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The Simplest Model of Global Governance Ever Seen?
The London Corn Market (1885-1914)

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1. A Model of Governance Both Local and Global

Problems of global economic governance most often arise from the conjunction of a broad ~~and rather integrated market with fragment~~ed underlying jurisdictions—legal and political. Historically, one paradigmatic answer to the dilemmas implied by this situation is the *Imperial Model* of market governance, where either an hegemon or an exchange platform with superior market power imposes its rules, standards and dispute resolution forum to all market participants, whatever their origin, domicile or nationality. Hence, this model of governance is both local and global: its key institutions are grounded but they have a transnational reach.

The London corn market before 1914 is an almost chemically pure example of this *Imperial Model* of governance. Exchanges extended from Manchuria to South Africa and Argentina, but all key institutions were based in the City of London. In particular, the London Corn Trade Association (LCTA), was the core operator of this structure of governance, which it actually built and maintained over many decades. It might thus be seen as a "transaction costs engineer" [1] that builds high bridges and transcontinental highways so that merchandise can travel easily and eventually aggregate into global, highly competitive markets. Rather than working with bricks and mortar, the LCTA dealt with information and norms. First, it produced grains standards by sorting out the many different types of grain and assembling them into fungible commodities, which in turn could be traded on large, highly liquid markets; it also arbitrated on a private basis the disputes that aroused between corn merchants of any nationalities; and, last, the Association drafted and printed standard sale contracts that were widely used across the world. Even German, Belgian and French grain merchants used them when dealing with exporters in Buenos Aires or Odessa. Still, those contracts were all subject to English contract and arbitration law, and they were placed therefore under the ultimate jurisdiction of English courts. To make the point clear, a legal fiction was invented and written into the LCTA contracts:

> Any party to this contract residing or carrying on business in a foreign country, shall, for the purpose of proceedings, be considered as ordinarily resident or

> carrying on business at the Consulate in London of the country of [their] residence [or] place of business. Any party to this contract residing or carrying on business in Scotland or Ireland, shall, for the purpose of proceedings, be considered as ordinarily resident or carrying on business at the Office of the London Corn Trade Association.

The main benefit of this Imperial model was that all issues of conflicts of law and coordination with foreign national jurisdictions were entirely disposed of from the onset. In the minutes of the governing committees of the Association between 1885 and 1914—hence, over several thousands of pages—one does not find *a single reference* to a Dutch, an Argentine or a US court. Foreign judges and foreign domestic (municipal) law were simply beyond the horizon of the LCTA: no advice ever had to be sought regarding this or that detail of Belgian arbitration law or German contract law.

The *Imperial Model* of market governance should thus be clearly differentiated from two alternatives. The *Supranational Model* is first of all characterised by its weak links to any national, legal or political order—whether British, American or Manchurian. Eventually, this model may even evolve towards a self-contained, privately managed, extraterritorial or transnational regime, largely or entirely freed from the constraints of state intervention. The Champagne Fairs of the thirteenth century presented an early, though recognisable, supranational framework, where an effective ad hoc jurisdiction enforced contractual discipline across Western Europe, thanks to the support of many different political entities—including kingdoms, principalities, cities and the Catholic Church (Sgard 2015). But the current regime of private international arbitration is probably even closer to this model, as the parties have great latitude when choosing the legal regime and the forum to which they bring their cases, although the ultimate guarantees of execution still rest in the hands of sovereign states.[2]

The problem however with the *Supranational Model* of market governance is that it is difficult to establish, consolidate and legitimise. In the case of international commercial arbitration, this process took several decades—essentially from the 1920s till the 1970s.[3] In a stark contrast, it took only a few years for the London Corn Trade Association to be recognised as the dominant authority in its field. Continental merchants, as said, rapidly adopted its pre-printed contract forms and even asked to become members of the Association.

The same drawback also applies to the third generic model of governance, the *International Model,* in which national jurisdictions and sovereignties directly cooperate on the basis of mutual recognition and, typically, rules of international public law. Sovereigns then design and entirely control the rules of the games through which private agents may interact across borders—merchants, capital investors, tourists, etc. The classic post-World War II multilateral organisations best exemplify this paradigm, but the discipline of Conflicts of Law or the nineteenth century Concert of Nations ultimately rest on similar premises. While this model of governance might be more stable and resilient than an extraterritorial one, it typically implies huge transaction costs: negotiating intergovernmental agreements, and renegotiating when needed, can take a lot of time and typically comes with intense competition between lobbyists. The General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) negotiation process is here the obvious example.

Geopolitics and power relationships were not absent of course from the *Imperial* model that was run by the LCTA, but they belonged to the context. While the Royal Navy kept the sea lines open, the job of the LCTA was to keep the contractual routes safe, cheap and competitive. At least till the 1910s, this came with a strong preference for avoiding any close encounter with officials and bureaucrats, whether at home or in foreign countries. From Buenos Aires to New York and Durban, the primary interlocutors of the Association were other trade organisations, chambers of commerce or privately governed exchanges. In 1909, for instance, when the Russian government asked that the Association amend some rules it thought unfair, its Executive Committee could not hide its embarrassment: "we could not very well decline to meet them."[4] Soon afterwards, the Association also started to have exchanges with the British Board of Trade and the Foreign Office about these difficult Russian partners. But these interlocutors invited themselves into the corn trade discussion; they were not called in by the global merchants.

