Imperial Politics, Open Markets and Private Ordering: The Global Grain Trade (1875-1914).

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Abstract

From the 1870s onwards, global commodity markets were all governed by self-standing private bodies, typically controlled by elite merchants. The London Corn Trade Association thus standardized supply from across the world, turning grain into a fungible commodity; it arbitrated disputes; and it offered to traders a range of standard contracts that integrated the value chains, from the various export harbors till destination. Enforcement rested on market power and the threat of blacklisting, which were inherently extra-territorial: few merchant houses in the world could afford being expelled from the London market. On the other hand, governments, whether sovereign or colonial, played a very limited direct role in how transactions were conducted.

Ultimately, however, this private trading platform worked under English law exclusively and it was upheld by both the London courts and the Bank of England. It was both global and local, and hence a full part of Britain's imperial project. It policed a global network of private commercial routes while mediating the demands for market integration and the sheer diversity of the global political geography. Rule-based market power should thus be seen as a specific factor in Britain's economic supremacy, together with relative productivity levels or capital exports.

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1. Introduction

The literature on the First Global Era remains marked by the difficulty of reconciling the hard international politics of those years with the worldwide integration of markets. Core states waged an often-brutal competition for supremacy, they did not cooperate well and they exercised massive imperialist pressures on the peripheries. At the same time, and in spite of this unpromising environment, markets for goods and capital reached levels of integration that had never been seen before, both among Western countries and with other regions.[1]

Many critical writers, starting with Vladimir I. Lenin and Rosa Luxemburg, answered that there is in fact no real paradox here: the language of free-trade and open competition is only an ideological hypocrisy, they argued, because in fact the winners and losers are all known in advance. The *dependencia* theory of the 1960s, and later Bin Wong, Kenneth Pomeranz and their many followers have also defended the position that nineteenth-century international trade revealed and strengthened a structurally unequal division of labor between the West and 'the Rest', particularly China.[2] From this perspective, looking at the narrow calculations and ultimate fate of individual merchants may seem indeed of trivial interest. Who cares if over the years the rubber collected by coolies was bought by the same merchant, or whether he regularly failed and was replaced by an identical twin? Both were only the occasional agents of much more powerful and coercive forces.

Still, markets, as exchange mechanisms, were instrumental in supporting global integration. They coordinated a highly diverse set of competitive private merchants, local traders, shipowners, insurers and financiers who must have somehow resolved the classic problems of contractual exchange, from information to market discipline and dispute resolution. Otherwise, goods and commodities would not have been moved at all. Or perhaps, something more akin to the rude practices of the old East India Company would have been preserved, with all commercial, fiscal and military operations in the same hands.[3]

There is actually a Coasean dimension to our problem.[4] How did all these individual competitive firms and merchant houses contract in this environment? What held together the international value chains they cast over this fractured world? And, importantly, which transactions and understandings, formal and informal, backed up the critical relationship with sovereign powers, in particular the strongest among them, the British state?

[1] O'Rourke and Williamson 1999; Federico and Persson 2007; Flandreau and Zumer 2009.

[2] Cardoso and Falleto 1979; Wong 1997; Pomeranz 2009.

[3] Stern 2011.

[4] Coase 1937.

This article addresses these questions by taking the benchmark case of the grain market, whose rules and norms it approaches with a narrow, micro-level perspective. Rather than on legislators, diplomats, colonial officers or gunboat captains, the attention is here on the private "transaction cost engineers" who built and operated this market on a day-to-day, hands-on basis.[5] This focus reveals in particular the outstanding, yet un-accounted role of a vertically-integrated private body, the London Corn Trade Association (LCTA, 'the Association') which covered trade in all types cereals (excluding rice). From 1878 on, it integrated and regulated the whole value chains, from the export harbors in the Argentina, India or Russia till the final buyers, typically English millers and, more often than not, Belgian, French or German ones.

By chance, the LCTA has left behind remarkably rich and well-kept archives:[6] thousands of pages of hand-written minutes, reports and correspondences reveal how the principals actually managed this global market, in a very hands-on manner. We can thus read down to the smallest details how grain standards were made and agreements negotiated with partner institutions, in Bombay or Odessa. But these archives also give a sense of the "pulse of the market," as of the many tensions and frictions that regularly surfaced. Who should bear the consequences of a strike in Buenos Aires or an early freezing of the Baltic Sea? What can be done if middlemen, here or there, add sand or chaff to the grain? How should insurance policies be amended when sailing ships give way to steamers?

With hindsight, the Association's strategy rested first on a systematic effort to standardize altogether the grain, the merchants' debts and the string of contracts that tied together the successive intermediaries, including shipping, insurance and trade finance. Fungibility of product and debt, plus contractual engineering thus backed-up transactions, so that supply and demand could aggregate across borders in a de facto global market. Enforcement was then based on market power, gate-keeping and blacklisting. Whether it operated from San Francisco, Antwerp or Calcutta, a medium-sized merchant house could not afford being shut out of the Baltic Exchange, in London, where grains of all origins and qualities were traded in huge volumes. Hence, here was prima facie a reputation-based market, though with qualifications: competition was intense and exchange essentially impersonal; and rather than being customary, the markets' architecture was very much rule-based, hence adaptable to change.[7]

Let's thus underline the point: the Association assumed this role *because* it was a self-standing gate-keeper, not as a result of some delegated power it had received from the government, possibly with strings attached. Once it had set up its sentry boxes, it had to decide who would be allowed in, and so it had to set norms of behavior and to sanction delinquent traders. From then on, the LCTA had every incentive to make its whole market more attractive and so it developed a self-standing, self-enforced set of rules, in fact a private legal order. The standard contracts received considerable attention and collective working time, but, for instance, the Association also adopted clear arbitration procedures, including the option to appeal a first award; or it would publish calls for proposals and amendments, when it revised its standard contracts; formal reassurances were also given to foreign merchants that they would not be crudely discriminated against, etc. There is an inherent self-fulfilling dimension in this bottom-up model of privately-ordered markets: the larger the exchanges, the stronger the rule-maker; and vice-versa. A gate-keeper needs not be an unpleasant, smelly, muscular type. He can be indeed a far-

[5] Gilson 1984.

[6] *London Metropolitan Archives Collections Catalogue*. At https://lma.gov.uk, accessed March 3, 2023. References CLC/B/103-08.

[7] Greif 2004; Bernstein 1992. Also, Sgard 2015, Flandreau 2013, 2022.

sighted market legislator, with a capacity to enter stable, constructive relations with similar authorities, sometimes in far-away countries.

