American Foreign Economic Policy

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Summary and Keywords

Foreign economic policy involves the mediation and management of economic flows across borders. Over two and a half centuries, the context for U.S. foreign economic policy has transformed. Once a fledgling republic on the periphery of the world economy, the United States has become the world's largest economy, the arbiter of international economic order, and a predominant influence on the global economy. Throughout this transformation, the making of foreign economic policy has entailed delicate tradeoffs between diverse interests—political and material, foreign and domestic, sectional and sectoral, and so on. Ideas and beliefs have also shaped U.S. foreign economic policy—from Enlightenment-era convictions about the pacifying effects of international commerce to late 20th-century convictions about the efficacy of free markets.

Keywords: diplomacy, trade, finance, economics, globalization, Great Depression

Revolution, Commerce, and War, 1776–1815

In the beginning, U.S. foreign policy was foreign economic policy. The American Revolution repudiated not only the British Empire but also an entire system of international relations, in which European states vied for control of the globe's riches and fought internecine wars. The political revolutionaries of 1776 blamed Europe's frequent wars for the fiscal centralization and political authoritarianism that their revolution rejected. As the costs of warfare mounted in the 18th century, rulers tried to compel their subjects to bear war's fiscal burdens, as Britain did in North America after the Seven Years War (1756–1763). Connecting politics and foreign policy, the revolutionaries of 1776 envisioned a different kind of politics based upon limited government and free trade. "Our plan is commerce," declared Thomas Paine, the revolution's leading pamphleteer. "That," he continued, "will secure us the peace and friendship of all Europe."[1]

Embracing commerce meant repudiating mercantilism, an early modern doctrine that Britain's Navigation Acts (first introduced in 1651) exemplified. The Navigation Acts excluded foreign merchants from trading within the British Empire, which became, in theory, a closed economic zone. The Navigation Acts endured until 1849, but opposition to mercantilism mounted in the 18th century, as liberal economic thinkers argued for liberalizing trade. Adam Smith's *The Wealth of Nations* declared that individuals would serve the common good if they made their own economic choices—and that nations should import what they could not make cheaply at home.[2] Smith's liberalism was a moral and political philosophy, but other liberals, especially David Ricardo and James Mill, soon elaborated theories of comparative advantage that affirmed the logic of free trade.[3] The Enlightenment's leading political thinkers, meanwhile, proclaimed that the spread of republicanism and the opening of the world's seas to commerce would herald a new era of "perpetual peace."[4] This intellectual ferment found powerful expression in early American diplomacy.

Declaring independence plunged the United States into war with Great Britain, necessitating a foreign policy. Within the Continental Congress, Robert Morris of Pennsylvania chaired the committee tasked with devising a foreign policy, but the committee's work mostly fell to John Adams of Massachusetts. Embracing Enlightenment ideals, Adams preferred to seek commercial relations and eschew political entanglements. In September 1776, Morris's committee presented its Model Treaty to Congress. The document was intended as a basis for negotiations with France and Spain, whose support the Americans would need to prevail against Great Britain. Crafted with practical purposes in mind, the document was nonetheless an idealistic statement. The Model Treaty proposed that signatories should have equal access to commercial opportunities (a version of what would become the most-favored nation principle) and that neutral trade must not be impeded even during times of war. An expression of revolutionary ideals and tangible American interests, the Model Treaty suggested that Britain's former colonies were looking to the future as a commercial, trading republic.

Leery as the revolutionaries of 1776 were of foreign entanglements, most understood that French military assistance would be necessary for independence to be secured. Negotiations with France fell to Benjamin Franklin, who traveled in December 1776 to Paris. A champion of free trade, Franklin was also a pragmatist. Franklin negotiated separate treaties of alliance and commerce in 1778. The commercial treaty conferred commercial access on a most-favored nation basis: under its terms, the United States and France agreed "not to grant any particular Favor to other Nations in respect of Commerce and Navigation, which shall not immediately become common to the other."[5] More important still, the treaty affirmed the rights of neutral powers to trade with belligerents during times of war. French military assistance, meanwhile, enabled the Americans to prevail in their armed struggle. After the Battle of Yorktown in 1781, Great Britain in 1782 opted to negotiate with the Americans, calculating that an indulgent peace might keep the United States within the British Empire's commercial orbit. Concluded in 1783, the Peace of Paris recognized American independence and granted the new republic a western frontier on the Mississippi River, the continent's greatest thoroughfare for commerce.

For all the potential of the United States, institutional weaknesses hindered the pursuit of a coherent foreign economic policy. Under the Confederation Congress, the national government could neither define a national trade policy nor raise a navy to defend commercial claims. The major achievement of the Confederation Congress was to devise a framework for territorial expansion. Not an expression of commercial policy as such, the Northwest Ordinance of 1787 nonetheless ranks among the most important acts in the history of U.S. foreign economic policy. By establishing procedures for admitting new states to the union, the Northwest Ordinance made possible the transfer of land seized from native peoples—an incalculably vast source of value—to the United States. The incapacity of the Confederation Congress to orchestrate an effective commercial policy nonetheless prompted, in tandem with other debilities, the creation of a new framework for government, including an executive presidency, in the Constitution of 1789.

George Washington's election as president coincided with the coming of the French Revolution. Europe plunged into a generation of war. As France's revolutionary armies rampaged, Britain's Royal Navy policed a commercial blockade. For the United States, Europe's conflict meant commercial opportunity and geopolitical risk. Eschewing involvement, President Washington in 1793 issued a Neutrality Proclamation. Europe's wars nonetheless embroiled U.S. merchant vessels, from which the Royal Navy seized cargoes and even sailors. Dismayed by Britain's depredations against commerce, Congress slapped an embargo on exports to Britain, the largest trading partner of the United States. President Washington dispatched John Jay to London to negotiate. Jay could not persuade the British to recognize U.S. neutral rights—the right of neutrals to trade with *all* belligerents—but the Jay Treaty of 1794 expanded U.S. commercial access to the British Caribbean and secured British evacuation of forts on the republic's western border. Critics called Jay's treaty a spineless concession, but Jay had at least managed to preempt the threat of another Anglo-American war. More popular was Pinckney's Treaty of 1795, which secured from Spain, then in control of New Orleans, the right for U.S. merchants to navigate the Mississippi River.

Anglo-American trade in the 1790s benefited the U.S. economy, but the republic's major trade relationship strained relations with France. From 1795, French warships targeted American merchant shipping. George Washington warned against engagement in Europe's wars, but John Adams sought a navy to protect U.S. commercial vessels. As anti-French sentiment sharpened, Congress embargoed exports to France, canceled the alliance treaty of 1778, and created the Department of the Navy. An undeclared naval war with France, often called the Quasi War, ensued. At stake was the claim Adams had made in the Model Treaty of 1776: that neutral countries must be free to trade even during times of war. Struggling in its foreign wars, France conceded the point. The Franco-American Convention of 1800 ended the alliance of 1778, reaffirmed the commitment to most-favored nation status, and affirmed neutral rights.

Thomas Jefferson's inauguration in 1801 coincided with a lull in Europe's wars, but European choices—and the actions of enslaved peoples—precipitated Jefferson's greatest foreign policy triumph. Toussaint l'Ouverture's slave revolt in Haiti led Napoleon Bonaparte to abandon hopes of revitalizing France's North American empire—and to instead sell France's Louisiana territory to the United States. The Louisiana Purchase nearly doubled U.S. territorial claims and prefigured the incorporation to the United States of western lands presently inhabited by Indian peoples and polities. In time, the Louisiana Territory became a source of federal revenue, often derived from land sales; a magnet for foreign direct investment; a destination for immigrants, free and enslaved alike; an engine of economic power; and a source of conflict with Mexico. With the purchase, the United States at last secured control of New Orleans, the gateway to the Mississippi, Missouri, and Ohio River systems. In diverse respects, then, Louisiana ranks among the most consequential acts of economic statecraft not just in U.S. history but in the history of the world.

Transcontinental as Jefferson's outlook was, transatlantic commerce remained a source of vexation. Chaffing at the ransoms his predecessors had paid to North Africa's Barbary pirates, Jefferson dispatched the U.S. Navy to secure the Mediterranean for American merchant vessels. More intractable were the conflicts that resulted from the resumption in 1803 of the Anglo-French war for Europe. Once again, Great Britain established a blockade line that made no concessions to neutral rights. The Royal Navy seized cargoes bound for French territories and impressed thousands of American sailors into British service. Napoleon in late 1806 proclaimed his own blockade of the British Isles and declared, in early 1807, that U.S. vessels that complied with Britain's inspection regime would be treated as hostile.

Jefferson attempted to negotiate, as George Washington had done, but no diplomatic solution was devised. Instead, Jefferson urged Congress in late 1807 to pass the first in a series of Embargo Acts prohibiting Americans from engaging in overseas commerce. A dramatic act of renunciation, the embargo policy proved ruinous and divisive. As maritime communities in the northeastern United States atrophied, Jefferson and Congress turned to coercive enforcement. The embargo spurred a politics of regional separatism in New England that brought the United States to the brink of disunion under Jefferson's successor and fellow Virginian James Madison.

Madison inherited Jefferson's embargo, albeit in modified form. Congress in early 1809 passed the Non-Intercourse Act, which opened trade with all countries except Great Britain and France. The next year, Macon's Bill Number 2 reopened all trade but committed the United States to impose a new embargo on *either* Britain or France: the first power to commit to cease attacks on U.S. shipping would be rewarded with a commercial embargo against its rival. The gambit aimed to use trade as a weapon to protect trade, but it served only to exacerbate tensions. Madison embargoed Britain after

Napoleon promised to reopen Europe to trade, opening an escalating Anglo-American dispute over commercial access. In June 1812, Congress granted Madison's request for a declaration of war against Great Britain.

