

ILO Century Project

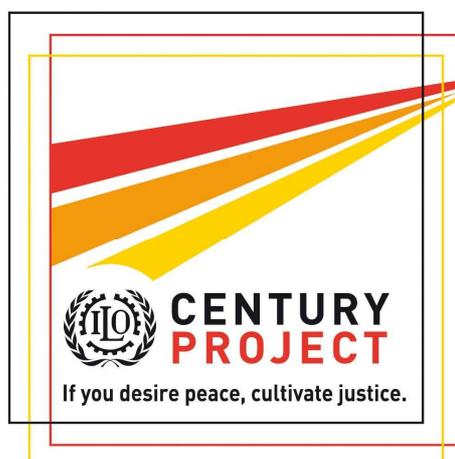


International
Labour
Organization

The ILO involvement in economic and social policies in the 1930s

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1. Introduction ¹

The survival of the ILO despite the demise of the League of Nations, and, in particular, the ILO's status in the post Second World War settlement, is substantially an effect of its role in the interwar economic depression. In that period, the ILO became an important locus for, first, the professional gathering and ordering of information about the depression and its consequences, and, second, the international discussion of policy responses. These roles created sustained status and legitimacy for the ILO into the modern era. Moreover, these roles emerged as the effect of conscious strategy within the leadership of the ILO, which positioned the ILO carefully to fill the need for international consideration of the depression.

The discussion below provides an account of these roles and the strategic positioning of the ILO by its leadership. The discussion is in four parts; first, a discussion of the ILO and the depression; second, an account of the 'Policy of Presence, initiated by Albert Thomas, and designed to establish the international relevance and profile of the ILO; third, the consolidation of the Thomas approach by subsequent ILO leaderships; fourth, the policy to simultaneously broaden the ILO's social and economic agenda and engage the United States in ILO work to guarantee its survival.

2. The ILO and the Interwar economic depression: The Policy of ILO Autonomy

As the interwar economic depression deepened, unemployment and social unrest became a worldwide phenomenon. Across the globe, mounting budget deficits and rising levels of unemployment prompted major reconsideration of economic policy settings. The scope and intensity of the crisis challenged the reigning economic orthodoxy. For example, in Australasia, the ability of New Zealand and Australia to retain a firm grip on the control of their own destiny became increasingly fragile and there followed a shift from decades of interventionist experimentation to policy initiatives based upon the fostering of an export-led recovery.² How economies responded to the Depression and to what extent these responses impacted on their ability, and willingness, to take part in any internationally coordinated recovery programme, occupied the research activities of fledgling international organisations such as the League of Nations and the ILO.

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² Tony Endres and Ken Jackson. 1993, 'Policy Responses to the Crisis: Australasia in the 1930s', in W. R. Garside (ed.) *Capitalism in Crisis. International Responses to the Great Depression*, London, Pinter, pp. 148-149.

Countries retreated behind trade barriers to protect their own industries and in the realisation that neither the self-healing powers of laissez-faire nor the classic instruments of government interventionism seemed capable of turning the tide. The machinery of world trade ground to a halt as economies retreated from international co-operation and turned instead to the protection of their own national markets. The worldwide depression became the first 'universal' problem faced by government, business and labour since the conclusion of the First World War.

As faith in the liberal capitalism model melted away, the crisis prompted a renewed search for political as well as economic alternatives. Some looked again toward the Soviet Union, which observed the chaos from the sidelines, its economy seemingly impervious to the slump.³ Others, in Germany, Italy and Japan, turned to fascism and began planning the replacement of the old liberal system by military-led expansionism. Yet, while intellectuals of the time wrote in fear for the world as the aggressive expansionism of the radical Right spread into China and Ethiopia, politicians looked upon it as a threat that could be appeased and contained.⁴ They saw in the rise of working class power and voice and the spread of Communism a greater danger, one which promoted the rise of fascism in the first place and on which they found common ground.

The United States was no less immune from this fear than countries in Europe and was keen to portray its workers as capitalists at heart and to persuade them of the dangers of organised politics. Comparing the lot of European workers with those in the United States provided, at least in one prominent case, a backdrop to the propaganda:

Certainly some of the labor difficulties in Europe arise, at least to a degree, from that lack of generally practised, "understanding" collaboration between employer and employee such as we find so often in the United States. Our advantage is primarily due (as my friend John Frey, of the Federation of Labor, has put it) to the firm refusal of the American worker to recognise any barriers of class lines, any sharp, permanent segregation of privileged groups. He knows, and is proud of the fact - as are all of us - that the wage earner of today is the shop foreman of tomorrow, and the manager and perhaps plant-owner of the near future. It is mobile, dynamic industrial democracy of that sturdy, virile type which makes for healthy, vigorous growth in the business body of this Nation. European labor is much more deeply involved in organised in politics than

³ Susan Curruthers. 1997, 'International History 1900-1945', in J. Baylis and S. Smith (eds.) *The Globalisation of World Politics*, Oxford, Oxford University Press.

⁴ Eric Hobsbawm. 1995, *Age of Extremes. The Short Twentieth Century*, London, Abacus, p. 90.

is labor in the United States. Sometimes it is organized as a political party, and that has not always been beneficial to the true interests of labor, since it tends to impair and becloud the presentation of the workers problems. The American labor movement today is largely free of such mingling motives as between economics and what we might call professional politics. Advocates of a labor party in this country should study carefully the consequences to the worker himself of the frequently grave political entanglement of labor groups in Europe.⁵

Political consensus held that the Depression and mass unemployment offered a breeding ground for Communism. Speeches by politicians frequently mixed comments on the slump with references to the Communist threat. They pointed to the growth of the German Communist Party and the 85% of its membership drawn from the unemployed, while ignoring or downplaying the equally rapid growth of the Nazi Party.⁶ Communism was portrayed as the common enemy. Hence, guarding against the radical politicisation of the masses played a significant part in stimulating inter-governmental co-operation around mass unemployment.

Meanwhile, in the face of economic protectionism and the growth of domestic nationalism, the fragile international order faltered. The League of Nations seemed increasingly incapable of sustaining either the order or its own legitimacy, and found itself on the point of collapse. What maintained the vestiges of international co-operation was the collective fear that the depression, and its consequent unemployment, would favour Communism. For Hobsbawm,

'Keynesians held, correctly, that the demand which the incomes of fully employed workers must generate, would have the most stimulating effect on depressed economies. Nevertheless, the reason why this means of increasing demand was given such urgent priority ... was that mass unemployment was believed to be politically and socially explosive, as indeed it proved to be ...'⁷

If the League was now showing itself to be increasingly incapable of co-ordinating any significant form of international action,⁸ the ILO provided an alternative forum for the

⁵ Quoted from a radio broadcast 'Labor Conditions in Europe' by the United States Assistant Secretary of Commerce, Dr Julius Klein, May 1, 1932. ILO archive, LE Series.