The LCTA, lastly, was not a unique, if remarkable, experiment. English commodity markets in general, whether for cotton, rubber, jute or copra were organized along similar silo-based vertical lines, with private trade associations at the helm[8]; and whether they were located in London or Liverpool, they typically relied on standard contracts and in-house arbitration as a key coordinating instrument [9]. This centralized yet plural construction was thus fully part of Britain's—and more generally the Western—"imperial project" to organize and police the world economy along their own interests. At the same time, their rather self-contained governance partly insulated these markets from the ups and down of state politics as from direct disruptions by governments. Markets worked at a farther distance from governments than today.

The rest of this paper develops as follows. The next section discusses how this article fits into the broad literature on British imperialism and nineteenth-century global economic governance. Section 3 then presents how the LCTA was governed, how it developed grain standards and how it arbitrated disputes over the quality of individual deliveries. The next section analyzes the integration of the value chains by way of standard contracts from the export harbor up to trade finance, the money market and the last-resort regulatory powers of the London courts and the Bank of England. Section 5 then explores more briefly the fault-lines of this model of market governance and the possible causes of its eventual decline.

2. Imperialism and globalization.

While narrowly focused, this article touches on important themes of nineteenth-century historiography. Take the opposition between formal and informal imperialism, as introduced by Gallagher and Robinson in their classic 1953 article[10]. Quite strikingly, the LCTA followed the same broad strategy, whether in formally independent countries, like Argentina, or in the colonies and the dominions, like India or Canada. Adjustments to the conditions of each "bridgehead", hence negotiations and adhockery, are everywhere to be observed in the LCTA archives, as we'll see in more details later[11]. But ultimately the rules of the game did not differ *much* across countries and export harbors. The relation to local market authorities, the structure of contracts and the arbitration procedure were all very similar, and all were subject to English contract law exclusively. What this first tells is that whereas this market was a full part of the imperial world of the times, political power was not instrumental in enforcing contractual discipline. What mattered were primarily market power and the threat of blacklisting, which effects are felt across borders and are rather independent from the political status on the ground. In the archives of the LCTA, you hardly ever come across officials, whether from the governments of exporting countries or from the British Foreign Office, the Board of Trade, the Courts or the Navy.

The Association was a creature of the City, of its merchant classes and its social hierarchies[12]. Its top tier was entirely made up of dominant London-based merchants, shippers, millers and

[8] Hubback 1911; Broomhall and Hubback 1930; The Liverpool Corn Trade Association 1953.

[9] Cranston 2021, p. 303. Deutschländer and Kunis 1906, Smith 1922, Forrester 1931, Dowling 1929.

[10] Gallagher and Robinson 1953.

[11] Darwin 2012.

[12] Sagy 2011; Carnevali 2011.

brokers who had often inherited their position from their fathers. But they were not "gentlemen": very little suggests that these merchants were seen as associate members of the imperial governing classes, with all their usual attributes, like club membership, intermarriage and public school education[13]. The fact that more than a few among these merchants came from immigrant families, Greek and Jewish in particular, underline the point.

This social position at a distance from the public sphere also comes out when one looks for publications on the grain market: the LCTA published very little on itself and rarely boasted its success in running one of largest market in the world. Most existing books were written by merchants for their peers (or their sons), with the assumption that they already had some knowledge of business practices.[14] Tellingly, the rare comprehensive presentations of the LCTA's market were published either in German[15] or in French[16]: in other words, they were written by semi-outsiders for outsiders who wanted to get in—in fact, where we find ourselves today. And in an unexpected twist, this social and epistemic distance fitted remarkably well with the nineteenth-century myth of a quasi-natural, self-regulated market. It was easy indeed to give to the market's invisible hand the credit that belonged in fact to the trade associations' deft handling of international transactions.

Today's history literature, on the other hand, certainly insist on the expansion of commerce and the services in late nineteenth-century Britain - well after the Industrial revolution had run its course. And at this point, the main theme is surely the unique market environment that singled out the City of London, in particular the huge network externalities observed between public institutions, organized exchanges, professions and information channels. Unquestionably, ours is a case in point. The London grain and shipping markets were both located at the Baltic Exchange, so that once they had bought the stuff, merchants simply had to move to the next room and access the largest market in the world for ship chartering.[17] But the Baltic was also 400 meters away from Lloyd's, where the insurance market was located, close to the great merchant banks which financed international trade. And just around the corner were the offices of the *Beerbohm's Evening Corn Trade List*, whose daily edition offered an enormous amount of market information on production and traded volumes in various countries, prices for sub-categories of grains, ship arrivals in European ports, size of existing stocks, etc.

In other words, the City offered a remarkable example of the "benefits of agglomeration" which modern trade and urban economics have explored at length[18]. Competition, specialization and economies of scale supported uniquely deep and competitive markets for goods and services, for skilled and unskilled labor and obviously for capital, therefore trade finance. In turn, this backed the fully dominant position of the London trading and financial place: Paris, Hamburg or Antwerp were only second-rank competitors.

The point, however, is that these externalities did not materialize only in a diffuse way, through decentralized relations between individuals who happened to work near each other, in the

[13] Cain and Hopkins, *British Imperialism, 1688-2015*, 2016; Chapman 1992 (pp. 202-228); Jones 2000 (251-287).

[14] Thorpe 1924; Corn Trade Association 1947; Barty-King 1978; Chattaway 1907; Fay 1924; Dumbell 1925; Broomhall and Hubback 1930.

[15] Fuchs 1890; Jöhlinger 1917.

[16] Van Hissenhoven 1923; Schwob 1928.

[17] Barty-King 1994; Cranston 2021 (pp. 61-82).

[18] Read for instance Porter 2000; Krugman 1999; or Glaeser, Rosenthal and Strange 2010.

Square Mile. Here was not just a comparative advantage in the classic Ricardian sense, with its strong naturalistic undertone, but a political and legal construct that had to be invented and maintained. Our gatekeeper-turned-market-architect (aka the LTCA), thus offered, in practice, a one-stop window where the whole set of services could be accessed at once, as a package, making cross-border contracting considerably easier and safer. And as it leveraged network externalities, it increased further the gravitational pull of the London trading place, hence its extra-territorial reach.

