

TRANS-EUROPEAN FUNCTIONAL PROJECTS IMPLEMENTED IN EUROPE: PUBLIC WORKS IN EUROPE AND ROMANIA. RECOVERY AFTER THE WORLD ECONOMIC CRISIS OF 1929 DURING THE THIRTIES

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Abstract Functionalism as a theory of international relations was developed by David Mitrany and Jean Monnet. Their contemporaries were Albert Thomas and Francis Delaisi, whose names are rarely mentioned in the history of European integration, yet they contributed effectively to the implementation of the first trans-European public work conceived as a remedy after the Economic Crisis. Albert Thomas as the first Director General of the International Labour Office integrated Delaisi's plans into the program of the ILO. This paper presents those projects that were implemented during the thirties and were the first trans-European infrastructural development programs.

Keywords Functionalism, infrastructure, railways, road-networks, international organizations, economic-financial crisis, public works, regional development, International Labor Organization, League of Nations, European Union, East-Central-Europe, European integration, diplomacy.

The International Labour Organization (hereafter *ILO*) founded in 1919 as an autonomous organization of the League of Nations (hereafter *LoN* or *League*) is the single international organism still in function, which survived the League. ILO became an advisory body and a specialized agency of the United Nations Organization when the League was dissolved in 1946. The ILO gained importance not only in promoting worker rights and social emancipation, but fulfilled also a salient role in solving the effects of the Economic Crisis and financial depression

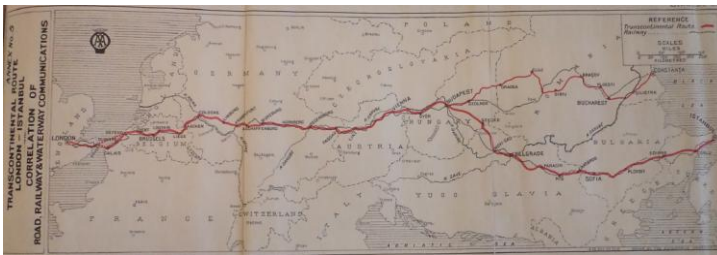
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by introducing, financing and coordinating great, transcontinental, transnational infrastructural development programs.¹

This paper presents some of these trans-European investments that resulted in an infrastructure that is still used and useful in the 21st century. The E60 road from London to Istanbul and its branches-network, together with the modernized Central-European railway infrastructure² were such materialized investments, which were conceived, coordinated and implemented during the thirties by the ILO together with the state administration and transnational companies.³ My investigation was motivated by the archival materials where I discovered examples of good practice on concentration of neighboring states' public works for the mutual (win-win) benefit. The track of the E60 road was designed during the thirties and was built under the auspices of the ILO. The road connected London capital city of England with all the biggest cities of Europe, through Brussels, Aachen, Cologne, Frankfurt, Regensburg, Passau, Vienna to Istanbul. The road split from Budapest in two directions: one headed east through Oradea-Cluj-Sibiu-Braşov-Ploieşti-Bucureşti-Constanţa, the other ramification headed south-east via Belgrade-Sofia to Istanbul.

I think this transnational project by its quality and transnational scope can be paradigmatic even today, when the EU Cohesion Fund finances the building of trans-European channels. This early historical paradigm of interdependency between development programs of neighboring states is also to be emphasized, since even in the 21st century some East-European neighboring states are hardly able to coordinate their rhythm of big infrastructural development and it seems very difficult to reach agreements on joining these ramifications of railways or motor-roads across the border (see the case of Hungary and Romania, both EU-members).



Map of the Transcontinental route London-Istanbul⁴

¹ "The Work of the International Labour Office", in: C. A. Marcartney et al. (eds.): *Survey of International Affairs 1925*. Ed. By vol. II, 82-92.

² A. Badenoch, A. Fickers (eds.), *Materializing Europe: Transnational Infrastructures and the Project of Europe* (Palgrave, 2010), 47-77.

³ F. Schipper: *Technology and European History: Driving Europe: Building Europe on Roads in the Twentieth Century* (Amsterdam, NLD: Amsterdam University Press, 2009).

⁴ LONA Geneva (League of Nations Archives, hereafter LONA) LONA COL 167. "Conférence Internationale à la Route Transeuropéenne de Londres à Stanboul tenu à Budapest du 10 a 14 septembre 1935. Rapport

The World Economic Crisis of 1929 had many causes and effects that we won't detail here. Yet amongst the constructive remedies the states and international institutions introduced to ameliorate and treat the devastation of the financial and economic crisis are rarely debated in historiography. A lot of attention has been paid for the National Recovery Program of the USA and the Agricultural Adjustment Act, and the public works from the USA. But while the American experiment had received widespread historical and public notice, relatively little attention had been given to the efforts which had been made in other countries to redress the situation, and even less attention was given to the transnational, international projects initiated by the International Labor Office throughout the European continent under the League of Nations' umbrella.

The Briand speech (September 1929) and the Memorandum (May 1930) and the responses of the 26 governments of LoN member states

In the late twenties the French Foreign Minister, Aristide Briand held and published several discourses regarding the European Union. After his declarations in face of the French Deputies Chamber Assembly (16th and 31st July), his most important discourse in this matter was on the economic unification of Europe, held at the opening ceremony of the Xth Assembly of the League in Geneva, on 5th September 1929, the month before the Wall Street Crash. This speech was echoed positively by the whole League Assembly including the German Chancellor Gustav Stresemann. The principles here were more pragmatic compared to his later written and edited proposals.⁵

The so-called 'Briand Memorandum' next year was sent by France to 26 European states' governments on June 17th, 1930, which put the political cooperation before the economic one.⁶ Abandoning the primordial order, that of the so-called "entente économique" or that of the customs union, the new agenda headed by the "political federation" proposal met the disappointing disagreement of the Governments, all of them fearing the eventual loss of their sovereignty. This switch in ordering had the effect to delay two more decades the functionalist approach towards the European unity. The official answers of the Governments sent as an answer to this June 1930 Memorandum were equivocal and proved that each state was reticent to a political confederation/union of Europe.⁷ Instead, many of the responding governments highlighted the September 1929 Briand speech's more advantageous proposal for tariffs-truce (désarmement économique) and later on a customs union and a common market, proposals that were already sketched at the World Economic Conference in 1927.

présenté au Comité Permanent de la Circulation Routière de la Société des Nations." Par son observateur - rapporteur: Axel Valsinger.