⁶ Hermann Weber. 1969, *Die Wandlung des deutschen Kommunismus: Die Stalinisierung der KPD in der Weimarer Republik* (2 volumes), Frankfurt. Quoted in Eric Hobsbawm. 1995, *Age of Extremes*, pp. 93-94.

⁷ Eric Hobsbawm. 1995, *Age of Extremes*, p. 95.

⁸ For a discussion on the creation and demise of the League of Nations see, David Armstrong, Lorna Lloyd and John Redmond. 1996, *From Versailles to Maastricht: International Organisation in the Twentieth Century*, London, Macmillan, Chapters 1 and 2. William Olsen and A. J. R. Groom. 1992, *International Relations Then and Now: Origins and Trends in Interpretation*, London, Routledge, Chapter 5. Samuel Northedge. 1986, *The League of Nations 1920-1946*, Leicester, Leicester University Press. Ruth Henig (ed.). 1973, *The League of Nations*, Edinburgh, Oliver and Boyd. F. P. Walters. 1952, *A History of the League of Nations (2 Vols.)*, London, Oxford University Press.

discussion of mass unemployment and its effects, and offered the opportunity to gather and collate information on national and international responses to the Depression. As Alcock points out:

‘if Governments, business and labour were in trouble, they needed help and they needed ideas, and the ILO was given the opportunity to take the initiative’.⁹

Albert Thomas’s attempt to inspire a sense of autonomy in ILO activities proved to be critical in this respect. Despite the intention of the architects of the Peace Treaty to set up two international organisations that were constitutionally linked¹⁰, with the League as the main body and the ILO as part of the ‘League system’¹¹, the ILO was quick to stress its autonomy both in thought and action. This it did in a number of ways.

First, the key protagonist in this strategy was Albert Thomas himself who, from outset and through individual action and force of personality, intended to afford the ILO a sense of purpose and vitality that would distinguish it from the moribund political bureaucracy of the League. Importantly, he saw this as vital if the ILO was to establish and retain the support of workers, who might otherwise choose a more radical path outside the ILO framework. Workers needed to see hope and advantage on the international labour standards model at the heart of the ILO. Second, by setting up direct and independent channels of communication with the labour ministries, employer and worker organisations of member countries, he created a profile – a ‘presence’ - for the ILO, which he hoped would pay dividends in the years to come. Third, despite the requirement that all members of the League were automatically members of the ILO, Thomas believed that the provision did not preclude the right of the ILO to admit its own members. This was a position that challenged the constitutional links between the two organisations and, in particular, the senior status of the League. Notably, the ILO had already admitted Germany and Austria into its ranks during the first International Labour Conference in 1919 while the League still deliberated over their status.

⁹ Antony Alcock. 1971, *History of the ILO*, p. 99.

¹⁰ To expand on a point made earlier, membership of the League entailed membership of the ILO; the expenses of the ILO were met out of the League’s general budget; the League Council was legally competent to put into force amendments to the ILO Constitution and the ILO’s right of access to the Permanent Court of International Justice and to rule on which States comprised those of ‘chief industrial importance’ (in cases of dispute). Provisions also existed for the General Secretary of the League to be associated with the ILO’s administrative and budgetary affairs. See Francis Wilson. 1934, *Labour in the League System. A study of the International Labour Organisation in relation to international administration*, Stanford, Stanford University Press.

¹¹ Victor-Yves Ghebali. 1989, *The International Labour Organisation*, p. 15.

This prompted friction between the ILO and the League of Nations but the issue remained quiescent until Brazil left the League in 1926 but continued to remain a member of the ILO.¹² As a result, the membership of the two organisations were effectively de-coupled, paving the way for the ILO to be construed as an international organisation in its own right and accepted as a key forum for international debate on the Depression. Thus, while disillusionment with the League spread, the ILO became sufficiently distanced from it - institutionally and politically - for the international community to continue to support its activities.

As the crisis deepened, inflation became the overriding factor in the economic responses of a number of European countries, prompting a reduction in government expenditure, tight controls on credit and a rise in taxation.¹³ In New Zealand, for example, the impetus for an export-led recovery was tempered by domestic concerns about increasing wage demands and their impact upon inflation. The onset of the Depression prompted an attack on its underlying causes at home. In examining policy responses to the economic crisis in both New Zealand and Australia, Endres and Jackson point out that, 'Nominal wage levels were attacked in both countries as reaction set in to any deliberate expansion of demand either by fiscal or wage-fixing mechanisms. The tone of policy throughout the Depression years was contractionary, tempered only by the fear of creating social and political upheaval'.¹⁴

With the onset of economic depression, countries were beginning to shift away from policies of international co-operation in favour of 'national, political and economic autism'.¹⁵ This shift was seen within the ILO. It led to a psychology of mutual suspicion and distrust which permeated the International Labour Conference and undermined its standard setting activities. Moreover, the Conference's preoccupation with Europe was beginning to divide ILO members and become a subject of real concern for its permanent secretariat. As one conference delegate from New Zealand was to comment at the time:

Many countries consider ratification an expression of sympathy. Several have ratified conventions, but passed no legislation whatever; others have done the same but rendered them inoperative by providing no legislation; and others have even passed the laws but have not carried them into effect. Countries which have ratified the eight

¹² The General Secretary of the League made a vigorous protest that Brazil's continued membership of the ILO was 'constitutionally impossible' but she took no further action. See Edward Phelan. 1954, 'Some Reminiscences of the ILO'. *Studies*, 43, p. 253.

¹³ G.W. Garside (ed.), *Capitalism in Crisis*, p. 3.

¹⁴ Tony Endres, and Ken Jackson. 1993, 'Policy Responses to the Crisis', p. 162.