The War of 1812 aggravated the embargo's economic consequences: the value of U.S. exports tumbled from the 1807 peak of $108 million to just $39 million in 1812 and under $7 million in 1814.[6] During the winter of 1814–1815, delegates from New England convened in Hartford to debate secession from the United States—and the reopening of commerce with Great Britain. Despite winning several victories and burning Washington, Great Britain offered in late 1814 to make peace. The ensuing Treaty of Ghent restored the *status quo ante*, but Andrew Jackson's late victory in the Battle of New Orleans of January 1815 gave the war a triumphal conclusion. The war's ending—and the coming in November 1815 of peace in Europe—marked the end of a tumultuous era in the foreign relations of the United States.

Making the American System, 1815–1865

Foreign wars and commerce dominated the agenda for foreign economic relations during the republic's first quarter century. Trade propelled growth, but it also embroiled the United States in conflicts that culminated in the War of 1812. Thereafter, national economic development began to supplant the pursuit of trading rights as the overarching purpose of national policy. The United States, in this new era, forged an integrated economy on a continental scale—what Senator Henry Clay in 1820 first called an "American System." External inputs remained a motor of economic growth, and the United States continued to pursue market opportunities overseas. For the remainder of the 19th century and into the 20th century, however, the centerpiece of U.S. foreign economic policy was the tariff. The tariff generated revenue for the federal government and protected from foreign competition the industries that transformed the United States into the world's greatest economic power during the 19th century.

The intellectual origins of the American System antedated the war of 1812 and built upon European mercantilism. Alexander Hamilton, Washington's Treasury secretary, presented his *Report on Manufactures* to Congress in 1791. The report advocated the cultivation of industries, mainly via the provision of public subsidies. Jefferson and his allies opposed Hamilton's agenda, but Congress acted on Hamilton's recommendations and in 1797 chartered a Bank of the United States. Although Jefferson's followers permitted the Bank's charter to expire in 1811, Hamilton's ideas proved durably influential.

After the War of 1812, political leaders in the United States mobilized around Hamilton's ideas, which followers of Hamilton now expanded to include tariff protection. Building upon Hamilton, the German-American economist Friedrich List advocated the protection of "infant industries" from foreign competition, as did Daniel Raymond, whose 1820 *Thoughts on Political Economy* made an influential case for tariff barriers.[7] Henry Clay, probably the most influential political leader of the antebellum decades, coined the term "American System" to illuminate the developmental possibilities of tariff protectionism. Protectionist ideas fast predominated. Congress in 1816 chartered the Second Bank of the United States and raised a tariff that aimed, explicitly, to protect American manufacturers against foreign competition. (Until then, revenue generation had been the rationale for tariffs.) Congress raised tariffs in 1824 and 1828. Under the 1828 law, *ad valorem* tariff rates on some imports reached 62 percent.

While the American System had enjoyed broad support after the War of 1812, tariff protection became increasingly contentious as the 1820s progressed, especially in the cotton-exporting South and in trade-oriented New England. Critics damned the 1828 law, in particular, as a "tariff of abominations," prompting Congress to revise the tariff code. The Tariff of 1832 lowered rates—but not enough for South Carolina. In 1832, a state convention voted to nullify the federal tariff. The ensuing Nullification Crisis raised the specter of armed confrontation between the federal government and South Carolina. Congress managed to stave off war with the Compromise Tariff of 1833, but the episode indicated the emergence of a sectional division over foreign economic policy, a division that turned upon the institution of slavery.

Contrary to the expectations of the republic's founders, who had expected slavery to wither over time, global economic changes revitalized the peculiar institution. From the 1830s to the Civil War, cotton represented about half of all exports from the United States.[8] While total U.S. exports amounted to less than 7 percent of GDP in the 1840s and 1850s, the rise of King Cotton confirmed the Deep South's orientation to international trade. Plantation owners built their livelihoods upon cotton exports and imported from Great Britain manufactured goods unavailable at home. While pro-slavery southerners embraced free trade and espoused territorial expansion into climes suitable for cotton, the industrializing North cleaved to protectionism. For Whigs who followed Henry Clay—a resolutely national figure, despite his southern origins—the protective tariff was sacrosanct. From the beginning of his career in the Illinois legislature, the young Whig Abraham Lincoln was an eloquent and persistent defender of the tariff.

The conflict over slavery shaped the westward expansion of the United States, for where new states stood on the slavery question would tilt the nation's debate. For abolitionists, Texas's 1845 admission into the union as a slave state was a retrograde step, not least because it triggered further expansion, in the form of an international war. Abolitionists opposed the Mexican War of 1846–1848 not only as an illegal violation of Mexico's sovereignty but also because the seizure of Mexican territory would tilt the sectional balance toward the South. Conversely, slaveholders fretted that settlement of the northwest, including the Oregon Territory acquired in 1848, would curtail *their* influence. The Compromise of 1850 aimed to balance the admission of slave and free states, but pro-slavery zealots advocated further expansion into Mexico and Central America. Some Southerners even launched freelance military expeditions—or filibuster raids—that aimed to turn the Caribbean basin into an empire for slavery.

Bifurcated between northern and southern thrusts, the republic’s frenzied and competitive territorial expansion transformed the global economic position of the United States. By 1860, the republic’s economy was as large as France’s.[9] Trade had facilitated this economic growth, especially for the cotton-exporting South. Far more significant, however, were the economic assets that the United States acquired as a result of violent conquest and dispossession. From the vantage of Mexico and the many indigenous peoples and polities that succumbed to an expanding, ravenous United States, the profoundest explanation for the economic growth of the American republic was neither commerce nor internal development—but war.

Economic expansion did not end at the continent’s edge. Northeastern merchants had from the 19th century made the United States one of China’s largest trading partners. China’s defeat to Great Britain in the Opium War of 1839–1842 prompted the United States to formalize commercial relations with China in the Treaty of Wanghia of 1844. That agreement opened five Chinese ports, permitted the United States to set tariffs on bilateral trade, and conferred extraterritorial privileges on American merchants. The United States turned next to Japan. In the summer of 1853, Commodore Matthew Perry sailed into Tokyo Bay with a flotilla of steam-powered warships. Perry brought gifts for the emperor, but the threat of armed force helped to conclude the Treaty of Kanagawa in 1854. This agreement conferred trade privileges; another agreement in 1858 established diplomatic relations and consolidated commercial rights.

Even as Americans opened foreign markets, international inputs contributed to the economic growth of the United States. Economists still debate how much of a difference foreign investment made during the 19th century, when Great Britain was the world’s dominant financial power and the United States a net importer of capital. The scale of foreign investment fluctuated over time. It was seldom so important as in the 1830s, when foreign funds represented over 15 percent of domestic capital formation.[10] The flow of capital dwindled in the 1840s, however, amid a rash of American defaults to foreign lenders. Openness to foreign investment was not a policy decision as such, but the institutional weaknesses of the American financial system curtailed the capacity of the United States to attract foreign direct investment.

Immigration, more than foreign investment, drove the economic growth—and the territorial expansion—of the United States. Immigration to the United States increased markedly during the 1840s and 1850s; over 4.3 million people entered the United States during these decades.[11] The influx was fastest in the early 1850s, when annual immigration reached nearly 400,000 per year. The foreign-born by 1860 comprised 13 percent of the republic’s population. The Naturalization Law of 1790, the country’s first immigration law, enshrined a five-year waiting period for citizenship and restricted citizenship to white Europeans, but the early republic established few other barriers to mass immigration. As a result, inflows of people from Europe populated the republic’s expanding frontiers, sustaining its economic growth.

Territorial expansion and the election of 1860 brought to a head the nation's divisions over slavery. Abraham Lincoln's election as president prompted seven slaveholding states to secede; southern leaders had concluded that federal support for the institution of slavery was no longer assured. War began in April 1861; thereafter four additional states, including powerful Virginia, seceded to join the Confederacy. The departure of the South resolved, for a time, antebellum debates over foreign trade and political economy. Now dominated by Lincoln's Republican Party, Congress in March 1861 passed the Morrill Tariff Act. The measure raised a tariff that Congress had whittled down in the 1850s. *Ad valorem* tariffs on dutiable imports rose to nearly 50 percent during the Civil War—and remained high into the 20th century.[12]

Following the Morrill Tariff, the Civil War Congress passed a slew of developmental initiatives. The Homestead Act (1862) granted western lands to prospective family farmers; the Morrill Land-Grant Act (1862) gave lands to the states for the purposes of building universities; and Pacific Railroad Acts (1862–1863) made land and funding available for transcontinental railroads, the first of which opened in 1869. The Civil War Congress also overhauled the nation's public finances. The Revenue Act of 1861 established the nation's first income tax, and Congress in 1862 introduced the nation's first paper dollar (or fiat currency), known as the Greenback. These measures advanced the logic of development that Alexander Hamilton and Henry Clay had espoused, but the consolidation of national development and growth also laid the foundations for the republic's assumption of a leading role in the world economy.