This feat of collective ingenuity opens up a window on the "law and governance" dimension of the first global era: a perspective that has proved particularly rich in the case of the post-1990 decades but has failed so far to take hold as for the pre-1914 world.[19] The dominant legal culture of those years certainly plays a role in this lapse. Not only were commerce and commercial law lowly concerns for the elites, in particular the grand international lawyers in Oxford and Cambridge. Additionally, whether in the form of precedents or statutes, the "law" for them was only State-law, while international law exclusively referred to the relations between sovereigns, hence treaty-making and the broad rules of conflicts of laws. Even the old law merchant was not much on their horizon. Tellingly, Koskenniemi's acclaimed history of classic international law between 1870 and 1960 misses entirely the commercial and legally plural dimensions of his subject[20].

More generally, this a-legal bias is still very common today, starting with the "materialist" economic historians who prioritize production factors, technological change or transport costs as the key "forces" behind market integration. Allen[21] or Finlay and O'Rourke[22] are very good examples, but the same remark applies to the many contributions on the post-1870 European "grain invasion", which was very much in the background of the creation of the LCTA in 1878.[23] These authors recognize of course the impact of inter-State politics, in particular tariffs and wars; but, significantly, none of them mentions the trade associations, or asks for example whether English-law contracts worked across borders. They do not necessarily deny that these are valid concerns but rather assume that the solutions to the practical "how" questions of market integration are ultimately endogenous to trade and growth: the eventual rules would not necessarily be optimal, but could not be far from it, given transport costs and tariffs. The experience of the nineteenth-century commodity markets shows, however, that there was nothing trivial or foretold in how these "solutions" were invented and maintained. More than that, they fully belong in the long comparative discussion on the first and second global eras, or the British and American models of global market governance.

This a-legal bias is also observed in the case of authors with an explicit interest in the governance and economic sociology of the British Empire. In *Empire of Cotton*, for example, Beckert's discussion of nineteenth-century trade is entirely set in the language of personal networking, interconnectedness and "trust" [24]. Law is here only State law and of secondary interest, while the very possibility that private trade organizations may adopt and enforce formal rules is absent. The social is political, but it is also diffuse. The same applies, other things equal, to three highly

[19] Mallard and Sgard 2016.

[20] Koskenniemi 2002.

[21] Allen 2009, 2011.

[22] Finlay and O'Rourke 2007.

[23] Latham and Neal 1983; O' Rourke 1997; Federico and Persson 2007; Ejrnaes, Persson and Rich 2008; Andersson and Ljungberg 2015; also Aparicio and Pinilla 2019.

[24] Beckert 2014, chap. 8; also Beckert et al. 2021. In a similar vein, Gereffi and Korzeniewicz 1994.

influential books that do not either analyze the action of trade associations or even mention market power, contract standardization, or the role of the law and the courts. Ultimately, finance and the availability of trade credit is what mattered, whether in Kynaston's history of the City of London,[25] in Darwin's *Unfinished Empire*,[26] and in Cain and Hopkins's *British Imperialism, 1688-2015*.[27] The point is not to challenge this view as such, but rather to ask what explained and supported this remarkable supply of credit. Finance is never available on tap, as if the only remaining question would be about the width of the pipes. It is essentially relational: it rests on promises, information and some capacity to constrain debtors, and it also has a proven capacity to collapse. How were these challenges addressed, in the City of London before 1914? How could trade credit be so large and stable, in spite of the fractured international order?

At this point, much helps comes from Ross Cranston's *Making Commercial Law Through Practice, 1830-1970*, who also relies a lot on the LCTA's papers. He discusses in details a number of key contracts that supported international trade and analyzes also the thin and essential relation between the trade associations' lawmaking activities and judicial oversight. But the link between private rules and their extra-territorial or global reach, especially in the imperial peripheries, is not fully explored[28].

In other words, the experience of the LCTA in running the global grain market invites not only paying more attention to its legal and contractual dimension. It also asks to put the focus on the specific dimension of private ordering and, therefore, legal pluralism. Over the last twenty years or so, this latter paradigm has proved very productive, when applied to both the global economy[29] and to the often inchoate character of legal institutions in the imperial peripheries[30]. Even the constitutional law of the British empire was thoroughly plural and very imperfectly integrated.[31] In turn, this echoes the many evidences of "chaotic pluralism" in Western imperial expansion, though also, in our case, the capacity of professional associations to build and operate a large array of rather self-enforced private legal orders. In other words, legal pluralism was present at the core of the global economy, in the City of London. And the case of the grain trade suggests that this pattern was instrumental in balancing off the demands for integration and international ordering on the one hand, and the sheer instability of the global geography on the other.

3. A private market order: Gate-keeping and market governance

The London Corn Trade Association

The London Corn Trade Association was founded in 1878 in a context marked altogether by the rapid growth of the demand for grains in Europe, the expansion of new producing regions like Argentina, South Russia or India, and a steep fall in information and transport costs, from the

[25] Kynaston 1994, p. 309.

[26] Darwin 2012, 155.

[27] Cain and Hopkins 2016, p.173.

[28] Cranston 2021, particularly chapter 5.

[29] Read for instance Berman 2007, Michaels 2009.

[30] See for instance Benton and Ross 2013; Ibhawoh 2009; Bishara 2017.

[31] Moore 1906.

steamer ship to the telegraph.[32] The primary objective of the Association's founders was to offer a streamlined arbitration procedure and standard contracts which would make trade finance and insurance easier and cheaper to obtain.[33]

The formal governance structure of the Association hinged first on an annual General Assembly that elected an Executive Committee of twenty, later twenty-five, members. This Committee met about every two weeks and was the main governing body of the Association. A Chairman was elected every year and was re-eligible once, at which point he would propose his own successor. In practice this would be only the last step in a long career through the LCTA ranks where co-optation was the rule all along.

On the whole, the London Corn Trade Association does not give the image of a high-cost operation. From around £3000 at the turn of the 1890s, annual receipts reached £5000 a decade later before hovering between £8000 and £10,000 until 1914, e.g. about one million pounds at today's value.[34] Large financial reserves were also accumulated over time, which ended up representing well over twice the annual budget of the Association by 1910. Hence, there does not seem to have been a lot of pressure to release this accumulated wealth. The suspicion of rent-seeking comes rather from arbitration fees, especially for appellate cases: for the representative member of the top-tier Appeal Committee, they grew from £25 per annum before 1900 to £43 afterwards, which was about the annual wage of an adult male worker[35]. This resulted however from an increase in the total number of cases, without a commensurate growth in the number of potential arbitrators and without any upward adjustment in per-case payments. Hence, whether or not it qualifies as rent-seeking, the practice was not allowed to debase the market over time.