¹⁵ G.W. Garside (ed.). 1993, *Capitalism in Crisis*, p. 2.

hours day convention work a ten, and in some cases a twelve hour day. The Continental countries distrust one another too much to carry them into effect. The Conference is obsessed with Europe. It is really trying to raise the standards of Eastern Europe to those of the West of the Continent. The South American delegates have a pleasant time and voted here and there, but I don't think they do much afterwards. No great contribution was wanted from New Zealand, and the delegates, I found, were not particularly interested in us.¹⁶

For his part, the New Zealand Employers delegate Shailer-Weston argued while the 'economies' of sending a regular delegation to the International Labour Conference 'were not sufficient' New Zealand should keep in touch with the research and reports of the ILO:

This is the most useful work to New Zealand now being carried out by the ILO. It has become a great clearing house for information upon all industrial and commercial matters. It has some very able and enthusiastic officials at its head. Moreover, especially as we go with Japan, China and India, and other eastern countries, it is an important safety valve against Bolshevistic and Communistic activities.¹⁷

Worldwide, governments struggled with an economic depression without parallel in living memory. For New Zealand, a fall in the price of its primary exports - particularly wool, butter, cheese and mutton - a halt on the traditional bale-out of overseas borrowing, a drop in national income and the value of national production, and with the level of unemployment at an historic high, a period of economic and political austerity swept over the country.¹⁸ In 1933 ILO economist E. J. Riches was moved to write:

In these circumstances, it is not surprising that New Zealand is in the throes of a severe psychological as well as economic depression. The spectacle of a Government whose policy is a curious combination of drift, deflation and doubtful expediences; the small results from the great expectation of Ottawa;¹⁹ the repeated failure of international conferences; the lack of agreement among local economists - such factors as these have destroyed public confidence in established leaders and led to wide-spread discontent. To a greater extent, perhaps, than in most other countries, the depression is regarded as a sort of natural calamity, a phenomenon that no amount of human foresight could have avoided; and to this extent the public reaction is one of resignation rather than constructive planning. There is a tendency, not without reason, to regard the causes of the depression as almost entirely international, and the possibilities of recovery as dependent wholly on international co-operation. Lip service to the ideals of

¹⁶ 'Labour Office. Geneva Conference. Fifty Nations Negotiate'. Christchurch Times, October, 1930. ILO archive XH Series.

¹⁷ Ibid.

¹⁸ For fuller accounts of policy and social responses to the Depression in New Zealand see Endres and Jackson 1993; Richardson 1992; Brooking 1992 and Olssen 1992.

¹⁹ Agreement on exchange rates reached by Commonwealth Governments, Ottawa, 1932.

freer trade and international co-operation is, however, accompanied, as in other countries, by tariff, trade and currency problems of the very kind which tend to aggravate the world situation.²⁰

In summary, then, the inability of the League of Nations to deal with the world depression provided an opportunity for the ILO to offer an alternative forum for international discussion on the crisis. In this respect, the ability of ILO staff to gather and collate information on national responses to the Depression, and the determination of Albert Thomas to distance the ILO from the League, institutionally and politically, proved critical. If the Organisation was to retain the support of labour, it had to demonstrate a vitality that made the prospect of an international labour standards regime a real and dynamic one. The International Labour Conference remained central to this process. It was the forum in which government, employer and labour representatives of ILO member states examined the research, debated responses and finally determined joint recommendations. Thomas viewed this process of interaction, collaboration, and tripartism, as the life-blood of the Organisation. Its function was to generate support for social justice and worker rights through international Conventions and Recommendations. Supported by research from its Geneva-based secretariat, the bulk of ILO activity lay here.

In pursuing social justice, the radicalisation of the working class occupied the minds of political decision-makers throughout the industrialised world. The economic depression, and its most visible face - mass unemployment - became a worldwide phenomenon. The perception of unemployment as a breeding ground for political unrest -from the Left rather than the Right - prompted greater international collaboration.

Attempts to distance the activities of the ILO from the League of Nations represented a conscious attempt to minimise the influence of these, predominantly European and strictly governmental, interests. If an international labour standards regime was to have any relevance beyond Europe, then the principles and norms of regime membership required a broader, more universal, significance. If tripartism between governments, employers and workers was the chosen framework for the regime, workers remained central in the ILO process. Unless the international labour standards regime developed into something that took a positive and proactive approach to serving these interests, then the ILO ran the risk of isolation and abandonment, for it could deliver neither inclusive responses to the depression, nor, for those

²⁰ Riches, E.J. Report on Mission in New Zealand, February to April 1933, pp. 26-27. ILO archive, XH Series.

who sought it, an antidote to communist expansion . Constructing a regime with the ILO at its centre operating largely independent from the League of Nations, constituted the principal objective of the policy of autonomy.

3. Albert Thomas and the 'Policy of Presence'

'...during that unique period dating from the Berne Conference to the Washington Conference, workers, governments and employers believed in the possibility of creating an organisation which would be able to minimise the injustice, poverty and privation suffered by the great mass of wage-earners. This thought they had in common. The International Labour Organisation is, as it were, the outcome of that remarkable time. The spirit which should still animate it may have been dulled by the resumption of social warfare. Its powers nevertheless remain intact. Conventions embodying even a half-hearted justice are none the less possible. The first foundations remain firm. It was during such moments of intense and unanimous faith that the communes of the Middle Ages decided to build their cathedrals. Then, often enough, the violent, bloody struggles of party against party, class against class, would recommence. Yet, slowly, through the course of centuries, the cathedrals rose stone by stone, as it were the visible witness of that first act of faith. Similarly, on the bold plan of its first builders, the International Labour Organisation will also rise'.²¹

A 'Policy of Presence', defined by regular contact with government, employer and worker organizations, by means of letters, Reports, Mission visits and Conferences, underpinned ILO activities during the 1930s. The policy had two objectives: to make the ILO ideologically relevant by linking its efforts to promote social justice at the international level with activities of social reformers and trade unions at the national level; and to maintain a profile of the ILO in the minds and activities of those in a position to influence public opinion. The roots of this approach lay in Albert Thomas's conception of the ILO as a 'living thing'. Subsequently, it also formed a fundamental aspect of Harold Butler's attempts to bring the United States into the ILO fold.

Albert Thomas was elected the first Director of the ILO primarily on the basis of his knowledge and experience of the working class and the international labour movement. This experience, gleaned from his years in the French Ministry of Labour, was in contrast to the civil service background of his rival for the Directorship, Harold Butler.²² This experience helped him to procure the vote of the Workers' Group and develop an early but clear vision of the role of the ILO. For Thomas, the purpose of international discussion in the ILO was to promote improvement in labour legislation. This would be achieved, not only through the promotion of greater understanding of the forms of labour legislation in different countries, but also by

²¹ Albert Thomas. 1921, 'The International Labour Organisation. Its origins, development and future'. *International Labour Review*, 1, 1, January. Reprinted in *International Labour Review*, 135 (1996), 3-4, p. 276.

²² Edward Phelan. 1936, *Yes and Albert Thomas*, pp. 13-17. See also, Antony Alcock. 1971, *History of the ILO*, pp. 41-42.

suggesting relationships between models of labour regulation, the regulation of international trade and competition and their outcomes

An important task for the Thomas and the ILO was to persuade governments, employers and workers alike that there was always an international dimension to the construction of national labour standards - a dimension that drew on a complex mix of humanitarian, political and economic concerns. Moreover, it was portrayed as a dynamic process requiring dynamic, proactive responses. This contrasted with a strict interpretation of the articles of the Peace Treaty, in which the ILO was portrayed as a bureaucratic institution with no real authority and of diminishing relevance to a world still nervously coming to terms with changes wrought by war and revolution.

