - 1873, attachment to free trade was not a British idiosyncrasy but part of a global movement, with Britain as its leading exemplar.[15] All the major states in Europe with the exception of Russia had seen powerful movements towards tariff liberalisation in the 1830s and 1840s and, after the setback of the 1848 revolutions and the Crimean War, these were to achieve considerable success in the 1860s. Undoubtedly Britain led the way — for 1846 signified not only the end of agrarian protectionism but the Whigs also committed Britain to the abolition of imperial preference, while in 1849, the Navigation Acts which had regulated British shipping since the 17th century, were also repealed.[16] As a result, as

Cobden recounted : 'I am not aware of any differential duty in favor of the Mother Country being kept up in any of our Colonies whether in favor of shipping or manufactures. In fact our Colonies have ceased to be Colonies in the old sense of the word, because we have ceased to have exclusive dealing with them. They are your Colonies as much as ours.'[17] From 1846 Britain relied on her unilateral example, rather than negotiation, to extend free trade, and found some imitators. For example the United States in the 1840s seemed as though it were to be drawn away from its protectionist model of political economy towards its part in the Ricardian division of labour propagated by many in the United States but hitherto held back by the powerful interest groups which were able to dominate the formation of the American tariff.[18] Britain also continued to negotiate commercial treaties with smaller powers, ensuring some measure of reciprocation for the unfettered access that all countries enjoyed in the British market.[19] Many of these countries were either on the periphery of the European economy or outside it yet at this time the vast bulk of the world's trade was intra-European trade. Here the crucial benchmark in liberalisation was the Anglo-French commercial treaty of 1860. This set off a huge domino effect such that by the early 1870s Europe had been linked together into its first common market based on a series of interlocking commercial treaties.[20] The importance of these treaties was that trade briefly formed the substance of European diplomacy and the treaties were perceived not simply as in exporters' interests but as creating peace bonds between the new nations being formed in Europe. Free trade was therefore integrally linked to a concept of 'inter-nation'-alism which itself was new in the 1860s. Internationalism in this decade more famously associated with the theories of Marx but was put into practice first by the capitalist powers of Europe. This wave of internationalism is in many ways comparable to the wave of globalisation seen in the late twentieth century — for example it was underpinned by a huge revolution in transport and communications — telegraph, postal services, railways, even canals. Equally it was sustained by a powerful cosmopolitan ideology voiced by men such as Richard Cobden and Michel Chevalier, true prophets of globalisation. This infused not only movements for tariff liberalisation but also cultural forces such as the impressive number of international exhibitions held at this time. [21]

Decimalisation and even monetary unions were propagated as part of the mechanics of internationalism.[22] Interestingly too the Anglo-French treaty had been accompanied by Cobden's successful campaign for the abolition of passports between France and Britain, a remarkable step towards the idea of common European citizenship. This wave of internationalism also corresponded to the years in which the British empire as a system of territorial rule, was ideologically on the defensive against the attacks of radicals, economisers, and peace-mongers. On the other hand, the expansion of British economic influence through free trade was valorised as part of a beneficent process of peaceful globalisation, in which commerce would diffuse the benefits of 'civilisation' — much in the same way that today the global market place is supposedly creating a uniformity of tastes and cultures, as part of a new cosmopolitanism.

Why then did this new global order not last or solidify? The most immediate attractive answer is the one which economic historians have developed in recent years — the idea of a 'backlash against globalisation'.[23] In Europe in the 1880s this can best be seen in a coalition of groups we may term'losers from free trade' — farmers, shopkeepers, industrialists, landowners, who provided support for a political reaction.[24] More importantly, the very consolidation of the nation state in Europe produced spiralling demands for government expenditure, in particular for armaments, for which tariffs provided the most easily tapped — i.e. politically least contentious — form of revenue.[25] Thirdly rising tariffs in Europe undoubtedly swung opinion in Britain back towards imperial expansion. — This is very clear by the 1880s when as one disillusioned free trade civil servant wrote 'imperialism is fatal to internationalism', a maxim which we might suggest was applicable to the world order as a whole before 1914.[26] Fourthly, however, we have to remember the limits to globalisation in the years before 1873, for it had been a European-driven movement and above all, the United States had conspicuously failed to subscribe to it. For despite the efforts of successive generations of free traders, the United States, largely as a result of the Civil War, had abandoned tariff liberalisation in favour of first a revenue tariff but then a tariff which became increasingly protectionist. Protectionism became for numerous reasons deeply engrained in American politics and proved virtually impossible to dislodge before 1914, rather in the same way that in Britain free trade before 1914 proved impossible to dislodge.[27]