Beyond administrative and accounting affairs, the work of the Association rested on some ten geographic committees, like the Black Sea & Danube Committee or the East Indian one. Their six-to-eight non-remunerated members were in direct relation with the LCTA institutional correspondents, say in Kherson or Calcutta, and so they directly received a host of market information, for instance, on how the growing season progressed in the various regions, which colleagues had encountered problems here or there, or how given export markets worked. The whole Association was in fact a huge information clearing house, backed up by considerable collective expertise. Geographic committees would thus assess the selling potential of new producing regions and report, for instance, that:

> "the Sample of Uganda Wheat [are] suitable for Continental markets, where it should sell at prices fully equal to American Durum; that the two Wheat Samples from East Africa would command a ready sale in the UK at prices comparing favourably with the finest description imported. It was decided to get an opinion on the Market upon the Barley [from South Sudan] and to reply accordingly. »[36]

Making commodities

[32] Broomhall and Hubback 1930; O'Rourke 1997.

[33] Chattaway 1907; Fuchs 1890; Barty-King 1978.

[34] See the LCTA's *Annual Reports*, successive editions.

[35] Bowley 1900.

[36] Argentine, American & Australian Committee, 22 July 1909.

Preparing grain standards was the main task of geographical committees. By 1914, there were more than twenty standards for Argentine oats, wheat or barley of different nutritive qualities, regional origin or maturation date. The minutes of the geographic committees are full of small notes and reports that attest to how critical the process was, which transformed the highly diverse agricultural products into fungible commodities. The grain could then be pooled in deep, competitive markets where quality would be clearly ascertained and pricing exact.

The by-default technique was to collect samples of grains in as many incoming ships as possible. The Association then cautiously mixed them before assessing grain humidity, the proportion of broken kernels, their nutritive quality or the presence of 'admixture'[37]. Alternately, it could accept the grain standard made by local associations or exchanges in the producing regions, although this raised issue of trust or mutual recognition. For years, Russian market operators thus sent their own standards of grains, but they were never used in London, to the former's continuing exasperation.

Yet the process of commodification was never perfect. When each grain delivery arrived at destination, divergences were often observed with the standard mentioned in the contract. Local exporters could have cheated or the grain's quality might have been damaged by sea water, during travel. It was the job of the LCTA arbitrators to appraise this divergence in quality and correct prices accordingly, downwards or upwards. Thousands of arbitration awards were rendered each year, followed in dozens of cases by a second, appellate, procedure.

Standard-making and arbitration were thus closely tied up together. They were perceived by the Association as a key contribution to "the benefit of the trade," hence as a quasi-public good, which served the market as a whole and should have been seen as unbiased and neutral. The principals were quite jealous of this prerogative, as of the collective expertise and market information they invested in it, which endowed them with a distinct sense of authority and legitimacy.

"Indian wheats are too dirty!"

Yet, power relationships along the value chain are hard to miss: grain standards were made by a small group of London insiders, with powerful vested interests; the quality of grain deliveries was also assessed by them (without relying on third-party certifiers); and in cases of arbitration, its final price might not be decided for months.[38] And for sure this caused a lot of resentment.

Take the case of Indian wheat exports. For decades, importers and the LCTA unceasingly complained of the large proportion of "dirt and admixture" in grain deliveries, which caused extra costs: girls, apparently, were employed in London and Liverpool "to handpick over samples and to remove the pieces of clay and other foreign matter that have found their way in…".[39] This was one of the rare grain issues that was de facto politicized: no less than six reports were submitted to the Parliament during the period under review, learned journals repeatedly came back to the issue, two conferences on the poor quality of Indian Wheat were organized in 1889 and 1906. A consensus was eventually formed attributing the problem to the traditional economy of "the natives." Small Punjabi farmers grew different cereals in tiny fields, close to each other, so that wheats were often mixed up with oat or barley[40]. After harvesting, the grain was then kept in

[37] Executive committee, 20 January 1887;

[38] Cronon 1991, pp. 109-119; Quark 2013, chap. 1; Velkar 2012, chap. 6.

[39] Smith 1922.

[40] Houses of Parliament 1894.

pits, covered by straw and cow dung.[41] Traditional commercial practices made the problem worse: "every little lot of wheat has to be carried by the owner to his market, may be more than once; it then passes from dealer to dealer, each time causing expense and loss; and no two quantities being of the same grade."[42]

No solution was ever found, and grievances kept coming from London. Even a mid-twentieth-century economist writing about lemons noticed that rice in India raised the same problems as wheat had decades before: "Indian housewives must carefully glean the rice of the local bazaar to sort out stones of the same color and shape which have been intentionally added to the rice. (…) quality variation is a greater problem in the East than in the West." [43] The London and the Liverpool Corn Trade Associations ultimately adopted a specific scale of price cuts for Indian exports, depending upon the proportion of "foreign matter" in the deliveries.[44] And when samples from incoming vessels proved too dirty and too heterogenous, the Association kept refusing to make a standard. The Executive Committee would only be informed that "Your East Indian Committee at its meeting to-day refrained from making a July Standard of Choice White Bombay Wheat, owing to the Standard samples being so full of dirt."[45]

In other word, Indian grains resisted being transformed into a fungible global commodity. Private interests and privately-controlled market power could exercise considerable pressures on producers around the world; but even with the back-up of public inducements and imperial politics they could not always change "the ways of the natives". Market integration was not just a matter of transaction costs.

4. "The fungibility of the produce leads to that of the contract"[46]

After the commodification of grains, drafting standard sale contracts was the second step in the process of standardization that supported global market integration. These contracts formalized the bilateral transaction between seller and buyer, each of them, typically, for a given specie of grain, port or region of origin and type of shipping (sailing or steam ship). We thus find, for instance, the "Baltic Oats contract" or the "La Plata grain contract for sailing cargoes". By 1896, the Association had issued 48 standard contracts, reaching 64 before World War I. But, as said, these contracts were also closely tied to three other contracts, respectively for shipping, insurance and trade finance; their convergence and standardization in pre-printed forms resulted from a decade-long process of experimentation[47]. More than the "handshake" transaction of classic liberal lore, we should see here a complex "contractual vehicle" which carried together the grain, the property rights over it and the payment guarantee, from buyer to

[41] Noël-Paton 1913.

[42] McDougall 1889; *Proceedings of the Conference on Indian Wheat Impurities held at the India Office* 1889; *Milling* 22 September 1906

[43] Akerlof 1970.