⁵ LONA R 3589 *Projet d'union fédérale européenne. Memorandum du Gouvernement Français* 50/19816/19816

⁶ F. Théry: *Construire l'Europe dans les années vingt. L'action de l'Union paneuropéenne sur la scène franco-allemande, 1924-1932* (Geneva: Institut Européen, 1998). 81-83, 119-136.

⁷ LONA R 3589 *Projet d'union fédérale européenne. Memorandum du Gouvernement Français* 50/19816/19816

Briand did emphasize that the association would work mainly on economic terrain (“Évidement, l'association agira surtout dans le domain économique”). Stresemann responded that new League conventions are needed for tariffs lowering. Stresemann explicitly asked for a common European currency and postal-infrastructure.⁸ The memorandum finally refused that an internal customs union would act just for raising the common outer frontier tariffs against any other actor of the world. Instead, on the topic of Economic organization of Europe, it proposed as a final goal the realization of a common market as a result of an economic solidarity pact.

The Briand discourse on the economic union of European States held on September 5th, in front of the General Assembly of the League had failed to reach its aim: partly because of the Wall Street crash, partly because his strategy was turned upside down, favoring the proposal on political unity as preempting the economic one. Thirdly, the two protagonist European statesmen, Briand and Stresemann died soon after the Briand speech, and their successors in France and Germany were not able anymore to move in the same tandem⁹ Another weak side of the Briand Memorandum on European Federal Union was that European states ultimately feared to lose their economic sovereignty – as Sir Arthur Salter emphasized it – to a higher authority and on the other side, on the international agenda, Briand personally was conscious that a particular regional customs union would endanger the universalism of the League:

“La politique de l'union européenne , a laquelle doit tendre la recherche d'un premier lien de solidarité entre Gouvernements d'Europe implique, en effet, une conception absolument contraire a celui qui a pus determiner jadis l'Europe, la formation d'unions douanieres tendant a abolir les douanes interieures pour élever aux limites de la communauté une barriere plus rigoureuse, c'est a dire a constituer en fait un instrument de lutte contre les Etats situés en dehors de ces Unions. Une pareille conception sera incompatible avec les principes de le SDN”¹⁰

Sir Arthur Salter added other critics by highlighting the paradox of these theories as follows:

“It was regrettable that the conception of “United States of Europe” frequently assumed an anti-American form. Yet in fact it’s obvious meaning was complete free trade within Europe, a Zollverein of the countries of Europe. The problem was that “Zollvereins had been often preached, not infrequently attempted, but never realized, except under the conditions of an overwhelming political motive and an extremely close political association between the countries

⁸ LONA R 3589 “Les premiers Européens” *Premiere Année. Publié sous la direction du Lucien Coquet. Comité Francias de l'U.D.E.* (Paris: Félice Alcan, 1931).

⁹ S. Schirmann, *Crise, coopération économique et financiere entre États européens 1929-1933* (Paris: Institut de la Gestion publique, 2000), 55-61.

¹⁰ LONA R3589. “Les premiers Européens” op.cit.

concerned.” A common tariff ultimately involves a political instrument to determine it; it means the distribution of the proceeds to all the member States, and again therefore a political instrument to determine how the distribution should be made.”¹¹

The month before Briand’s discourse, Mihail Manoilescu, then former undersecretary of state at Finances, later on Foreign Minister of Romania, published an article under the title: “*Statele Unite ale Europei*” (United States of Europe).¹² This article was skeptic with the idealist approach to the subject, bringing arguments that even on economic terrain, on the European customs union. Next year, in 1930 G. Tașcă, Romania’s Minister in Berlin published also a similar article on the theme of economic foundations of the so-called “Economic Foundation of the United States of Europe”.¹³ He reiterated the arguments on the difficulties regarding the consensus upon a common and uniform tariff for all the states composing the Union and the problems of distributing the tariff revenues among the member states. In the same article, the author made references to the Estonian-Latvian Union in progress and the planned Little Entente customs union to be joined also by Poland, and the reserves of the French delegate to the Prague conference. M. Pawlowsky opposed the Austrian delegate M. Breja’s proposals on the Austrian-German customs union on political considerations, acknowledging that an eventual European union must be formed, coagulated around a node composed of the Benelux countries, Germany, France, and only after that in a concentric trend were others to join a customs union including both France and Germany. The other way round was to be uncomfortable and unacceptable for the Western powers. It is striking that next year, in 1931 the Curtius-Schoeber plan was really refused and annulled by the Hague commission (8 votes against 7).

As Manoilescu and Tasca also argued, Salters emphasized as well:

“The commercial and tariff policy of European states is so central and crucial a part of their general policy, the receipts from Customs are so central and substantial a part of their revenues, that a common political authority, deciding for all Europe what tariffs should be imposed and how they should be distributed, would be for every country almost as important as, or even more important than, the national Governments, and would in effect reduce the latter to the status of municipal authorities.”¹⁴

Meanwhile, the central-European cooperation plans published a little bit later and circulated in the years 1931-1933 (the Benes, Maniu, Tardieu, the constructive plan) remained

¹¹ A. Salter, *The United States of Europe and other papers* (Geneva, 1933), 91-92.

¹² M. Manoilescu, “Statele Unite ale Europei – Aspectul economic”, *Observatorul Politic și Social*. I. 1929. No. 6. pp. 1-2.

¹³ G. Tașcă, “Fundamentul Economic al Statelor-Unite ale Europei”, in *Observatorul Politic și Social*. II. 1930. No. 1. p. 5.