The idea of the ILO as a proactive, organic, 'living thing'²³ was given legal endorsement in January 1922. Following its attempts to restrict the activities of the ILO, the French Government appealed to the International Permanent Court of Justice for an advisory opinion on whether the Organisation was competent to address labour issues in the agricultural sector under the articles of the Treaty.²⁴ The Court found in favour of the ILO²⁵ and in a series of decisions between 1922 and 1932 Thomas's 'living thing' was given substance by the principle of 'unity of labour' which the Court incorporated into its legal doctrine. It was a principle that was:

...defined by the ILO itself in the axiom "The Organisation is labour, and nothing that concerns labour is alien to it". Implicitly, the Court also confirmed Albert Thomas's doctrine holding that social justice must be considered as a tendency and not a state of being. It thus sanctioned the notion that the competence of the ILO was an essentially dynamic concept, a continuing creative process.²⁶

²³ Albert Thomas. 1921, 'The International Labour Organisation', p. 262.

²⁴ The French government took the words *industrie* and *industrielle* from the French text of the Treaty as referring to manufacturing industries and argued that any interpretation of Article XIII should be confined to these industries. The move can be seen as a reaction to the first of the post-war crises in 1920-21 which struck an 'economically depressed and politically fragile Europe'. See Ruth Henig. 1984, *Versailles and After: Europe 1919-1933*, London, Routledge, p. 37.

²⁵ By examining the Littré and Oxford dictionaries the Court held that neither excluded agriculture from their definition of industrial pursuits and added that agriculture had been discussed openly in ILO forums since 1919 and at no point had its status as an industry been challenged. See Alcock, 1971, *History of the ILO*, pp. 53-55.

²⁶ Victor-Yves Ghebali. 1989, *The International Labour Organisation*, p. 10.

The factor that moved the ILO from the bureaucratic to the organic was, for Thomas, public opinion.²⁷ The First World War had shifted the issue of labour legislation to the forefront of national and international debate. Public opinion, prompted by national unrest and the threat of further war, had compelled governments to take up labour issues to their international fora. Within the ILO, it was recognised at an early stage that workers of the post-war world valued two safeguards above all: stability in daily life and security against the threat of war. From this, Thomas identified for the ILO a dual role - to lessen the tension *within* nations and to lessen the tension *between* nations. To achieve this, he had to construct an organisation that utilised Article XIII of the Treaty to its fullest effect. This involved broadening the ILO's agenda beyond the establishment of humane conditions of work and the collection of information on the condition of labour, to the establishment of political, economic and moral rights for the individual - a doctrine which Thomas believed could give to the ILO both organisational unity and personality.²⁸ Thomas understood the realpolitik in which a failure to take a positive and proactive approach to fulfilling worker interests would result in the political isolation of the ILO and its abandonment, not only by workers, but also by employers and governments already sceptical of its role and achievements. For Thomas, the ILO was an organisation in which the pursuit of peace through social justice meant projecting forcefully worker needs into the realm of international relations.

It was, inevitably, a high risk strategy, for international organisations were everywhere in retreat and the scepticism noted above was rife. For it to succeed, it had to combine two vital ingredients; the continuing support of the workers and active support of countries outside of Europe. Thomas knew that organised workers were still perceived as a threat to political stability by some European governments, still nervous about the Bolshevik Revolution and its mobilization of workers. The International Trade Union Federation, representing some 27 million workers, had reformed in 1920 and dominated Worker representation on the ILO Governing Body. Its Secretary, the Dutchman, Jan Oudegeest, warned governments against ignoring the power of worker organisations and their role in post-war reconstruction:

Formerly Governments reached their decisions without consulting the workers organisations. The war has shown the Governments the power of these organisations, a power which, properly utilised, may cement the whole economic system and safeguard our well-being and civilisation, but which, if neglected, will inevitably become a force overwhelming all others. The Supreme Council has recognised this influence by

²⁷ Albert Thomas. 1921, 'The International Labour Organisation', p. 265.

²⁸ Antony Alcock. 1971, *History of the ILO*, pp. 49-50.

its appeal to labour on behalf of the reconstruction of the world, and as the Labour movement has responded to this appeal, it would be dangerous to obstruct its collaboration in that reconstruction and to force it to choose other ways...²⁹

This threat was played on when the need arose. In the run-up to the International Labour Conference of 1921, mindful of French Government attempts to constrain the ILO, and concerned with delays in the ratification of draft conventions, Thomas raised the spectre of Bolshevism. On the surface, he offered both challenge and warning to all sides, particularly the workers whose support he so desperately needed, but the message to the European governments was particularly clear:

...the possibility, or rather the necessity, for action appears clearly inspite of all opposition. Some courses are clear and certain and cannot be disregarded. Are these possibilities much removed from the intentions of the originators of the Organisation? At first sight it would seem so. In reality however it may prove otherwise. In any case there is an obvious connection. The application of the solemn principles laid down in the labour charter may yet seem far off and uncertain. As a matter of fact they are already beginning to be applied. To those who still doubt: to those who, having hoped, now anxiously wonder whether this hope was justified: to those who are tempted to lose faith in an organisation which has been in existence for hardly a year; the questions may be put: Do you know of any other methods which have proved effective? Have you any means of realising practically the high ideal of justice laid down in the Covenant of the League of Nations? Has Bolshevism, which exercises a powerful fascination for the masses, shown itself capable of doing anything more than organising a Jacobin dictatorship on the one hand, and of causing discontent and poverty on the other? To what constructive work can it point? Has it really secured for men, women and children the hours, wages and hygienic conditions provided for in the labour charter, or even the conditions of life which the traditions of labour legislation promise to the world? As a result of Bolshevism the former socialist international has been broken up. Its numerous fragments spend their time in discussions of principle, while most of the various national groups of which it is composed have not sufficient influence to affect legislation or state policy. Even if from the point of view of policy they are thinking rightly, what immediate hopes of betterment do they offer to the wage-earners? Certainly, in spite of the internal dissension threatened by extremist propaganda, the great trade union federations of the industrial countries are still a living and essential force which makes for the development and application of international labour legislation.³⁰

The second ingredient, the obtaining of support from countries outside Europe, was a complex task. The Governing Body of the ILO was dominated by the European powers.³¹

²⁹ Oudegeest, J. 1921, 'The international trade union movement and the Labour Office'. *International Labour Review*, 1, 1, January. Reprinted in *International Labour Review*, 135 (1996), 3-4, p. 278-279.