The Civil War also created renewed conflict over neutral trading rights during times of war, but the positions that the United States and its European rivals had held during Europe's revolutionary wars were now reversed. With the war's advent, the United States erected a naval blockade against the Confederacy. Lacking sufficient ships to patrol the Confederacy's coastline, Lincoln ordered the U.S. Navy to intercept merchant vessels on the high seas. This bold tactic caused a series of conflicts, including the diplomatic crisis that began when the United States seized two Confederate diplomats from a British ship, the *Trent*, in November 1861. That crisis was resolved, but friction over the U.S. blockade continued for the duration of the war.

While the United States aimed to starve the Confederacy into submission, the Confederacy embargoed raw cotton exports to Europe, calculating that the ensuing crisis of European textile manufacturing would prompt Great Britain to intervene on the South's behalf. The Confederacy's embargo recalled Jefferson's, and the results were no less dismal. The British expanded cotton production in Egypt and India, breaking the South's domination of the global market. Lincoln's blockade, meanwhile, ensured that the Confederacy could not import the war materiel it struggled to manufacture for itself. After four years, the South succumbed. The Civil War's outcome ended slavery, ensured the survival of the integrated national market, and revived the developmental economic agenda that Clay had called the American System.

Globalization, Empire, and Backlash, 1865–1913

In the third quarter of the 19th century, the world economy entered a distinctive new era of globalization. Technologies expanded the reach and scope of commerce: steam trains connected hinterlands to port cities, and steam engines propelled ships across oceans; telegraph lines and submarine cables connected the continents, enabling price data and purchase contracts to be relayed in seconds; and the application of science to the purposes of industrial manufacturing created new products—sheet steel, electric light bulbs, and the internal combustion engine.

While the baton of technological leadership was passing to the United States and Germany, Great Britain retained special responsibilities for international economic governance. Britain promoted trade liberalization, beginning with the 1846 repeal of its Corn Laws, which had restricted and taxed agricultural imports. Britain also championed the gold standard, which fixed the values of major currencies in stable relationship to gold. By 1890, most of the world's industrialized countries had adopted some form of gold standard, and the ensuing monetary stability encouraged international trade and investment. Crucially, Great Britain maintained liberal trade policies that permitted foreign exporters access to the British market even as other countries erected protective tariffs. Primacy conferred benefits on Great Britain, but hegemony also entailed costs that rising powers, including the United States, did not have to bear.

The United States from 1865 encountered globalization reunified—its union and its borders affirmed in blood. Extra-continental expansion nonetheless continued apace. Convinced that new technologies were transforming the scope of commerce, Secretary of State William Seward strived to project American influence into East Asia. To this end, he negotiated with Russia to purchase Alaska in 1867. Critics mocked "Seward's Icebox," but the secretary of state envisioned the territory as a gateway to East Asian markets. Seward also worked to negotiate a commercial reciprocity treaty with Hawaii, an agreement concluded in 1875. He attempted with less success to acquire territory in the Caribbean and in Nicaragua, where he proposed to construct a Trans-Isthmian canal. What Seward sought, through these efforts, was not to colonize and subjugate peoples, as Europe's colonial powers were doing, but to secure control of maritime bases from which American naval power and commercial influence could be projected.

Seward's efforts to build an infrastructure for global commerce attracted broad support, especially within the Republican Party. James Blaine, who twice served as secretary of state, became the late 19th century's leading proponent of commercial expansion. Unless the United States secured overseas markets, Blaine argued, the country's industrial output would glut its domestic market. Blaine articulated the anxieties of a rising economic power. The U.S. economy became the world's largest in the 1870s; by 1900, it was larger than the British and French economies combined. Eschewing free trade, Blaine sought access to foreign markets by reciprocity agreements, what he called "special trade relations by treaty."[13] Latin America was a particular focus. Blaine assured Mexico that Americans sought investment opportunities, not territorial control, and he worked to forge a Pan-American customs union that would confirm the commercial ascendancy of the United States in the Americas. That goal went unrealized, but a slew of bilateral agreements expanded trade with the hemisphere's commodity-exporting economies. In pursuit of this goal, Congress in 1890 passed the McKinley Tariff. The trade law gave the president discretion to use tariffs on imports as a lever to open the markets of countries that exported basic commodities, including coffee, sugar, and molasses, to the United States.

Blaine and other expansionists looked outward, but the United States in the late 19th century remained a net beneficiary of inbound international economic flows. The United States remained open to investment, and foreign capital flowed into the U.S. economy with only a brief reversal in 1878–1881, when the net flow of funds was outward. At its peak in the early 1890s, the total value of foreign investments in the United States approached 24 percent of the republic's GDP. Great Britain was the major source of foreign direct investment through this period, and British funds flowed particularly into the western United States, where railroads, mining, and land claims became common venues for investment. While the federal government made little effort to solicit foreign investment, the adoption of a gold standard in 1879 assured foreign investors that the U.S. dollar would remain a stable store of value.

Even more dramatic than the inflow of capital was the movement of immigrants into the United States. Almost eleven million entered between 1865 and 1900, the influx peaking in the early 1880s. Immigration on such a scale drove American growth and narrowed transatlantic wage differentials. Americans in the early 19th century earned the world's highest wages, but immigration loosened American labor markets, exerting downward pressure on incomes, and tightened labor markets in Europe, raising wages.[14] Europe remained America's leading source of immigrants, but Asians became prominent targets of a backlash against immigration that arose in the late 19th century. Imitating California, the U.S. Congress in 1882 passed the Chinese Exclusion Act, a law that prohibited the immigration of Chinese workers to the United States. Congress erected no other blanket exclusions, and controls on immigration otherwise remained loose. The federal government lacked even the capacity to regulate immigration until 1891, when Congress gave that responsibility to the Treasury Department.

The backlash against globalization that manifested in anti-immigration politics also yielded a critique of the gold standard. Rallying to the slogan of sound money, Republicans mostly favored the gold standard. Fixing the dollar against gold, proponents argued, kept price inflation low and sustained international monetary stability. The gold standard's critics, who clustered in the Democratic Party, argued that fixing the dollar against gold harmed the economic prospects of ordinary Americans. Maintaining a gold standard, these critics argued, kept money scarce and interest rates high, at the cost of subdued wages and throttled growth. Adopting a bimetallic monetary standard with silver complementing gold would enable both the money supply and the economy to grow faster, the proponents of "free silver" affirmed.

Silver's champions—sometimes called "silverites"—worked to expand the monetary role of silver, and the presidential election of 1896 became, improbably, a referendum on the nation's monetary policy. Democratic candidate William Jennings Bryan elevated the debate into the realm of searing metaphor when he proclaimed in July: "You shall not crucify mankind upon a cross of gold." The next month, miners discovered vast gold reserves in the Klondike. The gold rush that followed expanded the nation's money supply, providing transient relief from the constrictive macroeconomic implications of sound money. William McKinley won the election of 1896 for the Republican Party, and Congress acted in the Gold Standard Act of 1900 to reaffirm the country's commitment to gold—and end its dalliances with silver.

The United States benefited from globalization's flows but played a limited role in globalization's management. In the 19th century's last years, though, American policymakers formulated a doctrine of foreign economic policy that was distinct from, and in some ways opposed to, the practices of European colonialism. From the early 1880s, the European powers scrambled for Africa, dividing the continent into zones of exclusive control. The United States appealed to Belgium for open access to the Congo, to little practical avail. Belgium soon turned the Congo into a zone of exclusive colonial control and exploitation. Developments elsewhere prompted more forceful defense of the open access principle. In the aftermath of China's Taiping Rebellion (1850–1864), the European great powers and Japan pushed for influence in China. The prospect loomed that China might suffer Africa's fate: defeat, occupation, and dismemberment. China's defeat in the First Sino-Japanese War (1894–1895) pushed the Qing Empire to the brink of collapse, making China's fate urgent. Americans, meanwhile, debated whether their country should claim its place among the colonial powers of the world.

The Spanish-American War of 1898 began over Cuba. America's victory over Spain secured Cuba's independence and transition into the economic orbit of the United States, where it remained until the Cuban Revolution of 1959. Also seized from Spain, Puerto Rico became in 1898 a U.S. territory, an island base from which commercial and naval power could be projected throughout the Caribbean. The Spanish-American War also provided a pretext for annexing Hawaii, another credible base whose monarchy U.S. commercial interests had already overthrown. Spain's defeat also secured for the United States a prize even greater than Hawaii and Puerto Rico, a prize that made the United States an East Asian power.

The prospect of annexing the Philippines and their approximately 7.5 million inhabitants stirred a fervid debate in the United States. Anti-imperialists inveighed against annexation, sometimes on principled grounds, sometimes on grounds of racial antipathy. Annexationists stressed not only the burdens of civilizational and racial responsibility but also the prospect of significant commercial rewards, especially access to East Asia's great markets. After months of debate, Congress in February 1899 approved a Spanish-American peace treaty that provided for formal annexation of the Philippines—and made the United States a colonial power.

While the debate raged, Secretary of State John Hay formulated a distinctive doctrine of noncolonial commercial expansion. Hay's immediate purpose was to preempt China's division into spheres of European and Japanese colonial control, but his Open Door doctrine also aimed to transcend the political rancor that the Spanish-American War had generated within the United States. Whereas annexationists called upon the United States to emulate European colonialism, Hay framed his Open Door in opposition to colonialism, as an American idiom of expansion.

Formulated in conversation with British diplomats, Hay's Open Door concept proposed that China's territorial integrity be respected, that China's trade be open to all merchants, and that China define and collect tariffs on its own terms. Hay set out his proposal in a series of Open Door notes, which he addressed to other powers with interests in China: Britain, France, Germany, Japan, and Russia. Hay's proposal secured international assent, and his support for Chinese unity helped to ensure that the anti-foreign Boxer Rebellion that erupted in 1900 did not provide a pretext for China's dismemberment into colonial claims. More broadly, Hay articulated a core premise for U.S. foreign economic policy—that the United States sought not exclusive control over markets but equal access for its merchants to the trade of the world.