¹⁴ A. Salter, *op.cit.*

only in a written form, since every time one of the great powers vetoed in fact the start of one or another plan of those mentioned, thus none of that gave results or was even started at all.¹⁵ Only the League of Nations conferences and the Green International, the Conferences of the Agrarian States succeeded to cooperate in finding solutions and gain preferences from the Great Powers especially for their agricultural surplus. Yet, the Western states were also confronted with the crisis of their agrarian population and most of all they were eager to offer the preferences to their colonies and their favors to their own agricultural sector. On the international stage, finally, since 1932, the disarmament became the key-word and after Hitler's access to power, the avoidance of remilitarization and appeasement-policy gained terrain on the diplomatic stage. Thus the LoN was weakened by these currents and the aggressive attacks led started by Japan, continued by Italy and Germany.¹⁶

A single track remained untouched: the functionalist approach. It meant in the sense of the Romanian originated David Mitrany or in the sense of the quoted discourses of Aristide Briand and Stresemann that tangible goods (public goods) are to be offered to citizens, to Europeans such as roads, railways, communication infrastructure, touristic spots where they can meet other nations' citizens, railroads or highways that connect nations and cross the borders, instead of building high commercial walls, customs and tariffs or what was worse, propagating hate and mistrust among nations on cultural, educational, political level. Following the American model and based on the former pragmatic proposals, new programs and public works projects were initiated and implemented mainly under the LoN's aegis and with international/transnational financial support.

Inter- and transnational institutions and personalities promoting tariffs truce and customs union

Before proceeding to present the designed programs and analyze the implementation of these projects, we must present succinctly those institutions and international organs, committees that were active actors in developing these programs to be implemented on the whole European Continent during the thirties, two decades before the European Steel and Coal Community or the EEC had been created. The European Union formula appeared first, besides the various forms of literary and publicist articles of the 19th and 20th century, in the official denomination of an international/transnational organ in 1930. Other institutions coagulated under the League's umbrella were constantly using this terms and promoting intellectual, scientific, pedagogical and even cinematographic cooperation among the states: the International Chamber of Commerce (established in Paris, 1920); the International Institute for Intellectual Cooperation (Paris, 1925), International Institute for the Unification of Private Law (Rome, 1928), International Institute of Education Cinema (Rome, 1928) or others like International Institute for Agriculture (Rome, 1905). The Permanent Court of International

¹⁵ J. Bariéty, "Le plan Tardieu d'aide aux pays danubiens et la France", *Revue d'Europe Centrale* 5 (1997), 1-14.

¹⁶ Schirrmann, *op.cit.*, 55-61.

Justice in Hague was created by an international treaty in 1920, and after the dissolution of the LoN, the Court was superseded by the International Court of Justice.

The European Tariffs Union (U.D.E.)

The most prominent organization in the theme of tariff truce was the Union Douaniere Européenne founded in 1926, the year before the World Economic Congress held in 1927 on the initiative of Louis Loucheur, French delegate at the Sixth Assembly of the League in September 1925.¹⁷ The UDE published since 1927 the *L'Europe de demain. Organe officiel du Comité Français d'Études pour l' Union Douaniere Européenne*. One year after the signature of the Geneva Acts of March 24, 1930 and as a follow-up of the First Congress of the U.D.E held in Paris, at the Foreign Office, on the days of June 30 and July 1st, 1930, a new Memorandum (*Mémoire* signed Yves Le Trocquer, Lucien Coquet, Henri Truchy) was published and documents were presented to the delegations of the 27 European states and to other members of the LoN.

This press organ published “Une opinion prophétique” proposing a German-French conference and a similar accord between these two states as a basis of any future European Customs Union. Other different regional customs union were also simulated as alternative to the German-Austrian aborted (Curtius-Schoeber agreement) proposal: after balancing the issues of a Benelux-France, or the Little Entente, the official journal of the UDE of the two bigger projects: “L’Union Économique et Douaniere des Six États Successeurs” (the project of Elemér Hantos combined with that of Johannes C. Barolin, Austrian big entrepreneur in commerce) and its indispensable completion: “L’Union Douaniere: France-Allemagne et Pays Voisins”.¹⁸ Both were in favor of Europe-wide cooperation against a narrow German-Austrian one. “La concéption pacifique de la Mitteleuropa repose sur deux pases: d’une part, l’entente économique entre la France et l’Allemagne; d’autre part, le rapprochement économique des États successeurs de l’Autriche-Hongrie.” No one of these proposals was put in practice, due to the contradictory diplomatic efforts of the four great powers and the escalation of aggression during the thirties.”¹⁹

¹⁷ A. Salter, *op.cit.*, 32-44.

¹⁸ LONA Registry Files Section no. 10. R 429/1925. Doc. Nr. 417554. Correspondance with Mr. Hantos on economic and financial matters. Passim. E. Hantos, “Der wirtschaftliche Zusammenschluss der mitteleuropäischen Staaten”, in: Neue Freie Presse. 21 Januar 1925. pp. 12-13. Idem, “A commercial Union between the Central European States”, in: *Mitteleuropäische Wirtschaft. Wochenbeilage der „Neuen Freie Presse“*. Idem, “Der Wirtschaftsblock in Mitteleuropa”, in: *Mitteleuropäische Wirtschaft*. Nr. 67. 1925. Idem, “Mémorandum sur les problemes économiques de l’Europe Centrale”. Éditions du Congrès Economique de l’Europe Centrale.

¹⁹ J-L. Chabot, *Aux origines intellectuelles de l’Union Européenne. L’idée de l’Europe unie de 1919 à 1939* (Grenoble: Presses Universitaires, 2005), 291-301, 306-314.