[44] Executive Committee, 23 October 1906. Milling, 22 September 1906.

[45] Executive Committee, 18 October 1904; see also Executive Committee, 8 July 1886, 10 May 1910; East Indian Committee, 8 September 1904. Similar problems were encountered with South Russian (Ukrainian) wheat exports, see Executive Committee, 15-17 February 1909, 'Conference between Russian Delegates and British Delegates'.

[46] Dauphin-Meunier 1940.

[47] Cranston 2021, pp. 299-303. Fuchs 1890, pp 33.

seller. And critically hundreds, perhaps thousands of market intermediaries used these standard vehicles**.**

A small portable commercial code

Materially, contracts were printed on large, two-sided forms and then sold for a small price to merchants, who would write in by hand the specifics of their transaction, like the standard of grain, the price and volume, the date of shipment and the ship's name. But as they signed these *Voluntary clauses,* traders also endorsed a much greater number of pre-printed *Adhesion clauses* on which they had no say and which stated the rules of the market. Some of these clauses were specific to each standard contract, others were common to all contracts that governed the export trade of a given country (e.g. Argentina). But the most important ones were written in the exact same terms on all LCTA standard contracts, such as those governing arbitration or non-payment.

Market coordination did not rest on the physical meeting of merchants at the Baltic Exchange (they often relied on brokers), neither was membership to the Association an obligation. What truly mattered was adhesion to the small "portable commercial code" which was written on each individual contract. At the moment he signed a pre-printed LCTA contract, the merchant accepted that the entire transaction would be governed by the Association's rules, hence by its small private "international code".

This construction was instrumental in resolving the tension between open markets and thoroughly fragmented national or territorial jurisdictions. In those times, the only recognized technique that addressed cross-border commercial relations was the discipline of Conflicts of Laws. It tells, in essence, whether and how a given national judicial system can receive, interpret and enforce foreign rights, contracts or judgments.[48] However, these rules were (and are) cumbersome and costly to mobilize, especially given the low unit-value of cereals. And when their foreign partners lived in a far-away, semi-sovereign Southern country, then the suspicion of lawlessness and corruption in the local courts tended to overwhelm any other concern. Chattaway, a long-time grain merchant, underlined that:

> when caught in a dispute, merchants "could have recourse to law, but legal proceedings, especially when they have to be carried in a foreign country, are so expensive and troublesome that in nearly all cases buyers refrained from legal action, and the unsettled grievance, after the interchange of a few letters charged with reproaches, menaces, and explanations, died a natural death."[49]

The LCTA circumvented these risks with a strategy of "built-in contractual extra-territoriality". First, it stated that any dispute between the parties should be addressed to the Association for arbitration – no to a local court, here or there. Then, the contract, with its pocket-code, was anchored on English law and English jurisdictions *exclusively*. A legal fiction written into *all contracts* stated that foreign merchants were all supposed to be domiciled at the Consulate of their country of origin in London, whereas Scots were nominally hosted in the offices of the Association. Hence, disputes over the wording of a contract, a given transaction or an arbitration award could only be adjudicated by an English court of law. An Argentine, Russian or Dutch judgment would have had no effect here.

[48] Banu 2018, on 19th century scholarship.

[49] Chattaway 1907

Significantly, over the whole period under review, the Association's Executive Committee was never asked to enforce a single foreign judgement or arbitration award. Neither do we see a single discussion about a specific point of Romanian contract law or Canadian arbitration law. The Association never called upon foreign counsels when drafting or amending its contracts. In other words, its contracts, and more generally the Association's rules, were beyond the reach of foreign courts and foreign laws. They were legally English and de facto extra-territorial, hence local and global. Yet again, extra-territoriality as a route to global market integration rested primarily on contractual ingenuity and "rule-based market power".

From a statutory perspective, this construction rested on the landmark 1889 Arbitration Act which drew a line between the jurisdiction of English courts and the 'province' of private arbitrators, as they said. On *points of fact,* like delayed shipments, grain quality or accidents in port operations, arbitrators had full authority; and most disputes over grains were of this type. *Points of law* in disputed cases then had to be addressed to a court of law if existing statutes and precedents did not have a ready answer. But this was again a rare occurrence, primarily because the basic structure of the LCTA contracts did not change much over time. English courts of law also had a long-standing policy of deferring to the expertise and the procedures of the professions.[50] The 1889 Act thus sanctioned privately-ordered markets, including its practice of excluding delinquent merchants, which rested in the directors of the Baltic Exchange who, in practice, were often principals also of the LCTA[51]. Article 32 of its 'Rules and Regulations' states that

> « The Board of Directors may censure, suspend or expel a Member, Representative Principal, or Clerk, who, in their opinion, has been guilty of improper conduct or who shall make use of the Exchange for purposes other than the proper purposes thereof, or who shall have violated any of the rules or regulations, or who shall have failed to comply with any of their decisions."

A file on[52]. On the whole, this construction gave to trade associations the leeway to tailor their rules and contracts to the specifics of each market segment. It was a full part of the imperial construct while also conferring to these private legal orders superior guarantees of legality and legitimacy.

Three contractual plug-ins

However, if they were to be adopted by international merchants, the LCTA contracts had to be effective, watertight vehicles. The grain had to pass from hand to hand, and from train to ship, without lapses or holes, hence with no uncertainty as to who held which rights and responsibilities, at which point: the exporter, the ship captain, the port authority, their insurers, etc. A contractual failure may have raised material threats, but it could have also opened the way for a judge to step in and make a decision that might have destabilized the whole construction.

First were the so-called *usances*, which belonged to the local institutional set-up of each export country or export harbor. Which units of measures for weights and volumes apply in Bristol, Cadix or Bergen? Which institution is the legitimate authority to announce, by telegram, that the

[50] Cranston 2021 (pp. 344-361).

[51] Barty-King, 1994, p. 26 and 43; for today's similar practice, see Kennedy 1977; Mustill and Boyd 1982 p. 378.