Theodore Roosevelt, who assumed the presidency upon President McKinley's assassination in 1901, was determined to consolidate American access to overseas markets, including in East Asia. Under Roosevelt, the United States initiated the construction of a Trans-Isthmian canal, a decades-old objective. Roosevelt in 1903 sent warships to secure Panama's independence from Colombia, and John Hay devised a treaty asserting the "titular sovereignty" of the United States over a ten-mile-wide strip of Panamanian territory, through which the canal would be built.[15] Open to shipping from 1914, the Panama Canal halved the length of the maritime journey from New York to San Francisco; the artificial seaway quickly became the principle conduit for trade between East Asia and the U.S. East Coast.

Roosevelt envisioned for the United States an active role in global affairs, including in the resolution of commercial disputes. Roosevelt was angered when Germany and Great Britain dispatched warships to Venezuela in 1902–1903 in a bid to force the payment of disputed property claims. After threatening the Europeans with war, the president declared a Roosevelt Corollary to the Monroe Doctrine, the 1823 presidential statement that had warned European powers against intervening in the Americas. The United States, Roosevelt declared in 1904, would exercise a "police power" in the Caribbean. If a Latin American nation succumbed to civil strife, Roosevelt declared, the United States would secure order—and the rights of foreign investors. Outside of the Americas, other great powers would play similar regional roles. Construed at a global scale, Roosevelt's corollary pointed toward a collaborative system of order, in which the most powerful countries would guarantee contractual claims and property rights.

If Roosevelt positioned the United States as an empire among empires, his successor's "dollar diplomacy" was more consistent with old notions of American exceptionalism. Taft did not eschew force, but dollar diplomacy aimed to promote investments in order to transcend geopolitical conflict. As the United States became an exporter of capital, the American government, Taft argued, should promote, guide, and protect American investment overseas. Taft's efforts to merge business and diplomacy also resulted in the pursuit of a series of international arbitration treaties, including with Great Britain and France. These agreements affirmed that commercial disputes and even what Taft called "matters of national honor" should be decided by tribunals, not by force.[16] For Taft, foreign economic policy involved more than sending in the navy when foreign strife imperiled investments; it entailed the promotion and even coordination of private and public interests in a globalizing world.

Into an American Economic Order, 1913–1944

The United States at the 20th century's turn lacked the capacity to govern the international economy. New reforms soon expanded institutional capacities for leadership, none more so than the creation of the Federal Reserve System. Since the demise of the Second Bank of the United States in 1836, the republic had lacked a central bank capable of stabilizing its financial system, especially during times of turmoil. The Panic of 1907 prompted efforts to create an institution able to inject liquidity into the nation's baking system, as banker J. P. Morgan had done during the 1907 crisis. In the Federal Reserve Act of 1913, Congress created a decentralized central banking system comprising twelve regional Federal Reserve Banks and a governing board to orchestrate U.S. monetary policy. Unusual as its structure was, the Federal Reserve System was capable of serving, like the Bank of England, as a lender of last resort at home and even abroad.

The inauguration in 1913 of a Democratic president and Congress prefigured significant changes to the nation's tariff policies. Like Thomas Jefferson, Wilson argued that the tariff's purpose was to generate revenue, not to discriminate against imports. The Democratic Party had, meanwhile, begun in the early 1890s to advocate a federal income tax that would shift the nation's tax burdens toward its wealthiest citizens—and permit import tariffs to fall. An early effort to create a federal income tax under President Grover Cleveland ended when the Supreme Court declared the measure unconstitutional in 1895. Thereafter, Congress passed the Sixteenth Amendment to the Constitution, which the states ratified in 1913. Congress acted thereafter to pass the Revenue Act of 1913, sometimes known as the Underwood Act. This law established a federal income tax and slashed tariffs to their lowest levels since the Civil War. These fiscal reforms marked a historic turning point in U.S. foreign economic policy as well as U.S. tax policy. Henceforth, the United

States depended increasingly on income taxes to meet its needs for revenue, and the scope for tariff liberalization expanded.

The United States and the First World War

Like the Revolutionary and Napoleonic Wars, the First World War created challenges and opportunities for the United States. The conflagration expanded Europe's demand for U.S. exports, which soared in value from under $1.5 billion in 1914 to over $4 billion in 1917.[17] Even more spectacular than the export surge was the reversal of the U.S. international investment position. While financial exports had increased from the 1890s, the United States was in 1914 still the world's greatest debtor. From 1914, however, the war's European belligerents liquidated investments in the United States to finance exports of food, goods, and war materiel. The United States, as a result, fast became the world's greatest creditor. Foreign holdings of U.S. debt tumbled from $6.7 billion in 1914 to $2.5 billion in 1919, while American holdings of foreign debt had soared from $5 billion to $9.7 billion. The U.S. economy also grew at breakneck pace. By 1919, the American economy was as large as the economies of Britain, France, Germany, and Italy combined, and New York was a credible hub of the global financial system.

If the First World War confirmed the emergence of the United States as the world's dominant economic power, disputes over wartime trading rights again entangled the republic. Aside from outspoken war hawks such as former President Roosevelt, few Americans yearned for belligerency. The First World War divided U.S. citizens, and Wilson won re-election in 1916 as an antiwar candidate whose campaign boasted: "He kept us out of war." Inclined as most Americans were toward neutrality, the Wilson administration asserted the prerogatives of U.S. merchants to trade with Europe's belligerent powers. President Wilson opposed Britain's attempts to impose upon the Central Powers a comprehensive economic blockade, and American cavils inhibited the implementation by the Anglo-French Entente of a successful embargo.[18]

Disputes with Germany over neutral trading rights nonetheless proved more consequential. Lacking the capacity to impose an effective naval blockade, Germany turned to a novel weapon: the submarine. Initially waged against Entente shipping, Germany's submarine campaign claimed U.S. citizens as collateral victims in April 1915 when a German torpedo sank the RMS *Lusitania*, a passenger liner steaming from New York to Liverpool. Still more outrageous, from Washington's vantage, was Germany's February 1917 announcement that it would now wage unrestricted submarine warfare—targeting all shipping bound for Britain and France without warning or exception. Acknowledging, in effect, that this decision made war with the United States inevitable, Germany in early 1917 made an overture of alliance to Mexico that only served, once revealed, to stiffen the Wilson administration's resolve. Wilson's war message to Congress in April 1917 dwelled upon the trading prerogatives of neutral countries. "We enter this war," Wilson declared, "because there are no other means of defending our rights."[19]

For the Entente, Wilson's declaration vindicated a war strategy that had sought to mobilize the economic resources of the United States against Germany. From 1915, J. P. Morgan had organized a series of bond issues on behalf of Great Britain and France; these efforts raised almost $2 billion for the Entente by late 1916.[20] That November, the Federal Reserve threatened to close the financial spigot when it discouraged American investors from making further purchases of Entente war bonds, citing the adverse consequences for the U.S. domestic economy. Wilson's decision to make common cause—but not alliance—with the Entente over German violations of neutral rights transformed the economic prospects for France and Great Britain. In April 1917, Congress passed the first in a series of Liberty Loan acts empowering the Treasury Department to sell bonds to U.S. citizens to finance loans to the Entente powers. Thereafter, the U.S. government became the principal financier of the collaborative effort, and American financial resources enabled the Entente to wage a war of vigorous attrition that succeeded, over the next eighteen months, in grinding Germany into surrender.

The Era of Informal Leadership

The United States did not retreat into isolation upon the First World War's end. Instead, Wilson contemplated the assumption of leadership responsibilities for the international system, including the global economy. Of Wilson's famous Fourteen Points, the second and third—one-third of the points addressing the international system as a whole, not the concerns of specific countries—articulated aspirations for the postwar international economic order. Wilson declared that "freedom of navigation" should be "absolute," "economic barriers" should be removed "so far as possible," and "equality of trade conditions" between the League's members should be pursued. Wilson's evocation of trade liberalization and equal commercial access stated what would be guiding precepts for U.S. foreign economic policy for much of the century.

The U.S. Congress declined to participate in the League of Nations that became Woodrow Wilson's most infamous legacy. What animated the rejection was not hostility to the vocation of world leadership as such nor to the economic vision that Wilson espoused. Most senators opposed only the requirement that League members participate in collective security operations—an expectation that threatened, in critics' eyes, to embroil the United States in unwanted wars. Exclusion from the League nonetheless precluded the United States from active participation in the Economic and Financial Organization (EFO) established under the League, although U.S. representatives did from 1927 participate in EFO committees on an informal basis. In 1934, the United States became by special dispensation a full participant in the International Labor Organization (ILO), becoming the only ILO member not to be a member of the League of Nations.

Nonparticipation in the League conveyed the impression that the United States was an absent hegemon, possessing the capacity but lacking the will to lead. Future historians, economists, and political scientists would lament this abstention, asserting that the interwar order could have been more durable, had the United States deigned to lead it.[21] The point remains debatable, but the absence of the United States from the League's formal councils ought not obscure the responsibilities that Americans—both beyond and within the U.S. government—did in fact assume for reconstructing the international economic order after the First World War.