As a result of this combination of forces, contrary to those analysts of globalisation who see a precedent for today in the years 1890-1914, that epoch in fact foreshadowed the trend to 'deglobalisation' associated with the interwar years. This is most obvious in the case of the European powers, whose imperial expansion aimed to create exclusive economic zones in dependent territories overseas but is also apparent in the desire of Germany, a negligible trading power outside Europe, to increase its self-sufficiency and raise its tariffs, as seen in the commercial treaty negotiations of the early twentieth century.[28] Tariff wars had become a growing part of the European scene before 1914, a minor element in international tension. [29] In Britain too the tariff reformers had increasingly abandoned free trade internationalism in favour of a view of the world order of exclusive economic zones.[30] Here then were powerful trends towards neo-mercantilism, autarchy, and economic blocs. That this did not lead to full-scale 'deglobalisation' as in the 1930s was due to two principal reasons. Firstly, in Britain the tariff reformers were successively defeated in three general elections. It would be absurd to suggest that the international implications of tariffs were uppermost in the minds of the electorate but undoubtedly fear of those implications was a strong restraining force among many politicians and diplomats. For example, Winston Churchill, who in the 1890s had been attracted by the idea of imperial federation, was ready in 1904 to leave the Conservative party over this issue, largely through fear of the loss of international interdependence which support for tariffs entailed.[31] The defeat of the Edwardian tariff reform movement had two primary results. Firstly it left internationalism ideologically in the ascendant in Britain, achieving the peak of optimism in the writings of Norman Angell and to some extent J.A. Hobson before 1914.[32] Secondly, it meant that a British imperial *zollverein* was not created and that the British empire (outside the self-governing colonies) remained the largest free trade shop which never closed its doors. This had important implications for Britain continued to act as a motor for the growth of world trade - the USA, it has been argued, was able to rise to hegemony as a free rider on the British market, and, as Sugihara has comprehensively demonstrated, relatively free access to the Indian market was to be crucial to Japan's own industrialisation.[33]

The second force sustaining international interdependence was the growing readiness of the United States to engage constructively in tariff liberalisation. Interestingly as early as 1890 the British prime minister Gladstone had urged on the United States, as potentially the world's richest economy, the duty to take over the burden of world economic leadership. In the 1890s, too, the Republican party had shown itself increasingly aware of the importance of American exports and directed its commercial diplomacy towards reciprocity in order to open markets.[34] The growing doctrine of the 'Open Door' signalled this new outward-looking trade regime. Interestingly on the day before he died at the hands of an Anarchist assassin McKinley had announced : 'The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem.'[35] By the early twentieth century, even free trade Democrats expected more from the Republicans than from their own party. Even so, Republican reciprocity had more in common with protection than free trade. The 'Open Door' sought equal rather than open access to foreign markets, and free traders' hopes were doomed to disappointment under presidents Taft and Theodore Roosevelt. Nevertheless the Payne-Aldrich Tariff Act of 1909 was the most liberal since the Civil War and steps to liberalisation were to receive an important boost by the readiness of the Democrat Woodrow Wilson to take up this issue. Wilson, president of the Atlanta Young Men's Free Trade Club in the 1870s, derived much of his animus against tariffs from concerns for domestic political morality - the harm done to the political process by powerful but corrupt vested interests. But his victory in 1910 was welcomed as a 'wonderful insurrection against your tariff' and was eventually followed by the Underwood tariff of 1913, which was hailed by *The Economist* as 'the heaviest blow that has been aimed against the Protective system since the British legislation of Sir Robert Peel between 1842 and 1846'.[36] It has been argued by Lake that the Underwood tariff should be seen primarily as a defensive reaction induced by fear that Britain might adopt tariffs but Wilson's pursuit of freer trade was grounded on an implicit recognition that the United States was part of an international order in which free trade was the best guarantee of peace.[37] This was also part of a wider diplomatic and economic rapprochement between the United States and Britain, the Atlantic orientation which would sustain Britain during the First World War but whose economic origins were laid well before it. By 1914, therefore there were important signs that the hold of the protectionist model of American political economy had been broken, and that a new liberal internationalism was in course of construction. This Anglo-American rapprochement may therefore be seen as a countermovement towards the drive to economic blocs in Europe, and an important signal that the ideal of a liberal economic international order, propagated by Britain since 1846, would remain a coherent model for statesmen after the First World War.