³⁰ Albert Thomas. 1921, 'The International Labour Organisation', p. 275.

³¹ Until the mid-1930s, the ILO Governing Body comprised twelve countries, including eight designated 'of chief industrial importance', six representatives of employers and six of workers. The eight were Belgium, France, Great

Taking the lead, India and South Africa protested against the eurocentric makeup of the Governing Body, moving a Resolution to include more countries from outside of Europe.³² In this challenge, it became clear that the world was changing and that, to maintain its autonomy and impact, the ILO had to change with it.³³ For example, the post-war European economies were challenged by the industrial growth of the United States and Japan, two economies whose mere presence in international affairs symbolised the decline of the European powers. To survive, the ILO had to extend its reach and involve emerging nations, whilst still retaining the participation of European nations. The introduction in the ILO of institutional reforms designed to reflect the changing contours of the international political order became one aspect of this attempt. To understand those reforms, we need to understand how the ILO was able, not only to survive, but even to prosper, as the League collapsed.

The World Economic Conference, convened in London in 1933 to discuss the Depression and reach some international agreement on how to revive the ailing world economy, was a failure. In particular, proposals for the restoration of a stable international monetary standard had been rejected by the United States. Thus, with little prospect of stable exchange rate arrangements, other questions requiring international agreement became impossible. As a result, the Conference seemed to demonstrate that attempts to solve the economic crisis through international co-operation were doomed.

The world political situation was also deteriorating. In March 1933, the National Socialist Party, led by the new German Chancellor Adolf Hitler, won the German elections, having mobilised popular resentment against the Peace Treaty. In June, Germany stopped paying her foreign debts. In Italy, the National Fascist Party under Benito Mussolini began giving greater prominence to military expenditure as Mussolini's belief in force and conquest found expression in expansionism.³⁴ Meanwhile, in the Pacific, Japanese expansionism led to war with China in Manchuria.

Britain, Italy, Japan, Germany, Switzerland and Denmark (elected as substitute pending the entry of the United States). Spain, Argentina, Canada and Poland made up the remaining for countries. In total nine of the twelve government representatives, all six employers and five of the six workers came from European countries.

³² The amendment to Article 393 (iv) of the Peace Treaty provided for an expansion of the Governing Body from 24 seats to 32 - the objective being to increase representation of countries outside Europe. In 1922 the amendment was passed by the III International Labour Conference. However, it still required endorsement from the European dominated League of Nations Supreme Council but due to a mixture of League bureaucracy and Italian internal politics this was not forthcoming until 1934 - the year of United States entry into the ILO. See Alcock, 1971, *History of the ILO*, pp. 73-75.

³³ See Harold Butler. 1941, *The Lost Peace*, London, Faber.

³⁴ Paul Kennedy, 1989, *The Rise and Fall of the Great Powers*, London, Fontana, p. 377.

The League's failure to broker any solutions to the deteriorating global situation rendered it impotent. There were two dimensions to this impotency: one economic, the other political. Economically, the failure of the World Economic Conference resulted in nations rejecting international economic co-operation and instead turning inward in an effort to build their financial and economic strength 'for whatever the future held in store'.³⁵ Politically, the inability to reach agreement about what the League of Nations should be - policeman or arbitrator - resulted in a body lacking both enforcement powers and the machinery for collective security. The League's efforts to control a worsening political situation 'turned out to be not deterring aggressors but confusing the democracies'.³⁶

Morbid disillusionment now coloured League of Nations' activities. As a result, the ILO was left to take the lead in finding international solutions to the social effects of the Depression. However, while the Depression and the reaction of the international community to it had a negative, and ultimately terminal, effect on the League of Nations it had the opposite effect on the ILO. Two reasons can be identified for this.

First, there was the question of ILO independence from the League of Nations. The autonomy and freedom of action, which the ILO developed within the League system, protected it from the consequences of the political decline of its parent organisation. In examining the exogenous evolution of the ILO, Ghebali argues that the 'natural limits' of the ILO within the League system were more budgetary rather than political. During the Depression and in light of the League's decision to impose a general policy of austerity, relations between the two organisations became particularly tense. Beyond the question of finances, the determination of Albert Thomas to develop independent and direct channels of communication with Government, employer and trade union representatives in member countries led to the political and functional autonomy of the ILO becoming 'de facto an inviolable principle'.³⁷

Second, there was the important question of United States' membership of the ILO. As the political importance of the League declined, the ILO's status increased correspondingly as the United States, and, soon afterwards, the Soviet Union, became members. Soviet membership

³⁵ Antony Alcock. 1971, *History of the ILO*, p 108.

³⁶ Paul Kennedy, 1988, *The Rise and Fall*, p. 374.

³⁷ Victor-Yves Ghebali. 1989, *The International Labour Organisation*, p 16.

came about as a result of it joining the League on 18 September 1934 in an attempt to bolster collective security against Nazi Germany.³⁸ Although this meant it overcame, albeit temporarily,³⁹ its hostility to the ILO (a tool of capitalism), its participation in ILO affairs was both limited and sporadic to the extent that the Soviet Union failed to ratify a single international labour Convention during its period of membership.⁴⁰

Of more significance was the entry of the United States. Concerns over the linkage between the League and the ILO had been a major factor in United States reluctance to become a member of the ILO.⁴¹ As a result, between 1919 and 1934, United States policy toward the ILO remained subordinated to broader policy towards the League of Nations. Two factors played an influential role in changing this position; the election of Franklin D. Roosevelt to the United States presidency in 1932 and the impact of the Depression on the United States economy. The fact that the United States was no more immune to the effects of the Depression than other countries came as a shock to a nation which had grown prosperous and inward looking on the success of what Lazonick describes as the planned co-ordination of managerial capitalism.⁴² Indeed, a few years earlier and on the eve of the Great Crash of 1929, President Coolidge told the legislators and people of America that they could 'regard the present with satisfaction and anticipate the future with optimism'.⁴³

By the end of 1933, GNP in the United States was almost one third less than in 1929, its credit and banking system required emergency legislation to prevent collapse and one in every four

³⁸ Antony Alcock. 1971, *History of the ILO*, p 131.

³⁹ It left again in at the end of 1939 following a decision by the League Council to exclude it from the League of Nations.

⁴⁰ Then, and as it would prove to be later, the membership of the Soviet Union attracted controversy. The Employers Group in the ILO argued that as there were no private employers in the Soviet Union, and therefore no independent employers organisation, the tripartite composition of the International Labour Conference would be undermined by state officials representing employers. As a result, the credentials of the Soviet employer representatives were contested at the International Labour Conference of 1937. However, several members of the Governing Body argued that expelling the Soviet Union was not in the long term interest of the ILO at a time when a number of countries had either left, or were contemplating leaving, the ILO, and when the Soviet Union was becoming a serious competitor for Western industrial countries. In the end the matter was quietly dropped. See Harold Jacobson. 1960, 'The USSR and ILO'. *International Organisation*, XIV, 3, Summer. Also, Victor-Yves Ghebali, *The International Labour Organisation*, p. 105.