The First World War's end found Europe in severe distress, if not ruins. Four years of fighting decimated a generation, and the influenza epidemic of 1918–1919 claimed more lives than the war had done. The Russian Revolution of 1917 had showed how hardship could breed tumult, and it seemed for a time that Germany might also succumb to revolution. Reparations caused immense international contentiousness: the peace of 1919 committed Germany to pay $33 billion to the victors; in response, Germany's leaders printed currency, breeding hyperinflation. By 1923, French troops had occupied the Rhineland, and the Deutsche Mark was worthless.

Renewed war beckoned, until Charles Dawes, an American banker and former official, devised an interim solution in 1924. In exchange for France evacuating the Ruhr, Germany agreed to resume reparations payments. U.S. loans to Germany—supplied by private banks but orchestrated by the State Department—would sustain the entire agreement, enabling resolution of the political impasse and restoration of European economic and political stability. Money flowed from the United States to Germany as debt, from Germany to Britain and France as reparations, and from Britain and France to the United States as repayment for wartime loans. For improvising this virtuous triangle, Dawes won the Nobel Peace Prize in 1925. That year, Great Britain returned to the gold standard—a move that appeared to confirm the return to pre-1914 international economic normalcy. Culminating Europe's postwar stabilization, Secretary of State Frank Kellogg concluded an agreement in 1928 with his French counterpart Aristide Briand to outlaw war as an instrument of statecraft. For this, Kellogg too won a Nobel Prize. If Taft's dollar diplomacy had aimed to substitute finance for force, the late 1920s, when the Republican Party again ruled in Washington, were perhaps dollar diplomacy's zenith.

Stability nonetheless proved fleeting. The problem, in part, was that Dawes's transatlantic debt triangle depended on the sustenance of financial flows from the United States to Europe. Between 1919 and 1930, the value of foreign debts owed to American creditors more than doubled, from $9.7 to $21.5 billion.[22] By the late 1920s, American investors were tiring of Europe, as the white-hot domestic stock market offered returns eclipsing those of European bonds. Transatlantic debt tapered in 1928 and soon ran dry. In the months that followed the Wall Street Crash of October 1929, capital fled toward safety, and central bankers failed to stem the crisis. Neither the Federal Reserve Bank under Andrew Mellon nor the Bank of England under Montagu Norman supplied liquidity to a faltering financial system; both raised interest rates in the hope of liquidating the downturn. During 1930–1931, the depression metastasized into a global financial crisis. Banks imploded on both sides of the Atlantic. In September 1931, Great Britain announced that it would abandon the gold standard—a shattering announcement indicating a historic rupture in the international economic order.

Amid the deepening Great Depression, political leaders in diverse contexts rallied to the flag of protectionism. Tariffs proliferated worldwide, as governments favored domestic industries through the adoption of barriers to imports. The United States was no exception. Congress in 1930 passed the notorious Smoot-Hawley Tariff, raising tariffs to their highest levels since the 19th century. The value of U.S. imports tumbled from $4.4 billion in 1929 to $1.3 billion 1932; exports fell from $5.3 billion to $1.7 billion over the same period.[23] Smoot-Hawley encouraged foreign countries to make similar recourse to beggar-thy-neighbor tariffs. In 1932, Great Britain adopted its first protectionist tariff since the early 19th century. Over the next four years, the value of world trade collapsed by around two-thirds. Smoot-Hawley was consequential, but the law's radicalism can be debated. Beginning with the Fordney-McCumber Tariff of 1922, the Republican Congresses of the 1920s had ratcheted tariffs back up toward 19th-century levels. The difference was that American protectionism now had systemic consequences: excluding competitors from the U.S. market made it difficult for foreign countries to balance via exports their debts to the United States. In this respect, the United States failed to heed the example that Great Britain had set from the mid-19th century, when it kept its domestic market open to foreign competitors—including a rising United States.

Despite the lure of protectionism, the Hoover administration struggled to devise collaborative responses to the array of problems afflicting the global economy during the Great Depression: tariff wars and the atrophy of trade; severe deflation, especially in the agricultural sector; and conflicts over war debts. Even before October 1929, Hoover dispatched Owen Young to Europe to improvise a solution to the burgeoning crisis over war debts and reparations payments. Young brokered an agreement whereby Germany agreed to resume reparations payments, and Great Britain and France accepted a 20 percent reduction in the amount owed. The Young plan also created a new institution to supervise transfers, the Bank for International Settlements. Hoover made further efforts to sustain a faltering international financial system when he proposed a one-year moratorium on all war debts in June 1931. Germany's failure to resume debt repayments nonetheless led to an indefinite moratorium on reparations, concluded at the Lausanne Conference in the summer of 1932. The U.S. Congress, however, refused in December 1932 to negotiate downward Anglo- French war debts owed to the United States, a concession necessary for the Lausanne compromise to function. The coming to power of the Nazi Party in Germany in January 1933 soon made the dialogue moot: Hitler repudiated reparations, bringing the international wrangling over war debts to an end.

Economic Diplomacy of the New Deal

As the world plummeted toward an abyss, American voters in November 1932 returned Congress and the White House to the Democratic Party, with transformative consequences for U.S. foreign economic policy. Like Wilson, Cleveland, and Jefferson, Franklin Roosevelt was a free trader by conviction, but he proceeded in a spirit of pragmatic experimentation. From the outset, Roosevelt edged away from the gold standard that still, in theory, underwrote the stability of the international economic system. In March 1933, Roosevelt declared a national banking holiday and prohibited financial institutions from paying out or exporting gold. In April, another executive order forbade American citizens from holding gold assets worth more than $100. The purpose of these measures, which effectively took the United States off the gold standard, was to create scope for an inflationary monetary policy that would mobilize the printing press to end the cycle of deflation that had gripped the U.S. economy for almost four years.

Getting the dollar off gold meant prioritizing domestic reflation over international stabilization—a choice that Roosevelt confirmed when the World Economic Conference convened in London in June 1933. The conference itself pursued an ambitious agenda. After four years of depression, delegates sought collaborative solutions to the array of problems afflicting the world economy: trade, deflation, war debts, and so on. Unlike Hoover, Roosevelt demonstrated little patience for international coordination. He responded to efforts to restore monetary stability with a “bombshell” message that effectively ended the conference’s work. “Old fetishes of so-called international bankers,” read FDR’s telegram, “are being replaced by efforts to plan national currencies.” Roosevelt’s dismissal of gold—long the basis for monetary stability—as mere fetish signaled an epochal transition, with vast implications for U.S. foreign economic policy. Thereafter, the pursuit of what FDR called “sound internal economic[s]” within nations would take precedence over the pursuit of international stability. The British economist John Maynard Keynes rejoiced at Roosevelt’s message, calling the president “magnificently right.”

Despite prioritizing domestic recovery, Roosevelt was no economic nationalist. Instead, he presided over a reorientation of trade policy toward liberalization, a reorientation that hinged upon his appointment of Cordell Hull as secretary of state. An ardent Wilsonian, Hull championed free trade and the Reciprocal Tariff Agreements Act (RTAA) that Congress passed in 1934. The law reduced no tariffs as such; instead, the RTAA created an institutional basis for trade liberalization. The law granted the president the power to negotiate bilateral trade agreements that would be submitted to Congress for straightforward up-or-down votes. (The RTAA exempted trade agreements from the two-thirds threshold that applies to other treaties.) By empowering the president to negotiate trade deals, the RTAA’s authors aimed to insulate tariff policy from the political pressures that made the Congress receptive to protectionist sentiments. The RTAA’s insistence on reciprocity, moreover, indicated that the interests of U.S. exporters in achieving expanded access to foreign markets would in the future exercise meaningful influence on the making of domestic tariff policy. The RTAA indeed proved transformative. Over the next twenty years, the total duties collected on imports to the United States fell from 18.4 to 5.2 percent of the total value of all imports, and the fraction of goods subjected to tariffs dwindled from 47 percent in 1934 to 12 percent in 1954.

During the 1930s, external conditions stymied the internationalist instincts of the Roosevelt administration. The descent of Germany, Italy, and Japan into fascism, militarism, and aggression augured new conflict and animated vigorous isolationism in U.S. domestic politics. In 1935, Congress passed the first in a series of Embargo Acts prohibiting U.S. citizens from selling arms and other war materiel to belligerent countries. The law made no distinction between aggressors and victims. In 1937, Congress went still further when it amended the embargo law to prohibit Americans from selling weapons to the government of Spain, which was fighting an internal fascist insurgency. With such laws, the U.S. Congress forsook traditional conceptions of neutral rights that had insisted upon the prerogative of neutral powers to trade with belligerents during wartime—rights for which the United States had struggled and fought during Europe's Revolutionary and Napoleonic Wars and again during the First World War.

Despairing of developments in Europe and East Asia, Roosevelt hailed the Americas as a global exemplar of peaceful international relations. Announced in 1933, FDR's Good Neighbor policy eschewed Washington's past interventions in the affairs of its southern neighbors, but the policy also aimed to expand commercial relations within the hemisphere, as Roosevelt sought to do in a landmark trade deal with Cuba. In the transatlantic arena, meanwhile, Roosevelt's most significant achievement of the 1930s in foreign economic policy was the Tripartite Agreement of 1936. Negotiated with Great Britain and France, the agreement committed the three countries to collaborate on an informal basis to maintain their exchange rates in more or less stable relations to each other. Lacking a formal role for gold, the agreement prefigured, in some respects, the international monetary order that would emerge from the Second World War.