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It is a truism now ensconced in the globalisation literature that the world between 1890 and 1914 enjoyed 'an economic Eldorado' (based on capital export, trade levels, and migration) unexpectedly ruined by the First World War, with its dire consequences for the world's trading order.[38] But, as we have already seen, this roseate image fails to take into account of those tendencies towards disintegration which had been held in check before 1914 but which were fully unleashed by the outbreak of war, which necessarily accelerated trends towards autarchy and economic warfare.[39] But from our point of view, two primary trends are important both of which were already apparent before 1914. Firstly, the United States continued to move towards liberalisation – here was the importance of the Wilsonian contribution based firmly on his free trade ideas, and a desire to avoid an economic war against Germany after the making of peace. Hence the third of Wilson's Fourteen Points, which sought the removal of all economic barriers and the re-establishment of equality of trade conditions as essential means to permanent peace after the First World War. The United States thus became the key prop sustaining the idea of an Open Door which as Bryce noted 'was not free trade but a via media likely to satisfy protectionist and liberal powers'.[40] Significantly, Cordell Hull's First World War rhetoric was based on the need for free trade as part of a peaceful world order and in 1916 he called for an international trade conference at the end of the war.[41] We can therefore see forming a strong ideological linkage between peace, free trade, and American power which was to be of long term importance.

Secondly, and by contrast, Britain partly under strong pressure from the protectionist Dominions, moved away from its traditional free trade loyalties and towards imperial preference.[42] In part this was the result of wartime necessity – for example the McKenna duties of 1915 but wartime politics, especially after the formation of the Coalition government in 1916, increased the power of the tariff reformers, for example Sir Walter Long, who now held crucial government posts. This promoted policies favourable to imperial preference, policies which growing economic and military dependence on the Dominions also made prudent. This for example led to Britain accepting the Paris resolutions of 1916 welcomed by some as the belated 'abandonment of Cobden', a strategy for economic war after war against Germany, protection for key industries, and new efforts at imperial economic co-operation.[43]

However, the wartime trends in Britain towards protection and in the United States towards liberal internationalism were both to be unexpectedly reversed. Not only was Wilson unable to continue his liberal tariff policy by 1919 but the American people declined to join the League of Nations, to which many had looked for the reconstruction of a stable world order.[44] In this context, protectionism re-solidified its hold on policy-making with the Fordney-McCumber Tariff Act in 1922 leading to average tariff rate rises from 27% to 39%, a trend which was to reach its apogee, despite the claims of the revisionists, in the Smoot-Hawley tariff of 1930.[45] In Britain by contrast the drive towards tariff reform was checked by the Conservative Party under Baldwin losing the 1923 election on this issue and their reluctance thereafter to clothe themselves in the garb of tariffs. On the other hand, the Labour party, able to form governments in 1924 and 1929, did so as the residuary legatee of nineteenth-century Cobdenism, determined to avoid tariffs and imperial preference and to uphold as long as possible the opportunity of lowering tariffs through international action by the League of Nations.[46] It was therefore only in the wake of the national crisis of 1931 that the tariff reformers in the Conservative Party finally gained the ascendancy they had striven for since 1903 and were in a position to put into effect the dreams of Joseph Chamberlain, with first in 1931 a protectionist tariff, and second in 1932, the Ottawa system, re-instituting a comprehensive system of imperial preference for the first time since 1846.[47] Britain, perhaps slower than most had now formed its own economic bloc, but her retreat within imperial boundaries was in keeping with the growing world wide trend towards autarchy, tariffs, and nationalist economic policy. Finally the trend away from constructive international co-operation was confirmed by the failure of the London Economic Conference of 1933, the ultimate end of the road for British economic internationalism.[48]