[52] Rules and Regulations, 1903. Archives of the Baltic Exchange, London Metropolitan Archives, MS 39566/001. See also 'Resignations and Withdrawals', covering the years 1903 till 1939, MS/39554/001.

ports of Odessa or Riga have frozen and that traffic (hence, the execution of contracts) is interrupted? Who has the material responsibility if the grain falls into the water when transferred into ships?[53]

For the value chains not to fall apart, each standard contract had to fit exactly into these local usances, more generally into the local institutional set-up of each "bridgeheads".[54] The point was neither to write down entirely the *usances* in the contracts, nor to impose the rules, for instance, of the Port of London: the Association recognized the local trading customs in export countries and it conceded often when a local authority argued that it had long been accepted practice to take option B rather than A, on a given issue.[55]

Remarkably, when adjusting its contracts to the varied domestic environments, the Association dealt almost exclusively with non-governmental organizations: the Argentine Centro de Cereales, the Odessa Bourse, the Hamburg Börse, the Chambre Syndicale de Marseille or the Bombay Chamber of Commerce. Once it had opted out of inter-State coordination, based on treaties, rules of conflicts of law and diplomacy, the Association had to build its own proprietary network of norm-setters and norm-enforcers. And all along, the LCTA's principals avoided at all costs any binding interactions with public authorities, whether governments, courts or standard setters. Even British embassies hardly appear in the Association's paper-trail.

As already said, the LCTA's modus operandi did not differ much from one case to the other, hence with the political status of exporting regions or countries, or the formal or informal character of their imperial relation to Britain. Some, like the Argentines, seem to have worked in a rather business-like manner with the London Association, probably because, early on, export trade had been controlled by a few big merchant houses[56]. Relations with the United States and India, on the other hand, were much more fraught so that conflicts could extend for months or years. But in each case, the LCTA principals insisted on having, symbolically at least, the last word.

The second plug-in tied together the Association's sale contract and a *Bill of Lading*, which is, altogether, a maritime transport contract, a property title regarding the goods, and a proof that the ship's captain has received them, hence that they have been loaded onto the ship.[57] The LCTA was thus regularly in discussion with the UK Chamber of Shipping, which was the main professional organization of shipowners. This converged on a series of regional Bills of Lading, such as for Australia or Danubian countries, primarily Romania. But they failed, for instance, to reach a similar result in the case of trade with the United States, and each shipowner continued to use their own bespoke Bill of Lading. The last of these three articulated contracts, the *insurance policies*, are also old, well-known contracts that accept large variations in their degree of standardization. The main interlocutor of the LCTA here was the Institute of Underwriters, an institution indirectly attached to Lloyd's.[58] Negotiations could go on for months to settle an ad hoc clause, written into the Association's sale contracts, which would delineate the respective rights and commitments of the parties.

[53] Sonndorfer 1882; Spalding 1925; *Universal Commerce* 1818; also Lefèvre 1882.

[54] Darwin 2012

[55] See, for instance, Executive Committee, November 1, 1904; 5 and 19 September 1905;

[56] Executive Committee, 17 September 1907; 21 July 1908.

[57] Thorpe 1924; Miller 1957.

[58] Hewer 1984.

As a whole, this assemblage of three contracts belonged to what is called the *Cost, Insurance and Freight* (CIF) technique of contracting, which offered considerable advantages: standardization made transactions considerably easier, all parties were brought under the English legal umbrella, the exporter was responsible for negotiating the whole package. Moreover, these documents being accepted as a legally valid representations of the grain, they could also be used to resell the grain before arrival, on a secondary market.

While the practicality of this technique seems evident, a long line of legal scholars have discussed till today the theoretical implications of this innovation[59]. Can standard contracts be considered as a variety of contracts? Do they threaten competition? Or do they de facto imply unequal relations between larger and smaller firms, or between London insiders and foreign merchants? Drawing on the experience of CIF contracting and commodity markets, the great American legal scholar Karl N. Llewellyn concluded that:

> "to the extent that the available bargains (…) become standardized for whole groups and tend to become exclusively available, a regime of 'contract' (bargain) moves a long step towards the regimentation of men into groups and classes, and toward stabilization of social relations." And he continued: "It is a form of contract which (…) amounts to the exercise of unofficial government of some by others, via private law".[60]

The LCTA contract drafters actually withdrew from the parties' bargain a mass of clauses and parameters which had to be frozen, or codified, in order to stabilize the environment within which the parties competed. The objective was clearly to reduce the "costs of using the market", by limiting the number of variables on which merchants bargained to price, quantity and quality. In this sense, contract standardization was indeed an act of "unofficial government via private law". Whereas the classic Coasean discussion envisages a clear-cut opposition between the firm and the market, hence between centralization and negotiability, the LCTA's standard contracts represent an alternate solution, adequate to the challenges of supporting global trade in the fractured international environment of the late nineteenth century.

Trade finance: From grain to gold

After the grain and the contracts, the last step in the standardization process was about trade finance. Leaving aside the bank-based technique of Documentary Letters of Credit, the usual technique relied on Bills of exchange. In the simplest case, after an Argentine exporter had sold and shipped the grain, he would give to his local banker in Buenos Aires original copies of the Bill of Lading, the insurance policy and an unsigned Bill of Exchange, which materialized the demand for payment. These three "documents", as they were called, were then sent by fast postal boat to the importer's foreign trade or colonial bank, probably in London, who asked our importer to come and sign the said Bill of Exchange: he thus recognized his payment obligation and committed himself to pay, at maturity. In exchange, he received the Bill of Lading and the policy, which he would hand over to the ship captain against the grain, upon arrival. This made payment and grain delivery essentially safe to both parties.

Yet, the maturity of the Bill of Exchange typically extended well after the ship's expected arrival, allowing the importer to resell the grain before having to pay for it: most merchants did not have the working capital to finance the whole trading cycle. In turn, rather than keeping these bills till

[59] Read for instance Kessler 1943; Gluck 1979; Shell 1993;.

[60] Llewellyn 1931.

maturity, and hence freezing their own capital, the foreign trade banks generally preferred to resell them on the secondary market.

The nexus between trade and finance was an operation called "acceptance" whereby these three- to six-month Bills of Exchange (also called London Bills) were endorsed, or guaranteed, by a high-reputation London-based bank, typically an elite merchant bank.[61] The overall effect was thus to transfer the credit risk to this institution while completing the standardization process at work along the whole value chain: after the grain and the contracts, the specifics of each individual merchant were now being absorbed and his debt transformed into a safe, highly liquid asset. As the great German-American banker Paul Warburg wrote, "through the acceptance or indorsement (…) the merchant's note (…) becomes a liquid asset, part and parcel of the system of tokens of exchange which serves as a substitute or as auxiliary currency." [62] And again, massive information and professional expertise were mobilized in order to reduce further the idiosyncrasies present in each individual transaction.