Even before the United States entered the conflict, Franklin D. Roosevelt articulated an economic strategy for waging—and winning—the Second World War. Unlike Wilson, Roosevelt affected no neutrality during the war's early phase; his partisanship for Britain and France was clear. Roosevelt used the methods of economic statecraft to aid the democracies, especially after fighting began in September 1939. In September 1940, Roosevelt announced his decision to transfer fifty U.S. Navy vessels to Great Britain, in exchange for long-term leases on British bases in the Caribbean. Roosevelt neither sought nor received Congressional sanction for the destroyers-for-bases deal, but Congressional action was necessary for the Lend Lease program to proceed. Unveiled at the end of 1940, the program's premise was that the United States would supply Great Britain with war materiel now—and negotiate the terms of repayment later. Congress approved Lend Lease assistance to Britain in March 1941 and to China in April. After Hitler attacked the Soviet Union, Congress in October 1941 expanded the program to include the USSR. The program followed a clear strategic logic. Having promised the American people in the election of 1940, "Your boys are not going to be sent into any foreign wars," Roosevelt aimed with Lend Lease to substitute economic prowess for soldiers and sailors, to make the United States not democracy's vindicator but, as Roosevelt put it, its "arsenal."

Pearl Harbor made the United States a protagonist in the Second World War, unleashing the full capacities of the U.S. economy against the German-Japanese Axis. As it had during the First World War, the federal government mobilized the civilian economy to serve the purposes of war production. Government did not nationalize factories, but the Office of War Mobilization, created in 1943, defined production targets and allocated limited raw materials. As Europe and East Asia suffered war's hammer blows, America's war economy whirred. America's GDP almost doubled between 1939 and 1944; over the same period, Europe's contracted.[24] Military mobilization vanquished the legacies of the Great Depression; unemployment fell from 19 percent in 1938 to just 1.2 percent in 1944.[25] If the Second World War revitalized the capitalist economy, American industrial productivity assured the defeat of Germany and Japan: by 1944, the United States was producing 40 percent of the world's armaments and 60 percent of the weapons that the Grand Alliance arrayed against the Axis.[26] Alone among the war's belligerents, the United States possessed the combination of economic, financial, and technical strengths that enabled it to develop and build the atomic bombs that brought the Second World War to its decisive end.

Bretton Woods and After

The Second World War marked a historic departure in U.S. foreign economic policy: American decision makers opted for the first time to assume responsibility for managing the world economy. Forty-four nations participated in the United Nations Monetary and Financial Conference that convened at Bretton Woods, New Hampshire, in July 1944, but the United States exercised preponderant influence on the proceedings. Bretton Woods bequeathed two institutions: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD, later the World Bank), but the major achievement of the conference was to create a new system of international monetary relations to replace the gold standard. The Bretton Woods system functioned as a gold-dollar standard. The United States committed to maintain the dollar's value at $35 per gold ounce—the parity Congress had adopted in the Gold Reserve Act of 1934. Other countries committed to their currencies in stable relation to the U.S. dollar, not gold as such. Under Bretton Woods rules, gold and dollars would be tenable and interchangeable as reserve assets, which central banks would hold to back their currencies.

Bretton Woods achieved significant improvements upon the old regime. Correcting international payments imbalances would be easier under Bretton Woods than it had been under the gold standard, for the IMF would furnish temporary financing to permit balance-of-payments deficits to be resolved through adjustments to macroeconomic policy or currency devaluation. Crucially, the Bretton Woods system corrected one of the major failings of the old gold-standard regime: its deflationary bias. Gold is a finite commodity, and the expansion of the money supply under a gold standard regime depends upon the discovery of new reserves. Bretton Woods severed the relationship between money and metal by making the dollar substitutable for gold: henceforth, the U.S. Treasury would be able to expand the world's money supply by printing dollars. Herein lay an underlying weakness, however. Over time, the supply of dollars in the global economy was likely to grow to the point where the United States could no longer maintain a credible commitment to maintain the dollar's convertibility into gold. At that point, the relationship between gold and monetary order would have to be assessed anew.

At its inception, the Bretton Woods system was a blueprint, not a viable reality. The Second World War had left much of Europe and East Asia devastated, precluding easy restoration of the multilateral trade relations that American policy planners hoped to foster. The IBRD’s existed to provide temporary assistance to war-torn economies, but its resources were insufficient to the task of reconstruction. The United States provided emergency loan assistance to West European countries in 1945–1946, but the terms of U.S. financial assistance in the war’s immediate aftermath were not generous. Great Britain requested $5 billion in aid from Washington in 1945 but received only a loan commitment for $4.4 billion—and the transfer was conditional upon Great Britain agreeing to liberalize trade barriers. Congress also canceled Lend Lease assistance to Britain and the Soviet Union, prompting Stalin to infer antagonism in American policy toward the Soviet Union.

The sharpening of U.S.-Soviet hostilities during 1946–1947 shifted U.S. foreign economic policy toward a more accommodating posture. Convinced that Europe was experiencing economic and social disintegration, State Department officials in early 1947 concluded that the United States should furnish resources to support Europe’s rehabilitation. Animated by strategic concerns, this insight led to the announcement in June 1947 of the Marshall Aid concept: Secretary of State George Marshall invited European leaders to propose terms for a major U.S. assistance package to Europe. European leaders requested $28 billion; the State Department whittled the request down to $16 billion, and Congress authorized $13 billion. Marshall Aid was nonetheless a significant commitment: for three years, U.S. transfers supported European recovery and offset the deficits in Europe’s international trade relations.

Soviet nonparticipation in Marshall Aid confirmed Europe’s Cold War division. The Cold War’s intensification, in turn, had significant consequences for U.S. foreign economic policy. With the inception of the North Atlantic Treaty Organization in 1949, the United States made a permanent commitment to the defense of Western Europe. Sustaining tens of thousands of troops in Europe—and U.S. forces elsewhere in the world—became a permanent drain on the U.S. balance of payments: between 1950 and 1970, the United States exported an average $400 million per year in military services.[27] These expenditures helped stabilize the international economy: military-fiscal outflows offset U.S. trade surpluses and enabled the beneficiaries of U.S. military protection to prioritize civilian reconstruction over defense spending. Expansive global military obligations were nonetheless a responsibility that the United States would struggle to shed, even after its allies had recovered from the Second World War to the point at which they could take responsibility for their own defenses.

In trade negotiations, too, the United States during the Cold War subordinated the interests of domestic exporters to the economic rehabilitation of America’s allies. This self-abnegation was in some ways surprising: U.S. officials at the end of the Second World War had anticipated using the powers conferred upon the president by the RTAA to advance the cause of trade liberalization. The U.S. Congress remained an obstacle to multilateral liberalization. The International Trade Organization that the Truman administration worked to create in 1945–1947 faltered once officials concluded that Congress would not approve U.S. participation in the organization. Nor was there extensive support for trade liberalization outside the United States. In the war's aftermath, governments worldwide clung to protective tariffs intended to shelter domestic industries and nurture postwar reconstruction. The most that the Truman administration could accomplish for free trade was the General Agreement on Trade and Tariffs (GATT), concluded under the auspices of the United Nations in 1947–1948.

The GATT achieved no major reductions in tariffs, but it created a framework for negotiating liberalization on a most-favored-nation basis, under which privileges extended to one trading partner would be extended to all others. Within the GATT framework, a series of protracted negotiations—or "rounds"—of trade talks would achieve significant reductions in tariff and nontariff barriers to international trade over subsequent decades. In bilateral trade relations, however, U.S. officials during the early Cold War often made unilateral concessions, expanding access to the U.S. market for reasons that had more to do with the sustenance of Cold War alliances than with the promotion of U.S. economic interests. One consequence would be the relative decline of America's position as a global trading power in the decades after 1945.

In 1948, over 21 percent of the world's exports originated in the United States. Twenty years later, just 14 percent did. The relative decline of the United States as a trading power was, to some extent, a result of natural processes: the devastation of Europe and East Asia at the Second World War's end was a transient setback; as war-torn economies recovered, the United States experienced a relative—but inevitable—decline. Yet U.S. officials also failed to cultivate overseas opportunities with the kind of vigor that Germany and Japan, among other competitors, pursued export-led growth. Japan in 1948 produced less than 0.5 percent of the world's exports; by 1968, over 5 percent of the world's exports originated in Japan. Germany's share of world exports soared over the same period from under 1.5 percent in 1948 to over 10 percent in 1968.[28] Volkswagens and Toyotas were by the late 1960s becoming common sights on American roads—a remarkable turnaround from Detroit's mid-century heyday.

The year 1971 was tumultuous for the United States as an exporting power. That year, the U.S. trade balance slipped into negative for the first time since 1893. This was a transformative and troubling pivot, marking the historic eclipse of American industrial manufacturing; henceforth Americans would import more than they exported. The waning of American exports had significant consequences for the global exercise of American power. Until the late 1960s, the United States had relied upon the surpluses that its industrial and agricultural exporters earned to offset the military and financial outflows that were concomitants of its worldwide role. Beginning in 1968, however, the United States experienced a series of balance-of-payments crises that forced decision makers to re-evaluate the architecture of international economic order established at the end of the Second World War, including the dollar's relationship to gold.

The assault on the dollar that undid the Bretton Woods order was hardly unanticipated. Since the late 1950s, U.S. officials had worried that the Treasury lacked sufficient gold reserves to honor its obligations to foreign dollar holders. The Kennedy and Johnson administrations had resorted to a variety of expedients to stem the outflow of dollars from the United States: certain kinds of foreign investment were discouraged, and U.S. forces overseas were required to export supplies from the United States rather than make purchases in local currency. Fortunately, few foreign leaders followed the example of President Charles de Gaulle, who in 1965 demanded that the United States convert a portion of France's dollar reserves into gold, as Washington was required to do under the rules of the Bretton Woods system. French defiance notwithstanding, dollar reserves continued to accumulate overseas, and the question of how the U.S. government would respond to a major dollar crisis loomed over the Bretton Woods order.