However, the London Conference also hailed the arrival, albeit wholly inauspiciously, of a new figure on the international scene, the American secretary of state Cordell Hull. Hull has received virtually a wholly bad press, for his dull, preachifying manner — that of 'Parson Hull'.[49] But this should not obscure the important new directions he now gave to American policy-making under the presidency of Roosevelt. Hull was not a natural Rooseveltian and throughout his tenure of office had to fight vigorously against the inner core of Roosevelt's staff, the so-called 'Brains' Trust'. But on the other hand, Roosevelt's election implied a readiness to move way from the policies embodied in the Smoot-Hawley tariff. But it was Hull who now realised the opportunity and the importance of the USA taking over Britain's position as the world's leading free trade power. A cynical interpretation of this is possible — with some ready to see in Hull a determination to exert maximum power for maximum American profit. But a different interpretation is more plausible. Hull, well-termed the 'cautious visionary' was motivated by a powerful set of ideas which can be traced back to the free trade writings of W. G. Sumner, the example of Gladstone and the fiscal ideas of his Tennessee mentor, Benton McMillin.[50] Hull's creed has been criticised for its simplicity but that was in part its importance — he set out a general direction of policy clearly contrasting with that of rivals such as George Peek, head of the Agricultural Adjustment Administration, and later an advocate of 'America First' and deliberately signifying a distinct break with the protectionist American past. He therefore provided a policy umbrella under which officials could gradually redirect American policy, while he himself was intimately involved in publicising this new direction. At its core was the Reciprocal Trade Agreements Act of 1934 which removed tariffs from the arena of log-rolling in the Senate and gave the executive power to negotiate bilateral treaties cutting existing tariff rates by 50%, together with the ability to grant most-favoured nation status. This was based on Hull's wide-ranging design to contain economic nationalism and reconstruct a liberal trade order. As one State department memorandum put it, Hull's trade agreements 'were the sole practicable way of repairing the ravages of super-protectionism and other forms of economic warfare'.[51] Hull's 'gospels on free trade' now made him irksome to some British diplomats, including the ambassador in Washington Lindsay — but Hull's credo closely followed the old, pre-1931 British free trade model.

Hull's diplomacy incorporated a large number of states (it was later defended on the lines that no state with whom the United States had negotiated a treaty in the 1930s went to war against her) but one of its key objectives was to end (and certainly prevent the increase of) British imperial preference, and to seek a more liberal trade agreement between Britain and America. This proved a slow process but eventually pressure on Britain (in the context of mounting fears of war with Germany) showed some signs of success, leading after eighteen months of complex negotiation to the 1938 Anglo-American Trade Agreement.[52] This agreement did not immediately or decisively weaken imperial preference — arguably British concessions were much less than they might have been — but it provided an apt reminder of the indispensability of American trade to Britain and the limited possibility of the Ottawa utopia of imperial self-sufficiency. It is important to remember, as argued by Cain, Hopkins and Akita, that Britain relied not only on empire trade but also the sterling area, with its important linkages beyond formal empire by which Britain's international position was upheld and through which the empire continued to be linked to a more global economic system.[53] But the sterling area was limited in regional scope and unlikely to expand significantly in the international context of the late 1930s. As the perspicacious imperial historian Hancock observed only two years after it was signed the Anglo-American Agreement spelt the end of the Ottawa system and killed the illusion that the British empire (and we may add, the sterling area) could be permanently reshaped as an effective economic and political whole.[54] It contained an implicit recognition that Britain's imperial strategy in the 1930s had forfeited international goodwill, and in this sense marked a victory for Hull's international policy. But in addition, as the *Economist* (31 December 1938) noted, the Agreement constituted 'the largest operation in trade liberalisation that has ever been undertaken' and as such it reaffirmed the value of tariff-bargaining as a means towards freer global trade in marked contrast with the predominant current in the 1930s towards nationalist, imperial and autarchic economic policies. Even so this glimpse of a possible liberal economic future was soon to be obscured by the dark immediate present, the onset of the Second World War.

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The implications of the Second World War for global free trade, the British Empire, and its imminent successor, the Pax Americana became immediate matters for discussion, even before the United States entered the war in 1941. The most significant factor in this early economic planning for the peace was the extent to which it was shaped by models drawn from the past, although suitably adjusted for expected post-war realities. As Clavin has shown, 'the lessons of the past', in effect, the British model of free trade post-1846, played a large part in American thinking and propaganda. Wartime information programmes were geared to explain how Britain had acted for the benefit of global prosperity and how as the strongest world economic power, it was now the responsibility of the United States to take over this leadership role, which it had conspicuously failed to do in the interwar years.[55] However, from the earliest days of the war, the logic of Hull's foreign economic policy in the 1930s dictated the pursuit of the abandonment of British imperial preference.[56] This became apparent for example as early as 1941 in the discussion of the Atlantic Charter when one of the goals of American policy was the endorsement of the world commercial republic once preached by Paine and Cobden. On this famous occasion on USS *Augusta* in Placentia Bay off Newfoundland Winston Churchill successfully stalled on the abolition of preference, in part through his own lessons of history, reminding Roosevelt of 'the British experience in adhering to Free Trade for eighty years in the face of ever-mounting American tariffs... All we got in reciprocation was successive doses of American protectionism'.[57]