The Study Commission for the European Union and the Permanent Economic Study Committee of East-Central Europe

In these circumstances there remained two trends towards changing direction from depression towards recovery after the World Economic Crisis. One was the enquiry work-flow of the C.E.U.E and its Central European Committee, the second was the trans-European investment financed and coordinated by the ILO and the LoN.²⁰

In the virtue of the article 21 of the LoN Charter (Pacte de la S.D.N.), on the day of September 23, 1930 a *Study Commission for the European Union* (Commission d'Étude pour l'Union Européenne) constituted by the resolution of the Assembly of the League of Nations by the delegates of 27 states held its first meeting.²¹ Moreover, under this C.E.U.E. a sub-unit for East-Central Europe functioned since 1931 under the name: *Comité Permanente d'Études Économiques des Etats de l'Europe Centrale et Orientale*, abbreviated CPEEEECO. The CEUE meetings very early, in May 1931 discussed the economic crisis and ways to combat it, including agricultural problems, production and exchange problems, economic non-aggression, while other more specific issues were further discussed by four expert committees in depth. One of its twin committees was the Permanent Economic Study Committee of East-Central Europe. The enquiry work-flow of the C.E.U.E and its Permanent Economic Study Committee of East-Central Europe (CPEEEECO) comprised the evaluation of the alternatives the agrarian states had, but both the conferences of the Eastern Agrarian States and the results of the C.E.U.E. studies remained unfortunately dead letters, mainly because of the universal/global crisis and the sincere selfishness and economic egoism of the Western states. Romania obtained some credits to counterbalance its negative balance of payment, while League experts led by economist Charles Rist were delegated to the Romanian government to supervise the government's economic and financial policy. The C.E.U.E. created two sub-commissions to evaluate the unemployment problems and the credit-sub-committee to supervise the European-wide public works suggested by the ILO director general, Albert Thomas in his Memorandum submitted to the ILO Board in April 1931 and later to the Study Commission. In the second half of 1931, Thomas embraces the subsequent plans of Francis Delaisi and early in 1932 they officially constitute around Delaisi and Emile Borel the "Comité fédéral de coopération européenne" in connection with the Haas Committee of the League on Public Works.²²

²⁰ LONA R3589-R3594. *Study Commission for the European Union* (Commission d'Étude pour l'Union Européenne) *Comité Permanente d'Études Économiques des Etats de l'Europe Centrale et Orientale*, abbreviated CPEEEECO *Permanent Economic Study Committee of East-Central Europe*.

²¹ LONA R3592. C.E.U.E. *Study Commission for the European Union* (Commission d'Étude pour l'Union Européenne) C. 546. M. 221. 1930. Date de la premiere reunion.

²² D. Guérin, *Albert Thomas au BIT, 1920-1932: de l'internationalisme à l'Europe* (Geneva: Institut Européen, 1996), 70-75.

The trans-European and the national public works financed by the LoN and the ILO

Romania obtained a financial aid in order to modernize and develop its railway infrastructure: this project was in favor of the whole economy, including agriculture, since warehouses, deposits for cereals were also to be built at the railroad crossroads or naval ports reached by the railway.

The European Motorways network construction as part of the European Public works was conceived by Albert Thomas, director of the ILO and Francis Delaisi. The League of Nations Road Committee functioned between 1921 and 1938.²³

Albert Thomas, the old companion/comrade of Briand, since WWI, when Thomas visited even Romania in 1917, launched the encompassing plan for European public works as a corollary to Briand's European Federation idea, making the abstract concept of European more tangible and concrete. In fact, Delaisi and Thomas were putting in practice the essential of "functionalism". The road built under the supervision of the League and the ILO, financed with bonds warranted by the Bank of International Settlements, established in 1930 (May 17) in this context (shares in the bank could be held by individuals and no/governmental entities). They developed a circular economy model that was able to raise enough capital for the infrastructural development of Europe and more specifically of Eastern Europe without putting weight on the already overloaded Eastern states' governments and treasure. This model was designed very illustratively in a lecture held by Francis Delaisi in front of the public of the Centre Européen de la Dotation Carnegie pour la Paix Internationale on the 16th December 1932. In the context of the Hoover moratorium (June 1931) and the Lausanne Agreement (July 1932) – reparations payments were suspended and abolished – the BIS had to focus on its second statutory task: fostering the cooperation between its member central banks, providing banking facilities to them.²⁴ The BIS thus became the trustee of the Europe-wide public works financing initiated and supervised by the League's Road Committee according to Delaisi's five years plan.²⁵

The resumed main points of his plan were the following:

The crisis was caused by the stocks, the lack of debouches to absorb all the products, thus the main question and target was to find or create new debouches. Delaisi and the research institute of Professor Thibal found this consumer market among the 60 million peasants situated between Finland and Greece. With an impressionist talent, Delaisi described the situation of this peasantry that remained insulated from the global commerce and thus unable to be integrated neither on the side of the production, nor on the consumption side. An arithmetical calculation based on the personal experience of the orator proved that a Canadian

²³ F. Schipper, *Technology and European History....*

²⁴ Guérin, 75.

²⁵ F. Delaisi, "Un plan quinquennal de travaux publics dans le Sud-Est européen", in: *L'Europe centrale et la crise.* (Paris: Publications de la Conciliation Internationale, 1933), 593-618. From now on, the Delaisi-quotations are taken from this essay on the the five years plan.

peasant compared to a Romanian gained much more on both sides. The author of the more famous book (*Les deux Europes*), presented how a Canadian peasant from Manitoba receives almost two times more (50 francs) for his cereals compared to a Bessarabian cultivator (20 francs) out of the global wheat price (80 francs). The Canadian comparative advantage was due to the wheat pools, cooperatives that functioned as ‘elevator’ warehouses that not only permitted to stock cereals and wait for the extra-seasonal bigger price, but also helped them to transport the pooled quantities of cereals to the port by car, and was licensed to help out the peasants with the so-called warrant (payment checks). After all, the road system built during and after WWI and the car-transportation was essential in lowering logistic costs and growing the return revenue to the producer. In Eastern Europe - because of the lack of all these factors – the Bessarabian peasant lost a lot of time and energy by transporting its wheat alone on his own, by chariot, bullock cart, on muddy roads, taking days to reach a railway station. What was more a loss, were the intermediaries who gained more on this venture and the usury creditors who advanced money for the peasants for grains frequently at 24% per year. In this situation, even if the naval transport from Brăila on the Danube or Fort-William on the Great Lakes and the ocean was at the same global cost, the revenue of the cultivators differed a lot.