On the investors' side, you mostly found the large deposit banks, which invested their excess liquidity in these short-term accepted bills without looking at the details of the initial transactions or the importers' reputation: the security was now fungible and entirely located under English jurisdiction. Market-making between sellers and buyers of accepted Bills was in the hands of specialized brokers, who were the last, extremely well-informed intermediaries.

At this point the long value chain lead straight into the London money market[63]. In the absence of a large public debt market before 1914, accepted foreign trade bills, particularly from import trade, were the main short-term securities used by all financial institutions for liquidity management purpose. Even the Bank of England used them for market interventions and last resort lending[64]: in case of need, a commercial bank with a package of accepted trade bills could easily exchange it against hard cash. The most powerful Central Bank in the world thus stood ready to exchange the merchants' debt against the ultimate fungible asset, the pound sterling. After the insolvency risk had been covered by the accepting bank, the liquidity risk was essentially absorbed. Britain's supply of foreign primary goods could not be threatened by the vagaries capital markets.

Retrospectively, this process signaled in a most spectacular way the strength of the Association's contractual vehicle and, beyond, the reliability of the three-pronged standardization process which backed up the whole market (see Graph 1). Any doubts regarding its integrity, or recurring disruptions by foreign authorities, would have inevitably affected the extra-territorial character of this contractual construction and impaired the safety of the debt titles, hence their central position in the London money market.

[graph, somewhere here]

4. Fault-lines: Systemic or contingent?

[61] Spalding 1924, 1925; Chapman 1984; Cassis 1994. See Cranston 2021, pp. 391-394.

[62] Warburg 1914.

[63] Truptil 1936.

[64] Accominoti and Ugolini 2019; Ferderer 2003.

The coherence of these rules, their observed resilience and also the LCTA's archives themselves may give at this point the sense of a nearly perfect, self-contained construction. On the whole, the market worked very similarly in the late 1880s as it did right before World War I and even during the 1920s. There is also evidence that the Association's contracts were broadly successful in mediating (rather than resolving or dissolving) the conflicts of interests between the parties, or between trading countries or regions. They thus formalized a status quo within which the parties bargained on grain and fought for their respective interests. But the attempts to shift this status quo, even slightly, are everywhere to be seen in the LCTA's paper track.

Take the many strike movements which emerged in 1905, from Russia to Argentina. Initially, London importers and millers were strong enough to put off all the costs and constraints of these disruptions onto the other side of the market, hence on the shippers. These London-based merchants rejected in particular the (civil law) principle of *force majeure*, which would have implied a de jure suspension of the contracts. But this caused a long, protracted conflict reaching up to the Association's Executive Committee, which some shippers even boycotted for several months. Still, haggling continued till 1914, with different contingent clauses being written in the various regional contract forms and, also, with a continuing conflict with the UK Chamber of Shipping.

Carrying the market

A different, more intrinsic fragility of this market order came from its unilateral, self-fulfilling character. Merchants who joined this trading platform were rule takers: they had little voice, while the Associations' principals were in a strong position to defend their own vested interests and extract rents. Many on the Continent actually complained that arbitration in London was biased. For Jöhlinger, a German, it was "in no way reliable."[65] Van Hissenhoven, from Antwerp, also mentions "rather unpleasant experiences" and even "considerable abuse."[66] An aggrieved Austrian merchant, Maximilian Praschkauer, published a well argued, critical pamphlet against London arbitration in *The Miller*, the main journal of the profession in London.[67] Others underlined that, contrary to the practice in London, appellate arbitration on the Continent was always anonymous. Even a semi-official English report on commercial arbitration conceded that London arbitration was not up to the best standards:

> "Traders abroad very often have a feeling, rightly or wrongly, that they would like their disputes with parties in London to be settled by an absolutely independent and recognized tribunal, (…) and not left to this spirit of friendly and amicable arrangement where they naturally suppose ."[68]

At the same time, the underlying long-term risks were not lost on the LCTA principals, as its Chairman underlined at the 1907 General Assembly:

> … I think it only wise to point out to our UK friends that if we are going to be too rigidly insular, and there is not [a] little give and take (…), I am afraid that a larger share of the grain trade will go to [the] Continent (…). I have held very strongly that we ought not to be merely an Association for making money. We must, of course, protect the interests of the

[65] Jöhlinger 1917, p. 124, 340–355. Also Fuchs 1890, 50-51.

[66] Van Hissenhoven 1923.

[67] Praschkauer 1889; *The Miller* 1889.

[68] London Chamber of Arbitration 1895, p. 23, 24.

> Members, but we ought to make the basis of our Association the benefit of the trade as a whole.[69]

Indeed, the minutes of the Executive and geographic committees are full of letters exchanged with foreign, typically European merchants, whose demands were often constructively received. The large French merchant house, Dreyfus Frères, which had a branch in London, adhered to the Association in 1891 and was soon represented on the Executive Committee. Over time, loose forms of coordination emerged with other European grain trade associations, when conflicts arose with Russian or American exporters, or exchanges. [ref].

In practice, what the Association absolutely needed was that market participants keep using its trading platform, hence its contracts, so that it "carried the market". Market power was certainly at work when a contract was launched, but the Association did not have an enforceable monopoly. In the early 1900s, for instance, the Berlin grain association drafted a contract for trade with Russia, which became the standard for German grain merchants; but when the same association issued a contract for Argentine grains, it was rejected and the merchants continued to trade with the LCTA forms and under the Association's rules.[70]

On another occasion, in 1909, the Executive Committee initiated a discussion on whether or not—and to what extent—clauses across contracts should be further unified. This proposal could have been seen as a further step in a process of standardization that was at the core of the Association's initial mandate. But it caused a lot of uncertainty and protestation, and so it was soon rejected and never discussed again. The East Indian Committee, for instance, opposed the introduction of changes in contracts "merely for the sake of a visionary uniformity"[71]. The Association's Chairman could only conclude, somewhat pitifully, that "to build up new [contract] forms was very dangerous and not desirable."[72]

The power to standardize

Still, the LCTA market did not collapse on itself and its standard contracts seem to have remained quite popular. Dutch, French and German merchants had them translated; French commercial courts even addressed many cases based on them, assuming, somewhat curiously, that they were in fact governed by French contract law.[73] As late as 1928, a French author, George Schwob, also noted that "there is not a European house of some size in the grain trade, which is not part of the LCTA, whether in France, in England, in Belgium, in Holland, in Germany, in Italy, in Scandinavian countries. »[74].