Even so, the United States did not abandon its missionary pursuit of freer trade, rather it pursued it with all the zealotry of a recent convert. The search for tariff reductions and abolition of imperial preference formed a major part of a whole range of subsequent negotiations, linked to the 'consideration' to be paid for lend-lease. Eventually therefore when Article VII of the Mutual Aid Agreement was signed it was hailed by many, including the British economist and future biographer of Keynes, Harrod as 'the modern free trade charter', equal in international significance to the repeal of the Corn Laws in 1846.[58] The American desire for global freer trade now became an insistent theme in wartime diplomacy with Keynes in particular alarmed by what he once termed 'the lunatic proposals of Mr Hull' which he saw as 'a dogmatic statement of laissez-faire in international trade on the lines of forty years ago.'[59] But whereas forty years earlier, the British empire had unilaterally sustained the liberal trading regime, by the 1940s, it was the necessity for multilateral action which was now uppermost and amidst the welter of international institutions invented in wartime, there gradually took shape the idea of an international trade organisation. The paternity of this idea and institution has been disputed. Thus, one recent account asserts categorically that the ITO was 'an American idea'.[60] But more informed accounts show that it was a British idea for the nearest prototype was the international commercial union first proposed by British economist James Meade in 1942.[61] Meade's wartime role has been unduly neglected besides the undoubtedly more important part played by Keynes but the ITO and ultimately the WTO can be ascribed to his commercial union scheme. This succinctly advocated the political and economic importance of liberal policies, calling for a draft international convention which would reduce tariffs and curb direct controls on trade but also provided for an international body with power to interpret this convention and settle disputes between member states - in other words a very direct ancestor of today's WTO. But interestingly Meade's primum mobile was to the imperative need to return to what British policy had been before 1931, ie to abandon imperial preference and return to global free trade by means of tariff liberalisation. These wartime ideas on trade necessarily have taken second place to discussions of the post-war monetary regime setting up the IMF and World Bank but they were the subject of a huge amount of effort which historians are only just rediscovering. Meade's original scheme became the basis for several British and American wartime proposals (for example the Overton plan of 1942 and the Law Mission of 1943) and clearly inaugurated the pursuit of multilateralism through the proposed ITO, a permanent institution designed to supervise a non-discriminatory system of world trade. His scheme in fact was more enthusiastically received within the States than within Britain and eventually became the basis in September 1946 for the Suggested Charter of the ITO, the subject of talks in London in October 1946.[62] At this point, therefore, one hundred years after Britain had repealed her Corn Laws in 1846, attempting to lead the world towards free trade by unilateral example, the United States now sought through a new regulatory framework to achieve the comparable goal, in an utterly different context, of encouraging the world's nations to seek prosperity through untrammelled commerce.

How successful was the United States to be in this role as guardian of the liberal trading order? In the context of post-war planning priority was necessarily given to monetary issues, and the ITO, unlike the IMF, or World Bank, was stillborn. But the reasons for this are important and instructive. Among those reasons, undoubtedly one lay in the dogged attachment of Britain to imperial preference. This was tenaciously defended through a whole range of wartime and post-war Anglo-American discussions.[63] Gone therefore was the British liberal free trade consensus which had made free trade virtually unquestionable before 1914 and in its place were a variety of discordant visions of the Britain's role in the world; the first Labour government even set up a committee to investigate alternatives to an ITO, staffed by dons and mandarins such as Donald MacDougall and the future eminent economic historian Sir John Habbakuk.[64] For many, especially after their part in the Second World War as in the First, the future did lie with the empire and it is interesting for instance, that one of the key influences on wartime policy had been that of Leo Amery, who had first made his mark as a journalistic henchman of