The same way around, from the point of view of consumption, while a cottoned ballot cost 100 francs at the start, arrived at destination with a final price of 120-130 francs in case of a Canadian village. On the contrary, the same cottoned ballot will cost 200 francs at least in a Romanian village for the same reasons: bad or inexistent infrastructure from the port (Brăila) to the provinces, a lot of intermediaries and the lack of discount facilities, penury of local banks or cooperatives, thus the high level of interest rates that raise the final consumer price at the end of this long and hard road. To quote Delaisi’s literary parabola:

“Maintenant rapprochez ces deux chiffres: voila deux paysans, un roumain et un canadien. Ils ont vendu la même quantité de blé, mais le paysan canadien a touché 20 ou 30% de plus que le paysan roumain pour son blé, et il achète son ballot de cottonnade 100% de moins, tandis que l’autre avec la meme quantité de blé, a touché 20% de moins et il achète son ballot de cottonnade 100% de plus. Vous comprenez tout de suite que le paysan canadien avec la même quantité de blé, peut acheter deux fois plus de marchandises que le paysan roumain.”²⁶

Delaisi quotes his statements based on commercial statistics that a Canadian spends in average 17-18 dollars for European goods in a year, while a Roumanian (typical for Eastern European) peasant is not able to spend not even 7 dollars. This difference of 10 dollars per head multiplied by the total number of Eastern European insulated peasantry (60 millions) proved the existence of an immense neglected debouche. This gave the idea to Delaisi to offer to them the same tools for exchange and commerce, and as a consequence they will be “able to buy two times more from us”, and all this without being forced to produce anything more

²⁶ Ibid., 599.

and without raising the global market price of the wheat in London by any cents. The orator knew that all the diplomatic efforts to raise common funds for the revalorization of the wheat or to raise the global market price of cereals were in vain and did not give results due to the overproduction. The financial world stayed also neutral and was not convinced by these utopist proposals. The sole answer and solution to this problem lies in raising the price of wheat but not its global stable and unchangeable price but the farmers' revenue that is the wheat price at the farms gates: "au lieu d'essayer de hausser le prix de vente sur le marché international, tentons de le hausser à la ferme. That would have been possible by giving roads to these countries: „donner des routes à ces pays”.

The public works initiated by the LoN Road Committee and the implementation supervised, coordinated by the ILO meant the construction of the Europe-long channel from London and Brest through Paris-Strasbourg-Passau-Vienna to Budapest and from the Hungarian capital reaching Oradea-Cluj-Bucharest-Constanța eastward and Belgrad-Sofia and Istanbul southward. What Delaisi suggested were not the highways at cost of 600 000 francs per km that would connect only the big cities, in competition with railways. He proposed instead the construction of tiny, simple country roads that connect farms, villages and reach to railway stations and warehouses at rivers (or channels, yet channels were very rare in Eastern Europe). The Vistula, the Danube and Tisza despite the fact that they were grand natural arterials with gorgeous land at each side, they had had at that time ten times lower naval traffic compared to the Rhine. That was only because the farm products were not able to reach these arterials and at the inverse sense, Western products could not reach those remote areas and villages. As a consequence Delaisi proposed the construction of 400 000 kilometers of rural roads in five years; strong roads, capable to support cars and camions; somewhat similar to those built in Morocco "by us, French" in remote areas. Calculated at a price of 100 000 francs a kilometer that investment would cost 40 billion francs plus some asphalt or concrete /routes bétonnées/ for the higher traffic zones in the city neighborhood, it would only cost 45 billion. Industrially made, with big machines, this can be built at a rate of 1 kilometer a day. Using this industrial technique and method, presented at the Colonial Exhibition in Paris, a firm could build 300 kilometers a year.

Delaisi's calculation continued by adding the benefits of sale: cars, buses, camions. He also calculated that "*L'auto se démode beaucoup plus vite qu'elle ne s'use.*" So, with short time the urban car owners will resell their cars to the village doctor, and he will soon resell it to the peasant, just like it happened in Canada. Finally, one could buy a used second-hand car, a Ford T-Model, with 40 dollars, that is 1000 francs only. But, before the cars appeared in villages, omnibuses, second-hand Paris autobuses appeared in Polish villages – according to Delaisi's narrative: "*dans un village perdu de Pologne, au coin d'une petite place de village, un vieille autobus parisien.*"²⁷ Every peasant women hurried to take the bus to transport the butter, the chicken and their farm products to the town market, and bring back from town shoes, towels and every kind of industrial consumer goods. Before the transportation facility appeared, the

²⁷ Ibid., 603.

farm products existed, but were not marketable. Now, that the bus appeared, even if it seemed very expensive, 35 centimes a km, the peasant paid it, since they gained 6 times more by becoming able to sell their goods and buy cheaper in the town. According to the Polish Government, an ordinary bus on an average road reported 260 000 francs a year, that was an excellent business.²⁸

After all, the final and most salient big question remained where to get the money from, since the agrarian states of East-Central Europe were indebted and had a negative commercial and household balance. The answer laid in the potential of the Banque of International Settlements as a giro-bank for the bonds the Western European citizens, bourgeoisie had saved and was disposable (Delaisi cited the case of Crédit Lyonnais and the Switzerland banks), only the trust was lacking in a venture to invest in. No burden was to be put on the treasure of Poland or Romania, for instance. The transport tariffs were to be collected by the gas-stations as a percentage of the combusted material, which was similar to the railway tariffs paid proportional to the distance. This annual taxes were to be supervised by the state fiscal authorities, thus the final beneficiaries of these annual checks amounting to the sum of the tariffs would in final instance become the investors in the road-building, while the BIS (Bank of International Settlements) geared all this circulation of credits-investments-tax collection, payments and return.²⁹

All these calculations were actual for all Eastern-European countries, it was emphasized in the lecture of Delaisi, underlining that in Greece the government was forced to limit the bus circulation not because the lack of buses, but because the penury of roads. The camions at their turn would contribute to construction transport, building industry, but also to the post systems. For the intensification of road communication and raise of car numbers, the Citroën Company' founder and owner proposed to offer credits for buying new cars, thus not only will people have more good cars instead of old mobiles, but the car industry will grow as well.³⁰

In a systemic view, Delaisi did not forget the importance of warehouses at the crossroads, railway stations or fluvial ports. In connection to this, credit cooperatives were also to be established for each sector, for the peasant to be able to discount their stocked cereals, receive checks at 6-8% for their warranted wheat just like in the American system and receive credits. All these arrangements would raise the average 30 francs per quintal to 50 francs, which means a raise of 30-40-50% of the peasantry's buying power.³¹

The road companies would supervise the internationally standardized road/signs and the blue cards, driving licenses, too, and collect the annual visa fees for the permits. Thus the amount of money would have been not only collected, but returned to the initial investors with return for their money. The western industrial will have enough demand both for road-

²⁸ Ibid., 604.