In early 1968, the first major dollar crisis arrived, prompting the Johnson administration to shore up the currency, mainly by measures intended to stem inflation. Johnson proposed a tax increase, conceding at last that the Vietnam War required fiscal adjustments, and the Federal Reserve Bank raised interest rates. More auspiciously, the Treasury announced that the United States would no longer exchange privately owned dollars for gold; henceforth, only foreign central banks would be entitled to convert dollars for gold at the official rate of $35 per ounce. For how long that parity could be maintained remained an open question. In the aftermath of the 1968 crisis, however, rising interest rates in the United States and falling interest rates in Western Europe encouraged a westward flow of liquid (or short-term) capital across the Atlantic. This influx of funds bolstered the U.S. balance of payments, ensuring that the dollar and the Bretton Woods system remained stable enough in 1969–1970.

The reckoning came in 1971, as the transatlantic interest rate differential reversed. The Nixon administration encouraged the Federal Reserve to lower interest rates to stoke the economy for the 1972 election, as monetary officials in Western Europe, especially Germany, raised interest rates to stave off inflationary pressures. The result was reversal of the short-term money flows that had sustained the U.S. balance of payments. In the second quarter of 1971, the U.S. balance of payments imploded, calling into question the capacity of the U.S. government to support the dollar's fixed parity. A full-bore dollar crisis fast ensued. By late July, there was intense speculation that even close allies of the United States might demand conversion of paper dollars into gold rather than suffer a loss of reserve assets because of dollar devaluation. Preemptive action was necessary, but whether U.S. decision makers would attempt to preserve or dismantle the Bretton Woods order was unclear.

On August 15, 1971, President Nixon announced a swathe of measures intended to defend the dollar. First, he abrogated the gold-dollar standard, severing the connection between paper currency and precious metal. This was a historic shift. Henceforth, all currency would be fiat currency, lacking the connection to precious metal that the classical gold standard and the postwar gold-dollar standard had sustained. Acknowledging the role that America's dwindling trade balance had played in the destabilization of the dollar and Bretton Woods, Nixon also announced measures to boost U.S. exports. The

United States, he explained, would impose a temporary 10-percent surcharge on all imports to the United States. The emergency tariff would not be lifted, Nixon continued, until Washington's trading partners had agreed to a devaluation of the dollar that would improve the opportunities for U.S. exporters.

Foreign officials were aghast at Nixon's brusque unilateralism, but his tactics indicated a structural flaw in the Bretton Woods system. Whereas other countries could devalue by adjusting the pegs that fixed their currencies against the dollar, the United States had no straightforward means to alter the price of its currency. To reduce the dollar's value would require persuading other countries to raise the values of their currencies against the dollar. Such relative devaluation is what the Nixon administration sought in a series of negotiations that continued through the fall of 1971. Finally, a grand international conference held at the Smithsonian Institute in December 1971 agreed to a new matrix of currency values. The United States devalued the dollar against gold (without resuming gold-dollar convertibility), and major trading partners revalued their currencies against the dollar. The Japanese Yen appreciated by almost 17 percent. Exaggerating the agreement's significance, President Nixon hailed the Smithsonian deal as "the most significant monetary agreement in the history of the world."[29]

The Smithsonian compromise did not endure for long. Within eighteen months the dollar was again coming under speculative assault. The volatility of international monetary relations in the early 1970s indicated broader, structural changes in the architecture of international finance. At the outset of the Bretton Woods era, an array of controls and regulations had curtailed international financial transfers, curtailing the scope for speculation, especially in short-term positions. This regulatory regime did not break down, but investors devised ways of circumventing national controls on international finance. From the early 1960s, there emerged in London an offshore market in U.S. dollars, not easily subject to oversight and regulation by the U.S. federal government. The ascent of transnational finance—a defining feature of economic globalization—proved difficult to reconcile with fixed exchange rates, at least for so long as national governments desired to pursue independent macroeconomic policies. Unable to resolve the contradictions that had emerged within Bretton Woods, U.S. and foreign officials agreed in early 1973 to abandon efforts to preserve fixed exchange rates. Subsequent developments, codified in a January 1976 revision of the IMF's Articles of Agreements, ratified floating as a legitimate alternative to the sustenance of stable exchange rates. The transition from a world of fixed exchange rates to a world of floating currencies marked the end of Bretton Woods.

With the demise of Bretton Woods, foreign economic policy entered a new era, in which officials vied with markets to define the terms of international economic order. In this context, U.S. officials collaborated with their foreign counterparts to mediate informal macroeconomic cooperation. The Group of Seven (or G-7) dialogue emerged from the crisis years that followed the oil crisis of 1973–1974. Recognizing how interdependent their economies had become, leaders of the G-7 countries (Canada, France, Germany, Great Britain, Japan, Italy, and the United States) contemplated collaborative solutions to the interlinked problems of energy, inflation, and stagnation that wreaked the global economy during the 1970s. The high point for international policy coordination came in 1978 when the G-7 devised a nonbinding agreement to implement a coordinated international stimulus program. Proponents of policy coordination, including the Carter administration in the United States, hoped that a concerted effort to stimulate economic growth would rouse the world economy from its post-1973 torpor. The effort did not achieve its intended purpose, but the G-7 at least constituted a framework in which collaborative responses to urgent international economic crises could be improvised in the future.

The late 1970s brought more dramatic turns in foreign economic policy. Inflation became a defining problem for industrialized economies during the 1970s. While inflation seldom became hyperinflation, double-digit inflation rates in the major economies whittled away savings and sapped confidence. To quash inflation, the Federal Reserve under Paul Volcker introduced in 1979 a new agenda for monetary discipline that produced sharp increases in interest rates. Other industrialized countries adopted similar monetary policies. One consequence was a global recession that propelled unemployment rates in the United States to heights unseen since the Great Depression. Another consequence was a soaring dollar. Between 1979 and early 1985, the dollar’s effective exchange rate (measured against a “basket” of foreign currencies) increased by almost 45 percent. Such volatility indicated the new challenges foreign economic policy would have to address in a post-Bretton Woods era. The strong dollar incentivized foreign investment in the United States, which bolstered American economic growth. The strong dollar also afflicted U.S. exporters, who found themselves priced out of international markets. The exodus of short-term funds from developing economies to the buoyant U.S. financial sector in the early 1980s, meanwhile, produced a major debt crisis in the developing world, a catastrophe that was especially severe in Latin America. Serious as the systemic consequences were, U.S. decision makers failed to engage, much less resolve, the turbulence on the world’s foreign exchange markets in the early 1980s.

The Plaza Accord of 1985 was a landmark attempt to reorder the post-Bretton Woods system of exchange rates. Within the United States, exporters put concerted pressure on the Reagan administration to reduce the dollar’s value. The dollar’s ongoing surge, meanwhile, persuaded some officials that free-floating exchange rates were more volatile—and less palatable—than economic theory had predicted. The shift to a more pragmatic mood at the U.S. Department of Treasury with Jim Baker’s installation as secretary led to international negotiations over dollar devaluation. Months of talks culminated with an agreement at the Plaza Hotel in New York in September 1985. The deal’s centerpiece was a commitment to pursue “orderly appreciation of the non-dollar currencies”—in other words, devaluation of the dollar. Acting in collaboration, the Federal Reserve and foreign central banks would intervene in the foreign exchange markets to achieve this desired outcome. Over the subsequent two years, the dollar’s effective exchange rate dwindled, restoring the currency’s relative position to the levels of the late 1970s. The Plaza Accord achieved no dramatic reordering of the global economy. Rather, the agreement indicated that decision makers were learning to live with floating exchange rates and what pundits were beginning to call “globalization.”

“Adaptation” became a watchword for U.S. foreign economic policy from the 1980s—heeded at home and, increasingly, imposed abroad. The collapse of the Soviet Union and its East European satellite states in 1989–1991 emboldened many U.S. officials and economic thinkers to conclude, contra Alexander Hamilton, that untrammeled free markets represented the only credible means for nations to achieve development and prosperity. (The successes of state-led development in Japan, Korea, Taiwan, and China exerted less influence on late 20th-century American convictions about political economy.) The IMF and the World Bank also reoriented in the 1980s toward economic doctrines often characterized as “neoliberalism”—a moniker recalling the anti-statist liberalism that had flourished in Great Britain (but not the United States) in the late mid-19th century.

Neoliberal tenets urged governments to abandon protective tariffs in pursuit of foreign trade; to remove cumbersome economic regulations, even regulations protecting labor and the environment; and to encourage foreign investment, even by slashing taxes. The economist John Williamson in 1989 coined the phrase “Washington Consensus” to describe the set of market-oriented policies that now commanded strong support within the D.C.-based international financial institutions: the IMF, World Bank, and U.S. Treasury. Eastern Europe became a major testing ground for the Washington Consensus, as American and international officials collaborated with East European officials eager to repudiate the Communist practices of top-down economic control and planning. The results varied. The Baltic Republics, the Czech Republic, and Poland resurged after the Cold War, posting impressive growth rates and joining the European Union in the late 1990s. Russia experienced a slow-motion economic catastrophe that hastened the decay of its brief, post-Soviet experiment with democracy.