⁴¹ See, Gary Ostrower. 1975, 'The American decision to join the International Labour Organisation'. *Labor History*, 16, 4, Fall. Also, Alcock, *History of the ILO*, p. 119.

⁴² William Lazonick, 1993, *Business Organization and the Myth of the Market Economy*, Cambridge University Press, New York, p. 14.

⁴³ Galbraith credits Coolidge with 'the great definition of unemployment' vis 'when a great many people are out of work, unemployment results' J. K. Galbraith, *The Great Crash 1929*, Penguin, Harmondsworth, p. 30.

of the United States' labour force was unemployed. It was also the year in which the United States sent its first delegation to the International Labour Conference.⁴⁴

The dramatic downturn in domestic economic activity and its impact upon American jobs prompted the Roosevelt administration to examine seriously the question of ILO membership. Influencing this decision was the impact of competition on the increasingly precarious United States trade position. In 1930, Thomas sent Butler to the United States to examine its responses to the Depression. In December, Butler wrote:

Unless I am utterly wrong, the United States has seen the end of an era ... A new period has already begun in which America, with her home market no longer expanding through immigration, an agricultural population declining owing to the competition of foreign produce...with her export trade dwindling on account of the tariff, will be slowly and painfully reduced to adapting herself to the social and political obligations which have been assumed by the old countries of Europe.⁴⁵

In the United States, the championing of the ILO by Secretary of Labor Francis Perkins⁴⁶ 'stemmed not merely from abstract humanitarian concerns' but also from a fear that a rise in United States labour standards would result in a proportional rise in its labour costs and result in a 'competitive trade disadvantage and an intensification of an already disastrous unemployment problem'.⁴⁷ The debate in the ILO over the proposed Convention for a forty hour week caught Perkins' attention.⁴⁸ She reasoned that the adoption of such a Convention on a world-wide basis would be advantageous to the United States trade and employment situation. Moreover, the years of self-imposed isolationism had left the United States lacking in information about the policy interventions developed by other economies struggling with the Depression. United States; officials recognized that the ILO was the primary source of that information.

In terms of the ILO's international positioning, United States membership had become a matter of some urgency . The contraction of domestic economic activity in the United States had, of course, a fundamental impact upon the world economy. Moreover, the impact of the

⁴⁴ As the United States was still not a member of the ILO the delegation was given observer status. Nonetheless despite the absence of an employer representative it was an important precedent for both the United States and the ILO.

⁴⁵ Quoted in Antony Alcock. 1971, *History of the ILO*, 1971, p. 122.

⁴⁶ As Secretary of Labor and a close friend of Roosevelt, Perkins was the most influential advocate of ILO membership in the Roosevelt administration.

⁴⁷ Gary Ostrower, 1975, 'The American decision', p. 499.

⁴⁸ Ibid.

Depression on the ILO's Convention setting activities of the ILO was profound. Ratifications, which had peaked at 79 in 1928-29, began a downward spiral to 44 in 1929-30, 38 in 1930-1 and 28 toward the end of 1933.⁴⁹ For an organisation whose *raison d'être* at that point was the setting of international labour standards, the decline was a cause for real concern. The Depression was an obvious factor in this decline. More specific was the increasing reluctance of member states to ratify new Conventions due to the non-participation of important industrial competitors such as the United States and the Soviet Union.⁵⁰ Another important factor was the political dimension to the Depression. The rise of fascism in Europe and of Japanese militarism in the East had dramatically increased the threat of war. Nazi Germany, second only to the United States in terms of the global production of iron and steel, was on the verge of leaving the League and the ILO. If the industrial strength of Germany stood outside the ILO, others might follow suit. If the United States, in particular, also eschewed ILO membership, the latter's economic and political importance of the ILO would be undermined.

Fortunately for the ILO, the economic costs of Roosevelt's New Deal reforms, their impact on the United States trade position, the promotion and institutionalisation of trade unions under the proposed Wagner Act, and a more internationalist foreign economic policy,⁵¹ elicited a greater commitment to the possibility of United States entry into the ILO. On August 18 1934 the United States finally accepted the invitation to join the ILO,⁵² providing it the political support it needed to survive and avoid the fate the League of Nations.

4. Consolidating the 'Policy of Presence': The Policy of Wider Engagement

When Albert Thomas died, the principles and policy foundations on which the ILO stood allowed Butler to introduce important, and far reaching, changes. Butler believed that unemployment was the worst of all social evils. He consistently emphasised in his annual reports to the International Labour Conference his belief that economic and financial policy was inseparable from social policy. Any search for a solution to mass unemployment and social injustice could not be conducted in isolation from other policies. For Butler, it was as

⁴⁹ Antony Alcock. 1971, *History of the ILO*, p. 99.

⁵⁰ Ibid.

⁵¹ Peter Gourevitch. 1986, *Politics in Hard Times*, p. 26.

⁵² United States policy toward the League of Nations remained firmly against membership. The resolution on ILO membership passed by the House of Representatives during June 1934 included the qualification 'in accepting such membership the President shall assume on behalf of the United States no obligation under the Covenant of the League of Nations' (quoted in Gary Ostrower, 1975: 501).

essential to examine the social implications of financial and economic policy as it was to consider the financial and economic implications of social policy. In his report to the International Labour Conference 1933, Butler said:

'It is now becoming more and more generally accepted that the root of the crisis lies in the failure of purchasing power. Unemployment breeds unemployment, because the fewer the number of wage earners, the fewer the number of effective consumers ... There appears to be a growing volume of opinion in favour of making every effort to expend money destined for the relief of the unemployed in a manner which will provide them with work rather than the distribution of cash'.⁵³

Butlers' analysis of the general political scene was acute, as was his ability to see the dangers and opportunities that it presented.⁵⁴ In the Depression and mass unemployment, he saw the potential for national unrest in many economies to create the conditions for international conflict.⁵⁵ His letters referred to an 'increased friction between nations' and reflected his frustration at the dominance of European countries in the activities of the ILO.⁵⁶ In particular, he was aware that the United States would be reluctant to take the ILO seriously until a more representative group of countries were on its Governing Body.⁵⁷ At a time when the standard setting activities of the Organisation were falling and countries were calling into question the relevance of ILO membership, fostering the interests of non-European states became critical.