Joseph Chamberlain in the Edwardian campaign for tariff reform.[65] This imperial strategy also remained a firm favourite with Labour as John Kent has shown. [66] For other policymakers, the answer lay in regionalism, with study groups at work urging that Britain should participate in the formation of a European customs union.[67] But this was too much at odds with the imperial past and Atlanticist present. But finally, the key policy influence was that of Keynes, concerned not to abandon too cheaply any imperial props to Britain's economy and keen not to surrender the newly-gained consensus in favour of interventionist policies at the behest of utopian American laissez-faire theorists. Keynes was a supporter of the ITO but Meade feared he had 'no fire in his belly' for free trade.[68] Britain, partly under Keynes' influence, strongly urged qualifications to the ITO charter and as Zeiler and others have shown, Britain's unyielding stance progressively diluted and undermined American missionary zeal for free trade.[69] Even so, Keynes was firmly opposed to any vision of Britain adopting 'Schachtian' tactics, bilateralism or reliance on the sterling area. Rather he insisted that Britain could not retain the sterling area 'as a trading fortress' displaying the 'the anti-Ottawa motif' which the economist Henderson discerned in his outlook. While eager to retain preference at least in the short-term, Keynes's essential aim was to secure American co-operation for a liberal economic system, restoring the fundaments of the pre-1914 belle époque whose merits he had so memorably apostrophised in *The Economic Consequences of the Peace*.

Even so the American attempt to recreate this order through the ITO was doomed to failure whose reasons lay more in the United States than in Britain. For despite the enthusiasm of many, domestic support for free trade was always cautious, and reluctant, and in part the apparently successful British defence of imperial preference tended to diminish American enthusiasm for free trade.[70] But the real turning-point was arguably the Cold War and the security needs of the US, which now took precedence over liberal trading aspirations. As a result, the USA became less resolute in her campaign against preference, and in this sense the ultimate impact of the British empire on the post-war trading settlement was to restrict the potential of multilateral negotiations, and as Robinson and Louis argued some years ago, the USA, having been as the critic of empire, ended the war propping up the remnant of the British empire.[71] But the Cold War also undermined American support for liberalisation itself and when the Havana Charter, setting up the ITO, was eventually agreed, it was not to be ratified on Capitol Hill. The United States, at this time, abandoned therefore its aspiration towards a universal free trade regime in place of ensuring the security of the West now best advanced through the Marshall Plan and regional integration in Europe.[72] In this context, its global free trade goals were relegated to slow, incremental progress through the GATT, and in a new bipolar world, free trade universalism would be effectively postponed until the end of the Cold War. But we should note that these global goals were never wholly abandoned - for example the word globalisation, then 'a staggering concept', was first used in 1962 in relation to discussions between Europe and the United States at the time of Kennedy's Trade Expansion Act.[73] Even so, it was not until almost fifty years after the creation of GATT, that in 1995 the wartime planners' schemes achieved their eventual fruition in the WTO.

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The WTO, the institutional embodiment of free trade, has successfully emerged as a consequence of the late twentieth century's globalisation and sits in uneasy triumph over the remnants of past imperial economic regimes.[74] But behind this eventual outcome as we have seen in this essay there lies a complex historical relationship between free trade, hegemony, essay, and globalisation. In one sense, we might think of globalisation as simply a new term for hegemony and certainly this fits in well with those who argue that globalisation means Americanisation, or those who see nineteenth-century British free trade as the equivalent to globalisation.[75] However, the pattern of the past is more intricate. While empire was undoubtedly — how could it not be? — a globalising force, in the British case, Empire did not preclude a new and until 1931 stronger attachment to an ideal of universal interdependence based on free trade between all nations, an ideal which Britain sought to propagate, practise, and defend. It was this combination of free trade, empire and universalism practised by the world's leading economic power, which ensured a substantial degree of openness in the world economy that has retrospectively been seized upon as a model for globalisation today. However even before the outbreak of the First World War this global economic order was already under threat, and the ability of the world's trading order to sustain a global direction in the future, depended on the degree to which the United States aspired to take on Britain's free trade mantle. But 'de-globalisation', building on pre-1914 trends, accelerated after 1918 as the United States retreated to isolationism and Britain retreated towards its empire. But in the 1930s, the United States under the leadership of Cordell Hull, was educated into a readiness to foster a new model of free trade universalism, based on Cobdenite goals and stet the model of the British free trade empire expressed in the scheme for an ITO. Ironically, however, we have also seen that the post-Ottawa British empire was now a major constraint on the success of free trade universalism, which together with resilient protectionism in the United States and the onset of the Cold War ensured that this model of the world's trading order was not in fact resumed until the 1990s, when it became an essential component of contemporary globalisation. Free trade between nations has therefore been a necessary component of modern globalisation ; empire has been a contingent, variable, and at times, negative force in its development.

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7 K. Ohmae, *The Borderless World : Power and Strategy in the Interlinked Economy* (1990) ; Hirst & Thompson, *Globalisation*, p.176.

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