The United States in the 1990s positioned itself as the champion of market-oriented globalization, including trade. President George H. W. Bush initiated negotiations to create a North American Free Trade Area (NAFTA) to facilitate the movement of goods within North America. His successor, President Bill Clinton, shepherded NAFTA through the Congress despite resistance from opponents who warned about the loss of manufacturing jobs to low-wage Mexico. (Reform Party presidential candidate Ross Perot famously warned in 1992 of a “giant sucking sound” as jobs disappeared southward.) Clinton also championed the creation of the World Trade Organization (WTO) in 1995, a development that formalized the transformation of the GATT into a Geneva-based international organization with a substantial staff and budget. Despite constituting an enhanced framework for high-level international trade talks, the WTO has so far failed to make substantial progress beyond the rounds of tariff reductions negotiated within the GATT framework. The WTO launched the Doha Round, a major series of trade talks, in 2001 with the purpose of making the terms of trade more favorable to Third-World exporters of agricultural products. Resistance in the rich countries to liberalization that would expose agricultural producers to low-wage competition has stalled the progress of trade talks, however, leaving developing world agricultural exporters at a disadvantage.

Besides advocating trade liberalization, the United States in the 1990s acted to mitigate periodic financial crises, on its own and in concert with the IMF. The peso crisis that began in December 1994 became a significant challenge for the global financial system—and the United States. Beyond the exposure of New York banks to Mexican assets, the prospect loomed that a prolonged economic crisis in Mexico might result in political instability and even social breakdown. Emphasizing the risks, President Clinton pleaded with Congress for funds to support a bailout package for Mexico, to be administered by the IMF. Amid a rancorous debate, Congress failed to support the administration's request, prompting Clinton to mobilize the Treasury Department's Exchange Stabilization Fund as a source of emergency financial assistance to Mexico. The legality of Clinton's maneuver was debatable, but the bailout enabled Mexico to avoid default, and Mexico's government in time repaid the United States in full. When another financial crisis hit East Asia in the summer of 1997, the Clinton administration did not propose an American bailout. Instead, the IMF mobilized a series of rescue packages, often requiring that beneficiaries make significant adjustments to national economic policies in exchange for IMF assistance. Critics faulted the IMF for imposing financial liberalization from outside, but Thailand, Indonesia, South Korea, the Philippines, and other afflicted economies avoided default and, in time, recovered from the setbacks of 1997–1998.

The 21st century began with American leaders confident in the prospects for market-oriented globalization and sustained American leadership of the world economy. Despite a widening trade deficit, the Clinton administration had managed in the 1990s to run budget surpluses and had set the federal government on a credible course to pay off the national debt. Fiscal strategy shifted with the advent of the Bush administration, which slashed taxes, expanded welfare benefits, and waged a costly war to subdue Afghanistan and Iraq, in the aftermath of the September 11, 2001, terrorist attacks on the United States. Under Bush, the national debt soared from 55 percent of GDP (down from 63 percent in early 1993) to 74 percent.

Unlike during the Second World War, when the U.S. government had borrowed largely from U.S. citizens, the nation's debt burden in the late 20th century was increasingly owned by non-Americans. Beginning in the mid-1980s, the net international investment position of the United States (the total of foreign debts owned by Americans minus American debts owned by foreigners) dipped into the negative. The national debt grew, but it was not only the federal government that was borrowing. Private-sector indebtedness increased in the first decade of the 21st century, as Americans borrowed to purchase homes and to mask widening economic inequalities. Attracted to the robust U.S. dollar and by what appeared to be the nation's robust financial institutions, capital flooded into the United States, especially from China.

The financial crisis of 2007–2008 originated in the housing sector, where mortgage bundlers had managed to bundle marginal (or subprime) mortgages into securities that could be resold to financial institutions. When a decline in home prices and rise in mortgage default rates led to widespread defaults on residential mortgage-backed securities (RMBS), the ensuing crisis imperiled the worldwide financial system. In an ominous development, Bear Stearns, a

New York bank that had pioneered the sale of RMBS, collapsed during the winter of 2007–2008.

By the fall of 2008, a quickly expanding financial crisis was claiming new casualties, including such venerable banks as Lehman Brothers and Merrill Lynch. Fannie Mae and Freddie Mac, the nation's government-backed mortgage vendors, teetered on the brink of insolvency. When the crisis threatened American International Group (AIG), one of the world's largest insurance companies, the Bush administration decided that drastic remedial measures were required. Over loud opposition in Congress, the Bush administration organized a major bailout of imperiled financial institutions, including a $180 billion rescue for AIG. Such efforts did not prevent the financial crisis from transforming into a severe economic crisis, as economic output and international trade slumped worldwide, and unemployment soared.

Unlike the Hoover administration in 1929–1933, the Obama administration, inaugurated in January 2009, pursued a vigorous response to a severe economic downturn—the worst since the 1930s. Obama overcame political resistance to rescue the U.S. automobile industry from collapse, and he collaborated with foreign leaders in the Group of 20 to coordinate an international stimulus program of unprecedented scale and ambition. The Federal Reserve under Chairman Ben Bernanke, meanwhile, undertook extensive coordination with foreign central banks to pump liquidity into the global financial system through a massive program of "quantitative easing." These efforts reduced interest rates to near-zero levels for the best part of the decade—a development with few clear precedents—but the world economy avoided the kind of catastrophic implosion that had occurred during the 1930s.

Thanks to the quick actions of American and foreign officials, the world experienced not a second Great Depression but a Great Recession—a serious and prolonged crisis but not a disaster that imperiled the survival of democracies or international peace. Amid political rancor within the industrialized countries that precluded ongoing commitment to fiscal stimulus and instead engendered austerity policies that recalled the Hoover administration, maintaining a coordinated response to the Great Recession nonetheless came to depend upon central bankers and quantitative easing. As a result, figuring out how to ease the world economy from the predicament of crisis management and into a more normal pattern of growth remained at the end of Obama presidency a task that still awaited the makers of U.S. foreign economic policy.

Discussion of the Literature

Scholarship on the history of U.S. foreign economic policy spans subfields and even disciplines. Within the historical discipline, work on American foreign economic policy clusters in the subfields of economic history and foreign relations or diplomatic history. The foreign relations tradition is especially attentive to trade and commercial policy, territorial and maritime expansion, and the influence of economic considerations on U.S. foreign policy and grand strategy. The economic history subfield provides vital context on the growth of the U.S. economy, including the roles of trade, investment, and immigration in the achievement of national economic growth. Engaging an interdisciplinary scholarship on international political economy, meanwhile, is essential for understanding the international setting for U.S. foreign economic policy and, in particular, the evolution of international monetary relations from the gold standard to the post-Bretton Woods era.

For broad vantage on the rise of American economic power, Lind provides an accessible introduction that stresses the role of Hamiltonian policies.[30] Taking an even broader view, Kennedy situates the rise of U.S. economic power in international context and assesses the relationship between economic capacities and geopolitical influence.[31] On the early republic, commercial relations are a central concern for the diplomatic history, to which Herring (2008) and Weeks (2015) are reliable guides.[32] On the connections between political economy and foreign economic policy in the early republic, see Elkins and McKitrick on the Federalists and McCoy on the Jeffersonians, while North establishes the role of foreign trade in national economic growth.[33] For debates over the tariff, a crucial issue in foreign economic policy, see Eckes, a treatment that spans from the early republic to the late 20th century.[34] On foreign economic policy and national development in the antebellum United States, Howe provides a masterful overview of the period and helpful introduction to the historical scholarship.[35]

Historians of U.S. expansion overseas have often presented commerce as empire's lodestar, as do LaFeber for the late 19th century, Williams for the early 20th century, and McCormick for the Cold War era.[36] The contrary view that foreign policy can seldom be reduced to a struggle for markets can be engaged in Thompson, among many others.[37] Gallarotti provides helpful context on the gold standard as an international monetary order, while Frieden offers an accessible overview of global economic history that extends from the first era of globalization in the late 19th through the 20th century.[38] Zakaria probes the connections between political development and foreign economic policy.[39] On the formulation of a distinctive "dollar diplomacy," see Rosenberg and Veeser.[40] For the economic role of the United States in Europe in the 1920s, consult Costigliola.[41] Whereas historians tend to stress the extent of U.S. engagement in interwar Europe, the economist Charles Kindleberger delivers a classic critique of the United States as an absent hegemon—capable of leading but unwilling to do so.[42] For a broad overview of U.S. foreign economic policy that stretches from the 19th-century rise of American power to the Cold War and beyond, see Eckes and Zeiler.[43]

Substantial scholarship explores Bretton Woods and its origins. On the United States and the making of the Bretton Woods institutions, see Eckes, Gardner, and Steil.[44] On the place of the developing world in Bretton Woods, a neglected theme, see Helleiner.[45] For the United States and the evolution of the Bretton Woods order, see Block, Eckes, and Gavin.[46] Historical scholarship on the post-Bretton Woods era is sparser. For an overview of global economic change, see Eckes and also Frieden.[47] Historians have only begun to grapple with post-1970s developments in U.S. foreign economic policy; Charles Maier is an important exception.[48] The political scientist Robert Keohane offers a classic and enduring framework for thinking about the consequences of America's relative decline, while Helleiner and Webb are vital on the evolving architecture of international finance and its implications for state power.[49] On the financial crisis of 2007–2008, Frieden and Chinn and also Temin and Vines offer excellent points of departure, while Drezner argues that international institutions and U.S. foreign economic policy mobilized an effective response to the crisis.[50]

Primary Sources

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