²⁹ Ibid., 609.

³⁰ Ibid., 605.

³¹ F. Delaisi, Ibid.

building machines, tractors, both for engines and devices needed for road building, transport and tourism as well. Because tourism, together with the total demand occurred by the installation of gas station, parking together with well-drilling and operation, garages, resorts, pensions and hotels on the both sides of the main roads, asphalt and concrete, cement and brick and stones, would benefit all. According to Delaisi's calculations, 3 billion commands would arrive to metallurgy in five years. The main-d'oeuvre ("cent sous par jour") of the peasants and road-workers will also raise the populations buying power and this would not cause inflation, but the raise of commerce that brings them European products to be sold in villages. "Seules les routs peuvent réaliser ce synchronisme" – concluded the orator the description of the functional mechanism. This way the western capitalists would reestablish prosperity in Eastern Europe, saving these states from bankruptcy. Secondly, they would not risk anything, since the investments return to themselves in orders and demand for industrial goods and articles, on a raised level of popular buying power in addition. In France at her turn, the new orders will raise the revenues and will raise the opportunity to release the devise placed at the Eastern European states' National Bank accounts. Delaisi knew that the Bank of France disposed of 100 billion cached in treasury, laying there without return. The orator encouraged his audience by quoting his friend, Albert Thomas, director of the ILO: "Il suffit de deux choses qui manquent le plus à tant de personnes en temps de crise: «un peu d'imagination, et un peu d'audace»."³²

At the end of his lecture, Delaisi called for solidarity, investment and constructive attitude. Instead of spending yearly 60 billion francs on armament and 40 more billion francs for the social peace (unemployment) on European level, the fractured Europe should be united and invest in peaceful construction and invest these 100 billion in connecting people and states, villages and towns, producers and consumers: "il est grand temps que les hommes de l'Europe se réunissent pour construire, au lieu de se disputer pou détruire, car s'ils ne voient pas la nécessité de la solidarité dans le travail, ils seront, ils seront tous demain solidaires dans la ruine!"³³

The public works in Hungary and Romania financed and coordinated by the ILO and the League

The Romanian government asked and obtained League credits for rebalancing its balance of payment and household, being supervised by the international committee led by the French economist, Charles Rist. During this reconstruction program, Romania received League credits and ILO experts to modernize its countrywide railway network. Some segments were even electrified during this period, for instance the Câmpina-Predeal-Braşov line. Electric locomotives (16 vehicles) were also bought. An administrative palace for the C.F.R. Romanian Railway Company was also built with an estimated budget of 300 million Romanian lei. The correspondence of the Romanian Government via the Romanian Royal Legation at the LoN

³² Ibid.

³³ Ibid.

(Légation Royal de Roumanie après de la Société des Nations) with the Secretary General, Sir Eric Drummond gives the possibility to read all the details of this national public work financed with the assistance of the League. The maps illustrating the Romanian railway-network with a) the lines to be electrified (no data figures for its estimate costs), b) the bridges to be built costing 1,55 billion lei, c) signalization and centralization of data for the securitization of the network, costing 860 million lei, d) the administrative palace at 300 million, e) the cereal warehouses (silos) to be built estimated their cost at 440 million lei. The sum of all these was estimated to 24 billion lei, that was 732 million golden francs (francs or), the public works being scheduled for 10 years at least and employing 50 000 workers a day, thus reducing the unemployment. Estimates were made on the scope of the foreign products and foreign workforce to be at 25-30% each.³⁴

The League's Economic and Monetary Conference debated on June 13th, 1933, International Questions relating to Public Works. The LoN's Committee of Enquiry on Questions relating to Public Works and National Technical Equipment of the Organization for Communications and Transit submitted a report to the Monetary and Economic Conference held in June 1933 was also significant in this matter. It gave detailed lists of Programs of public works and a classification according to their certain utility in absorbing unemployed, in contributing to the development of wide areas, to the technical equipment necessary for national economic development, and to the absolute necessity in many countries of a wide extension of water and sewage systems. The countries for which these programs, several of which involved international cooperation, were: Austria, Bulgaria, Estonia, Hungary, Latvia, Poland, Romania and Yugoslavia.

The Programs of Works were retained by this Committee according to their probable profitability ("remunerativeness"). The list drawn up as a result of the Preparatory Commission of Experts estimated the expenditures of the electrification of the Campina – Brasov railway line 15 millions of Swiss francs, a single project of Romania being part of the general program of railway construction submitted by the Romanian Government. The detailed motivation of the program – totaling 280 million Swiss francs – included favorable influence on the unemployment situation, the works improving communications between various parts of the country and would facilitate international traffic; important orders were to be placed in foreign countries, direct remuneration was to be derived from the part of the program which dealt with the electrification (15 millions) on account of increased profits; possibility of remunerativeness of the works comprised in the other part of the program (construction of railways) to be derived from the profits earned; possibilities of carrying out the program in stages.³⁵ The same Committee and Commission retained for Austria programs for the modernization of long/distance routes (estimated to 95 million Swiss francs), for Bulgaria drainage and river correction, road and bridge construction (1.3 plus 11 million), Estonia road

³⁴ LONA Geneva COL 159. Bulky Documents and Enclosures. Harta României/tablou cu liniile ferate și cu podurile de consolidat sau de reconstruit.

³⁵ LONA P96. International Federation of League of Nations Societies, Off No. C377. M 186. 1933. VIII. f. 5.

and bridge construction (8.1 m), Hungary a program for the reconstruction of national roads (35 million), Latvia roads and bridges (98.5), construction of railway lines (33.4), Poland various hydraulic works totaling 113.9 million, roads and bridges (186), construction and development of railway lines (155 million CHF), telephone cable system (78 m), electrification works for Poland (116 m), Romania with the mentioned 280 million Swiss francs estimated investment while Yugoslavia proposed 4 projects, improvement of road system 137.5, railway lines and bridge over the Danube (50.5), improvement of the port of Belgrade (10.2) and the State railways (180 million). Not all the work programs were retained by the committee to be 'remunerative': out of the Romanian program only the project which dealt with the electrification (15 millions) of the Campina Brasov line was retained.