A shift in its centre of gravity away from Europe, and the 'de-europeanisation' of its Governing Body, were changes vital to the long term survival of the ILO. The Depression seemed to underline the decay of European powers already posed by an increase in anti-imperialist activity and the effects of the collapse in commodity prices on which the colonial economies depended. In short, the Depression marked the beginning of political and social discontent directed against European states, which could no longer keep together empires 'imbued with an infinite complexity of producer interests'.⁵⁸ The rise of fascism and an embedded fear of communism also added further to the corrosion of the foundations of the political institutions

⁵³ Report of the ILO Director-General. 1933, International Labour Conference, 17th Session, Geneva, pp. 21-23.

⁵⁴ Phelan, E. 1954, 'Some Reminiscences of the International Labour Organisation'. *Studies, An Irish Critical Quarterly*, 14, p. 243.

⁵⁵ Ibid.

⁵⁶ Harold Butler. 1941, *The Lost Peace*, p. 141.

⁵⁷ Ibid.

⁵⁸ R. F. Holland. 1985, *European Decolonisation 1918-1981: An introductory survey*, Macmillan, Basingstoke, p. 134.

and intellectual values of nineteenth century liberal bourgeois society.⁵⁹ The implications of this corrosion for peace and social stability were not lost on Butler. In response, he suggested a radical shift in the ILO's emphasis:

'I do not feel that we can continue to rely on Conventions as the principle test of our activity and progress. I think we ought to take this opportunity of shifting our centre of gravity, so to speak, from the purely social to the economic sphere by devoting the whole of our attention to the effects on the workers of the world Depression, and the analysis of some the principle factors from the purely industrial point of view ...The real issues in industry are going to be the method and extent of rationalisation, the necessity of high wages to maintain purchasing power, the effects of the tariff war from the workers point of view ...I think we should go ...and try to create a body of coherent thought from the labour standpoint.'⁶⁰

Already, South American countries had set up a regional forum of their own with the potential to replace the work of the ILO. Butler's response was to devolve the ILO's activities into more regional structures in an effort to develop a fairer balance between its European and non-European members.⁶¹ In 1934, the problem of wider representation was addressed through a number of initiatives, including the adoption of the amendment to article 393 of the ILO Constitution, which increased the number of non-European countries represented on the Governing Body.⁶²

As noted above, as the Depression deepened, the standard setting activities of the ILO slowed. In response, it began to look for new approaches to dealing with its traditional concerns. Albert Thomas had been the first to recognise the value and importance of personal contact with Governments and other tripartite organisations in an effort to develop a mutual understanding of needs. He had seen to it that members of the Directorate visited different countries, made contact with leading figures of Government, employers and trade unions to discuss, 'on the spot', issues of concern.⁶³ It was a policy which Butler followed and then expanded.

⁵⁹ Eric Hobsbawm. 1995, *Age of Extremes*, p. 108.

⁶⁰ Quoted in Antony Alcock, 1971, *History of the ILO*, p. 123.

⁶¹ Victor-Yves Ghebali, 1989, *The International Labour Organisation*, p. 14.

⁶² Following the introduction of a system of rotation in 1932 India became the first non-European Chair of the ILO Governing Body.

⁶³ Albert Thomas. 1931, *The International Labour Organisation: The first decade*. Allen and Unwin, London.

Disillusioned with the League of Nations and struggling with the economic crisis, many ILO members demanded services, not standards, and looked to the ILO, not as a Convention-setting body, but as a forum with the potential to provide answers to many of the socio-economic questions posed by the Depression. In the context of the crisis, and his own belief in the relevance of ILO research activities, Butler commissioned reports, which underlined the importance of international action, the value of ILO membership and the role of labour standards in international trade. Rather than encouraging the generation of new labour standards, the reports underlined the importance of existing measures to regulate 'unfair' competition and stimulate international trade.

Drawing on employment and productivity data from member countries, ILO economists produced research, which addressed policy settings for economic management and social progress that challenged existing orthodoxies on monetary policy, price stability and employment. At the heart of this thinking was the need for an internationally coordinated public work programmes to address the economic and social consequences of the depression.⁶⁴ Social justice was to be pursued through a policy of public investment, established through national public work programmes and conducted through the coordination of international economic policy.

The positive, engaged work of the ILO contrasted with ineffectual discussions elsewhere, and allowed ILO activities to expand. Many of the problems faced in the global economy were intractable. For example, the extensive trade barriers which had grown following the First World War became an established part of the international economic landscape. Despite attempts to liberalise trade, calls for a global reduction in tariff barriers were ignored. Instead the world stumbled into a period of high levels of protectionism, discriminatory trade practices and currency blocs. What emerged was not simply a picture of domestic economic failure⁶⁵ but the disintegration of the post war vision of international cooperation and stability.

As the failure of the various world conferences to stimulate international economic cooperation became more apparent, optimism in the League's future role in the revival of the international economic system faded. Yet while the League of Nations struggled to maintain some semblance of agreement on the vision of a post-Versailles peace and collective security, the

⁶⁴ Tony Endres and Grant Fleming. 1996, International economic policy in the inter-war years: The special contribution of ILO economists, *International Labour Review*, 136, 2.

⁶⁵ Douglas Irwin. 1995, The GATT in Historical Perspective, *The American Economic Review*, 85, 2, pp. 323-328.

ILO turned its attention to addressing the economic and social consequences of the Depression. The ILO saw an opportunity and moved into 'spaces' ineffectually held by the League. Thus, in 1920, the newly established research department was actively inhabited by those with 'economic training' recruited from as many ILO member states as possible and from a wide range of institutions. In doing so, the link between economic and social considerations was recognised early:

'...post-war social problems no longer present themselves in the abstract simplicity which they sometimes assumed before the war. It is no longer possible to separate them from the whole economic question. ...It seems certain that henceforth the continuity and efficient management of labour will depend on the general administration and policy of the various governments. ... by force of circumstances [the International Labour Office] must necessarily touch on the whole social and economic question'.⁶⁶

The ILO's advocacy of the international coordination of public work programmes was supplemented by research on the social consequences of the depression, by the publication of data from member states on employment, and the submission of field studies from ILO economists on domestic efforts to deal with the downturn in world economic activity. This conscious strategy of establishing a engaged 'presence' in domestic and international activity articulated itself in ILO research. Its unrivalled repository of data on domestic economic activity gathered and analysed during the depression established the ILO as the key international organisation for economic thought and policy responses in the inter-war period. It extended and transformed the meaning of 'public investment' to apply to any governmental activity designed for industrial development and established public works policy as an accepted instrument in stimulating economic activity.⁶⁷

5. Conclusions: An Overview of the Period

Throughout the inter-war period, the world beyond Europe was growing in importance economically and politically. Both Thomas and Butler recognised that in order to survive, the ILO had to reflect this change. They attached great importance to the task of building an

⁶⁶ Albert Thomas. 1921, The International Labour Organisation. Its origins, development and future, *International Labour Review*, 1, 1, January. Reprinted in, *International Labour Review*, 135, 3, 4, 1996, p. 274.