More than arbitration and contract, the most contentious link in this market was the grain standards, primarily because they tied market transactions to the supply side, hence the production and earnings of masses of often poor farmers. From the American Midwest to India and pre-war Russia, farmers, interest groups and local politicians clearly resented the capacity of a small group of unaccountable, London-based elite merchants to assess the quality of their production and to decide, from far away, how much would eventually be earned from it.

[69] General Annual Meeting, Report, May 2, 1906.

[70] Jöhlinger 1917.

[71] East Indian Committee, February 13, 1908.

[72] Executive Committee, Minutes, February 9, 1909.

[73] Schwob 1928, chap. 3.

[74] Schwob 1928, p. 19

Nationalist and populist movements of all sorts could not but take aim at this asymmetric relation.

Significantly, however, the eventual shift in this fraught relation between upstream and downstream actors came with a massive change in the technology for marketing the grain. Starting already in the United States in the 1860s, grain was increasingly transported in bulk, by railways and steam ships, rather than in jute sacks and then by sailing ships, as had been the case for decades. In the producing regions, at origin, farmers now delivered their production into silos built along the railway lines, so that it could be directly loaded on trains. In the export harbors, "electric elevators" then pumped the grain directly from train carriages into the hull of steamers. In the words of the President, this "monster combinations of American railways with Atlantic steamship lines (…) must, necessarily, be of consequence to the trade"[75]: grain quality now had to be appraised immediately after harvesting, so that similar types of grains would end up in the same silo (or internal container). Grains were thus graded at the entry point of the value chain, literally when leaving the farm; in exchange, growers received a receipt or "warrant" which they could discount at their local bank. The whole process looked in fact like "a kind of Darwinian process of development"[76].

Power relationships, the respective financial constraints, and the distribution of the regulatory authority were all affected. Governments, railway companies, farmers' cooperatives, large merchant houses, later seed multinationals: they all maneuvered for decades to impose their standards, their expertise and their interests[77]. How this process unfolded and who gained from it belongs to a complex political economy, with deep roots in the social and economic history of each producing country. Silos did not easily become fixtures of the rural landscapes of the US Midwest, the Argentine Pampas or Ukraine (or the Soviet Union)[78].

But over time, two new actors played a disproportionate role. First, open competition between dozens, if not hundreds, of merchant houses, with high turnover, gave way during the Interwar, and even more clearly after World War II, to a highly concentrated structure entirely dominated by vertically integrated trading multinationals, like Cargill, Bunge and Dreyfus.[79] Rather than being the main coordinating mechanism, the market became an instrument to adjust residual supply and demand at the margin.

Before that, the increasing power of state regulators in producing countries had already debased the light-touch, imperial approach of the old days. If anything, the best signal of this trend was the decision by the US Department of Agriculture in 1913 to affirm its regulatory power: from then on, all grains commercialized in the country would be assessed and valued on the basis of constant "gradings," based on the new hard-science of a whole corps of state agronomists. In January 1914, the LCTA thus received a three-line message from one J.W.T. Dunel, "Crop Technologist in Charge," in Washington. He had "the pleasure of sending you herewith copy of the grain grades as finally fixed and promulgated by the Department of Agriculture to take effect on July 1, 1914."[80]

[75] Executive Committee, 30 May 1901.

[76] Executive Committee, Minutes, 13 may 1902.

[77] Hill 1990; Pirrong 1995; Cronon 1991, pp 131-142.

[78] Cowing 1965; Krukenberg 1962; McDougall 1889; Noël-Paton 1913.

[79] Fornari 1973; Rothstein 1983; Aparicio and Pinilla 2019.

[80] Executive Committee, January 27, 1914 (letter dated January 6).

The days were over when a few private gate-keepers in London could bypass interest groups and governments all over the world, before imposing their standards and sanctions. Inevitably, their own proprietary trading routes, fully governed by small portable codes, also declined. Not much of a place would be left for this old merchant elite in the new world of progressive government, developmentalist states and big multinationals.

5. Conclusion.

Geopolitical might, judicial oversight by the top London courts and the last-resort guarantees of the Bank of England framed the broad conditions under which the London-based grain market expanded during the heyday of the first global era. But rather than being fully tied up in a kind of hard, imperial compact, the London Corn Trade Association built a dense network of protected, private commercial routes, which it policed and maintained on its own. The standardization of grains, contracts and debts delivered fungibility while market power guaranteed contractual discipline and the enforcement of arbitral awards. Critically, these factors also gave to this private legal order a strong, de facto extraterritorial dimension: the market was relatively unaffected by the colonial or non-colonial status of the producing countries as, more generally, by foreign, non-English legal systems. This relative irrelevance of "border effects" opened the way for the aggregation of supply and demand in a large, competitive global market.

Rule-based market power should thus be considered as a specific factor in Britain's nineteenth-century economic supremacy, together, for instance, with relative productivity levels or capital exports. But market dominance would have had only a latent or a diffuse effect, had it not been leveraged by the trade associations, like the LCTA, thanks to their sophisticated set of formal rules and sanctions. To account for this dimension, however, a full detour is called for, through the Association's legal and contractual construction.

A major, yet often neglected dimension of legal pluralism emerges here, which could be observed across all London-based commodity markets. This dimension ultimately reflected the flexibility of market entrepreneurs, or transaction costs engineers, as they negotiated their way through the unstable, fractured political geography of the times while preserving the coherence of their value chains. Private ordering and legal pluralism, in other words, were instrumental in managing the messiness of imperial politics.

The LCTA had indeed agency and it acted strategically when trying to open new markets. But it was not a geopolitical actor in so far as it would have tried to directly affect or mobilize relations between States or quasi-States of various sorts. Significantly, it always prioritized relations with non-State entities, like market exchanges or chambers of commerce. The Association thus worked within the international political order of the times as well as in the interstices of inter-State politics and at a distance from its home State.

Still, this construction should not suggest that, somehow, global merchants had carved for themselves a separate global space, where rule-based relations between equals would held sway. Political and institutional prerequisites had to be satisfied at the domestic level for a given country or region to be fully integrated into global markets. Power relations were most visibly at work when contracts were drafted, grain standards set and disputes resolved. And, in turn, participation to the global market had massive consequences on economy and society. Export-oriented social forces emerged which often exercised considerable pressure on local political systems, or for instance on the structure and distribution of land property rights. International trade often became also a channel for monetizing social relationship in producing regions, leading possibly to various forms of unfree labor, from debt peonage to colie labor. Resolving

the Coasean dilemma of global trade in this fractured world was an integral part of the imperial project, down to its darkest angles.

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