On the basis of the early implementation of the Haas Committee's credits for national public works, on the 13th February 1934, the IFLONS' third Permanent Advisory Committee evaluated the effects of these public works in each country. They addressed a Circular (130 Annex 3) to the members with the intention to call attention to the international repercussions of national or international planned economy actions (public works, social and industrial programs) destined to readjust the economic sectors after the world economic and financial crisis. A Questionnaire with 5 thematic groups of questions was sent to members to be answered, such as: A. Financial Control and International Debts, B. Public Works, C. Agriculture, D. Social and Industrial Programs, E. Balanced Production and Consumption, or Other Forms of National Planned Economy.

The Hungarian-Romanian ramification of the trans-continental road

In the early thirties the modernization of roads continued in whole Europe (LONA Geneva COL 167). The initiative of a trans-continental road was cherished by the British Automobile Association and the International Tourism Alliance.³⁶ At the annual General Assembly of the International Tourism Alliance held at Istanbul in June 1930, the Automobile Association proposed the organization and management of the grand trans-European road not by building a new one, but by repairing the existing road network, completing it with the aim of enlarging the roads and obtain an enlarged uniformly and reshaping it on a solid basis. Shortly, organizing and adapting this great transcontinental artery from London to Istanbul /and its existing network/ to the exigencies of the road circulation. The main line were adopted by the assembly, while the itineraries between the frontiers were decided by the national authorities: Great Britain, France, Belgium, Germany, Austria, Hungary, Yugoslavia, Bulgaria, Romania, Turkey. The 3117 kilometers from London to Istanbul via Dovers, Brussels, Liege, Aix-la-Chapelle, Cologne, Francfort, Nurenberg, Regensburg, Passau, Linz, Vienne, Győr, Budapest, Kecskemét, Szeged, Novi-Sad, Belgrad, Nis, Sofia, Edirne had an alternative due to the bifurcation at Budapest eastwards via Szolnok, Artand, Oradea, Cluj, Brasov, Bucharest,

³⁶ F. Shipper, *Technology and European History...*

Constanta, 907 kms, totaling 2883 kilometers from London to the Black Sea, plus the sailing in total 3195 kilometers to Istanbul.

The plans included the further development of this transcontinental arterial towards India and Africa. Yet, until then, this grandiose project necessitated certain unity and coordination among states for the conceiving and execution of the work. The International Tourism Alliance proposed on December 18th 1934 to the Hungarian Government to initiate and coordinate an International Conference of interested Governments and as a consequence the conference was convened to Budapest for September 10-14, 1935. The conference discussed the A, B, C chapters. A comprised all the technological, technical, engineering, the construction management of the road, the desiderata minimum concerning the technical questions of the construction, and finally the financial questions and the deadline terms. B comprised the tariffs and customs issues: common tariffs bureaus at border-crossing points, a permanent service for automobile controls and passport to cross the frontiers. C points comprised of general questions of circulation: Signs of directions and dangers, Indication of town names, passages and railway crossing, security posts and telephone services, hotels, pensions, restauration, garages, gas and service station, shops for retailing, information points, bureaux des renseignements, information points, maps, etc.

Amongst the famous guests the Hungarian Government's Ministry for Commerce and Traffic invited to the conference there were: the Secretariat of the LoN, the Consultative and Technique Commission of Communications and Transit, and with a consultative status the International Tourism Alliance, the International Red Cross League, and their member-associations, together with the Association Internationale des Congres de la Route. Within few years spent since the Istanbul congress, all the European governments adopted this plan into their own road-building programs. Thus, for the Road Conference held in Budapest each state and many international organizations were represented by several delegates. After the first inspection survey (1933), a new inspection was made by travelling across the whole line, interviewing entrepreneurs, making pictures of the hard roadwork scenes along Europe, and at this stage especially on the Vienna-Budapest-Szeged-Belgrad section and the Transylvanian-Romanian section as well. The observer-reporter of the LoN presented his report to the Permanent Committee of the Road Circulation on the last 5 years spent since 1930 and the work done on the existing national roads in order to integrate those sections into the "*grand route transeuropéenne de Londres a Stanboul*" underlined in original. Even if there were plans to continue this road later *possibly* towards India and through Cairo to Cape-Town, the more pragmatic report emphasized the feasible section by underlining it in his report. He emphasized also that it was not an „Autostrade”, nor of a new route. The utilitarian vocabulary and the pure technical sentences expressed a very functionalist approach that was sustained also by the personal itinerary of the reporter made by car. Each country's governments approved the itinerary and included its modernization in their budgets. The Budapest conference reuniting these governments' was destined to coordinate all the elements of this problem along three points of view: technical construction, customs and circulation organization, and thirdly identical or similar principles along which the road organization to

take place. The road questions comprised: the horizontal trace, the longitudinal and transversal section, artifacts (bridges, signs), revetment of the road (cement, bricks, granite, and asphalt), the minimal desiderata of the technical questions, financial questions and the deadline to finalize the construction. The customs questions included the establishing of common customs offices along the frontiers crossed by the road; a permanent control system for cars and a passport-driving license type to be issued in a similar form. The general circulation questions included: the sign for danger and directions and signs in general. Three years later, in Hague and Amsterdam, a new Road conference emphasized also the importance of the universal road signs.³⁷ Here, in Hague, the Communication and Transit Committee of the League exhibited on its panel's uniform and simple signs that had been approved earlier by the international convention held in Geneva on March 30th, 1930 (the triangular signs for dangers, the circular signs for absolute prescriptions, and the rectangular signs for simple indications). The Committee for Circulation of the LoN adopted also recommendations on the electric and light signs, the tricolored or alternating lights system (red, yellow, green, alternating or stable yellow and so on, the signals for the railway-road crossing points). All these innovations in implementing inter-national, inter-state investments in the thirties seem even today very useful and paradigmatic. These signs were introduced because of the intensification of road usage and the growing number of cars, and implicitly of accidents. The recommended system had been already adopted by the A.I.T, the Association Internationale des Automobile-Clubs and by the Union Internationale des Villes.