⁶⁷ The work of Tony Endres and Grant Fleming has been particularly informative in highlighting the innovatory contribution of the ILO in challenging established inter-war economic orthodoxy and offering reflationary solutions to the problems of economic stagnation -ideas acknowledged by J. M. Keynes in his magnum opus 'General Theory of Employment, Interest and Money'. In addition to the work already cited in this paper, see also Endres and Fleming. 1999, Public investment programmes in the interwar period: the view from Geneva, *The European Journal of the History of Economic Thought*, 6, 1, pp. 87-109. Endres and Fleming. 2002, International Organisations and the Analysis of Economic Policy, 1919-1950, Cambridge, Cambridge University Press.

organisation that had universal relevance. This required a rebalancing of ILO emphases away from European nations. Following the death of Thomas in 1932, Butler made that rebalancing a priority in his work. A significant factor in this respect was the entry of the United States into the ILO. Butler knew that once the United States became a member, European dominance would be broken, changes in the underlying structure of power would become more visible, and broader, more inclusive international coalitions would gradually emerge. As a result, he worked hard to make United States membership a reality.⁶⁸

Through a mixture of political shrewdness and tenacity on the part of Thomas, and Butler's capacity to interpret change and nuance in the wider political terrain, the Director General of the ILO came to occupy an eminent international position, in many respects more important than the Secretary-General of the League of Nations. The position was able to influence the course of action of the ILO to a far greater extent than its counterpart in the League. The vision of the ILO as a 'living thing' with an autonomy giving it the freedom to engage with workers all over the world, created an impetus to action, over and above data collection and analysis. The ability to use this information proactively - to influence national policy, to develop international labour legislation and to bring the United States into its fold - proved vital in first developing and then shifting the ILO's 'centre of gravity'. Butler's objective was to create of 'body of thought' which made explicit the linkage between trade and labour standards and underline the economic as well as the social role of international labour legislation.

In tune with this, government support for the ILO in countries like the United States was mobilised around agendas of political change, economic recuperation and the need for international co-operation to mitigate the full effects of the Depression. Labour, for its part, while sympathetic to activities promoting the role of the ILO, continued to organise around worker rights and the broader theme of social justice. However, a view was emerging that most of labour's original demands of the ILO had been achieved - a point being expressed openly by those who had assisted in the founding of the ILO and who agreed with the social logic of its development.⁶⁹

⁶⁸ Later, David Morse Director General of the ILO from 1948 argued that changes in the membership and structure of the ILO under Butler proved to be decisive in the survival of the Organisation both during and after the Second World War. See David Morse. 1969, *The Origin and Evolution of the ILO and its Role in the World Community*, Cornell, Ithaca, pp. 20-23.

⁶⁹ James T. Shotwell. 1934, *The Origins of the International Labour Organisation*, p. 189.

By 1933, most industrialised countries had legislated to provide the eight hour day, weekly days of rest, equal pay for equal work, workplace safety inspections and limit child labour. With the onset of mass unemployment and diminishing export revenues, governments had to be convinced that it lay in their economic interests to continue the ratification of international labour standards. Indeed, the priority to be attached to labour standards in a period of economic turmoil became less clear. This reinforced the lesser significance given to standards setting, whilst in no way reducing the political concern about radical mobilization of the working class. The shift promoted by Butler represented a pragmatic understanding that state-led action to reverse the impacts of the Depression and renew growth had to be a primary focus for ILO activity. In this, the answer to radicalization of labour was understood to be improved employment prospects, rather than extended labour standards. That understanding is fundamental to the strategy of engagement across social and economic policy at the heart of the Butler approach.

Butler's belief that the United States held the key to the long term survival of the ILO remained at the heart of his activities. He reasoned that apart from the weight which the western world's leading industrial power carried in the decision-making of an international organisation, United States membership would add a vitality to counter the diminishing interest of the European powers in the ILO. In 1922, Butler described international co-operation as a 'feeble infant'⁷⁰ and nothing in the 1930s had moved him to change that view.

While the objective of the ILO remained the development of an international labour standards regime, the economic realities of the Depression prompted a shift in the ILO's traditional focus. Under Albert Thomas the ILO focused on labour and social justice. Under Harold Butler, the ILO faced a worldwide economic depression, stagnation in the ratification of international labour standards, increasing unrest among non-European members, and the proposal by some regions to establish their own labour organisations. All posed serious threats to the continuing existence and development of the fledgling ILO. In response, Harold Butler shifted the ILO's focus to the relationship between economic and social policy. It became a repository for economic data submitted to Geneva by member countries (often following persistent cajoling from ILO personnel) and an advocate of new economic thinking that challenged orthodox policies on matters of global depression and recovery. The value of this research activity was not lost on key economies

⁷⁰ Letter to Sir Alfred Zimmern, 21 April, 1922. Zimmern Papers, Bodleian Library, Oxford University.

United States isolationism ended when it recognised the value of promoting labour legislation on an international scale so as not to disadvantage American industry in the wake of Roosevelt's social and economic reforms under the New Deal. The ILO used the entry of the United States as a lever to break the dominance of the European powers and shift its centre of gravity from Europe to the American continent. It was a recognition that the world beyond Europe was growing in importance economically and politically. Butler recognised that in order to survive the ILO had to reflect this change. He attached great importance to the task of building an organisation that had universal and not just European relevance and made the task a priority of his office. Butler knew that once the United States became an ILO member, European dominance would be broken, changes in the underlying structure of power would become more visible, and broader, more inclusive international coalitions would gradually emerge. As a result, he worked hard to make United States membership a reality.⁷¹

In the event, the spread of German and Italian aggression in Europe and Japanese imperialism in the East moved the world's industrial economies onto a war footing. The expansion in productivity as the world armed itself shifted the chaos from economic depression to total war. During the fighting, the ILO began to focus its energies on the twin tasks of organisational survival and the development of post-war reconstruction. The outbreak of war moved the ILO further from the dominance of the European powers and closer to the influence of the United States. It was an influence that was to prove critical to the ILO's plans for post-war reconstruction and significant in light of new questions concerning the relevance of international labour standards to the post-war world.

⁷¹ Later, David Morse Director General of the ILO from 1948 argued that changes in the membership and structure of the ILO under Butler proved to be decisive in the survival of the Organisation both during and after the Second World War. See David Morse. 1969, *The Origin and Evolution of the ILO and its Role in the World Community*, Cornell, Ithaca, pp. 20-23.