

The Transformation of International Economics during the Great Depression

The author

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The paper

This paper investigates how economists and international economic officials attempted to transform international economics in the light of the global Great Depression. In particular, it looks at how many began to see the dominant tradition of Western international trade theory, developed during the late eighteenth and early nineteenth century, as incapable of offering the tools needed to comprehend the world crisis. What was needed was some way of bringing international economics into conversation with new empirical research on the business cycle on the national level. This was necessary, it was argued, to understand how business cycles and economic crises were transmitted internationally. The challenge was that this kind of research required the collection of unprecedented amounts of global economic data. While the League of Nations attempted to this gap in information, it struggled in the face of the major technological and political challenges posed by collecting economic data from sovereign states and colonial territories around the world. The paper concludes by showing how these challenges prevented international economics, by the late 1930s, from developing a thorough account of the business cycle and from modernizing the classical foundations that many now saw as old-fashioned.