The budget and results of the public works

Regarding the state of works at mid-term, Sir Stenson Cook, Secretary-general of the Automobile Association (AA) published an article in *Roads and Road Construction*. Next year, an inspection tour was passed again all along the London-Istanbul distance by a Special Inspection Commission reuniting 6 persons in two cars. They departed from London to Dover on the 20th June 1935 and arrived to Istanbul in 8 days, after they franchised 3117 kilometers. The same inspection team inspected during the Budapest conference the Hungarian sections of the road. The Budapest-Vienna segment had been done early in 1929 from the Hungarian capital to Győr, and during 1930 the Hungarian authorities finished the section till the Austrian border. The second half, the Budapest – Szeged – Yugoslav border (186 km) was built during 1933-34 till Kecskemét, and the remaining part from this Kecskemét to Szeged was built in progress along the 1935 year to be finished by 1st November. Axel Valsinger holding his presentation inserted also impressive photos illustrating the work in progress on this Szeged route. Paul de Elischer, the Technical Councilor of the Hungarian Royal Ministry for Commerce and Communications also presented a General Report concerning the Road Questions in face

³⁷ LONA Geneva COL 167 Bulky Documents and Enclosures.9C/408 - 9F/28115 VIIIe Congres Internationale de la Route tenu a La Haye du 18 juin a 2 juillet 1938. "Rapport présenté à la Commission Consultative et Technique des Communications et du Transit de la Société des Nations."

of the conference.³⁸ He examined the topic from 4 points of view: 1) Economy, 2) Security, 3) Speed, and 4) Comfort. Regarding its economic effects, the Councilor summed up that the expenses of building the Budapest-Austrian section were already covered by three times since it was finished, as the intensified traffic brought as many receipts to the Treasury. In security matter he emphasized that the technological shape of the road and its crossing points must be constructed in a way to reduce all kinds of risks; yet the security must not be restrained only to cars, but extended to cyclists, pedestrians, and chariots, too. Security meant that the road had to avoid entering the little villages and in the traversed towns and their neighborhood the road should have sidewalks and cycle tracks, protected bike lanes. The speed and comfort topics resulted from the two former topics.

Regarding the financial costs of road-building Elischer gave homage to Albert Thomas who was a fervent supporter of trans-continental, European road network and supported an international tax on carburant and an international road fund for fighting against unemployment. The suggestions of Delaisi and Thomas as we see went into practice later on. Back then in 1935 the building of one kilometer of road cost 70 000 to 100 000 francs-or.³⁹ The costs of entertaining the functioning and quality of the road constituted the other part of the budget needed for sustaining the network. As a comparison, the budget of the League was based on the financial contribution of its members proportional to their financial strength. A unity value for 1930 was fixed to 28610.80 francs-or (F.O.); Great-Britain paid 105 unities, France and Germany 79, Italy and Japan 60, the Netherlands and Belgium 18, Austria 8. The income of the LoN, the Permanent Court of International Justice (CPJI) and the ILO all-together was 22 769 277 F.O. or 4 393 543 dollars or 902 254 British pounds. The total expenses were 20 569 849 per year, in average the League spent 11 609 319, the CPJI 1 823 213 and the ILO 7 137 317 francs-or⁴⁰.

These were the years in which the number of cars, tourists and the volume of commerce on roads and railways were amounting constantly. Starting from Geneva, car-exhibitions and car-races were held. In Romania the aristocracy (Prince Nicolas of Hohenzollern, the Știrbey and the Mocsony, just like the Bánffy, Béldi counts and some bank directors like Bocșánczy) participated at several rally races, for instance on the hill of Feleacu nearby Cluj.

Romania was situated 31st, while Hungary ranked on the 29th place in what concerns the number of people per 1 auto, 844 people and 472 per one car respectively.⁴¹ As Delaisi also observed, omnibuses started to run between towns transporting village people to urban centers for work and for markets. Consumer cooperatives as well succeeded in employing camions to transport raw food towards and consumer goods from towns to villages. The roads connected to railway stations and silos built again with the financial assistance of the LoN

³⁸ LONA COL 167. P. Elischer, *General Report concerning the Road Questions*, 1935.

³⁹ LONA COL 167 Elischer, op.cit.

⁴⁰ LONA R 3589 *Les premiers Européens...*, 30.

⁴¹ "Rapport présenté... .

promoted the diversification of agricultural commerce and promised the potential raise of purchasing power of the population in general. The economic-financial empowerment of East-Central Europe contributed to a mutual (win-win) benefit of Western Europe, too.

Conclusions

The average cost of building of one kilometer of road multiplied by 4000 kilometers in 5 years resulted that the total budget rose to an immense amount of money. This was to be partitioned by nation-states sections distances. Yet the results were – as the Ministerial Councilor expressed – threefold greater not only in pecuniary terms, but in the social effects of absorbing some of the unemployment and by introducing the consumption-effect into the stagnating economy and offering orders abroad and back-home for machines and services. These roads were the first to franchise the borders and exploit the potential of multiplying commerce, tourism and leisure, in the same time raising treasury revenues by carburant and traffic taxing. Thousands of people were offered jobs due to these public works in each country concerned both in railways and road-building industries.⁴²

All the positive side-effects were to be balanced, yet WWII intervened and this functionalist approach resurrected only two decades later under the command of the first deputy secretary general of the League, Jean Monnet, who survived together with Mitrany to put the basis of the European Steel and Coal Community and to lead it to success. Yet, the electrification and road networks imagined and planned by Thomas and Delaisi remained paradigmatic for the European Atomic Energy Community and the TENTs, while the regional development and the cohesion funds had had their precursors in the plan developed by Briand and his advisors (e.g. Louis Loucheur, Alexis Léger) on a solidarity fund destined to assist the less developed parts of the European continent.

⁴² F. Schipper, 110.