As it built and operated its own global infrastructure, the London Corn Trade Association remain a thoroughly private, professional organization with very limited actual interactions with politicians, colonial bureaucrats, and generals. Its principals even did not think it useful to describe for the benefit of the public what they were actually doing, and how they did it. Remarkably, clear-cut analytical descriptions of its work, as more generally of the London grain market, are only found in non-English sources: German[5], Belgian[6] or French.[7]

The next section in this chapter details where this experience fits in the broad literature on international governance and market regulation. Section 3 then discusses further how the LCTA was organised and managed, and the following section analyses the three main instruments with which it governed the market: contract forms, standards for grains, and arbitration. Lastly, Section 5 analyses how the Association addressed the defining problems of fragmentation and diversity across regions and countries, whether in terms of quality of product, local regulations or market practices.

2. Where this case-study fits into the Literature

Along with the history literature on the first global era and the Pax Britannica, the present chapter draws on three main fields in the academic literature, of increasing relevance.[8] The most obvious one is about the organisation and regulation of exchanges in general.[9] Most references tend, however, to focus on financial markets, which generally raise much more complex problems than commodity markets. Cereals and minerals are much simpler to handle and contract on than money, intellectual property or derivative contracts. Innovation in contract writing is traditionally limited, systemic risk is muted and, as a rule, the perspective of large losses by big investors is limited. Hence, both contracts and regulations in commodity markets tend to be simple and not to attract much state intervention.

The second main literature referenced in this chapter deals with the standardised contracts, the reason for their emergence and the risks they entail. This legal innovation was discussed early on in American law journals, primarily because it clearly contradicted the definition of a contract as a meeting of free wills, following nineteenth century classic legal thought.[10] During the interwar years standard contracts and the commitment to arbitrate disputes privately were often seen as key features in a corporatist social and

economic model. This trend was quite strong in the United States, where it gained steam from the sustained criticism of adversarial litigation that had developed since the progressive era.[11] It was only by the 1970s that standard contracts and arbitration would start to be seen as a rather libertarian, or "neoliberal," hence potentially oppressive practice.[12] Within the field, the LCTA contracts have been occasionally cited as the first example of contract standardisation although their history and legal features have not been studied as such.[13] Beyond their relative simplicity is also the fact that these markets are typically peopled by professional traders, both on the sell side and the buy side, so that asymmetric relationships between them is not a major issue. Lastly, the fact that standard contracts on commodity markets are drafted and adjusted by permanent, typically competent, trade organisations, like the London Corn Trade Association, also minimizes the risk that imperfect, dysfunctional or obsolete clauses in need of rewriting remain in force for years and become "contractual black holes."[14]

From here derives the third theme in the cited literature, namely private ordering. Well-known references include Ellickson (1991), Bernstein (1992, 2001) and Feldman (2006), which can be complemented by critical contributions, like McMillan and Woodruff (2000), Sagy (2011) or Richman (2012). The LCTA here has two features which distinguish it among this literature. First, it did not establish a fully autonomous, self-regulated order: as said, its contracts were subject to English law and English courts and the Association was keen to fight "hard cases" even up to the House of Lords in order to defend the legality of its private contractual order. Second, contrary to most case studies on private ordering, which tend to address rather tiny, well-delineated professions or markets, the Association established itself immediately and successfully as the core regulator of the global market for cereals.

3. The London Corn Trade Association.

The creation of the LCTA

While private exchanges and arbitration had long been a common feature of English bulk markets, in the case of grain, old rules and practices were exposed to increasing pressures after the 1846 abolition of the Corn Laws. This was even clearer after 1870, when global trade took off on a large scale on the back of increasing supply in new producing regions and falling transport costs.[15] The actual pressure for change derived, however, from the demand by third parties for more streamlined procedures of arbitration and for standard contracts that could be adopted across the market. Until then, each merchant typically had his own contract forms, a practice that implied substantial transaction costs and legal uncertainty. Standardisation was thus expected to homogenise market transactions, increase overall liquidity, and make dispute resolution easier and faster.[16]

The London Corn Trade Association was created in 1877 and incorporated on a private basis in 1886, at which point, as said, it rapidly became the uncontested market authority in the UK and across the world. The day-to-day regulation of each geographical market segment was in the hands of ad hoc committees of five to eight people, who dealt with incoming problems between merchants, interacted with foreign institutions, or organised the first rounds of discussions when contracts were to be revised. Every month, every quarter or every year, depending on the number of incoming shipments, they produced the standards for the different types of grain that were traded in their respective market segment: for instance, Santa Fe Wheat or Russian Oats, fall 1903. Half a dozen

geographical Committees were typically at work, with the American Committee being the most active and the East Indian Committee right behind. The Black Sea Committee was a strong body by the turn of century, but almost disappeared after the Russian revolution. Beyond those, one also finds minutes of a Persian Gulf Committee, which dealt in fact with Mesopotamian grains, and a China and Manchuria Committee, which was in charge of such things as Chinese Horse Beans. Then came a Finance Committee and, more importantly, the Executive Committee, which was the top governing body of the Association, where all critical decision were made, and which interacted with other market institutions in London, the UK and abroad.

Arbitration was governed along specific lines. First-instance cases were not very heavy to administrate, as arbiters were directly chosen by the parties and would handle the cases very much on their own, directly in the dockyards. Then came the Appelate cases which were dealt with by Arbitration Appeal Committee, hence by the core members of the Association's leadership structure. Typically during the pre-WWI decades there were 4-5000 arbitrations per year and forty to seventy appeals, that is, about one to two per cent of the total initial docket.

A London-based association

A striking feature of the overall governance of the Association is that, over decades, only twenty to thirty names appear, over and over again, in its various committees and in the appellate arbitration panels. Yearly committee elections mobilised at best a third of the total membership and the annual General Assemblies attracted very few members that were not already part of one committee or another. This reflect directly the fact that grain traders did not have to members of the Association in order to access floor transactions, which were regulated by the Baltic Exchange, an organization which was sociologically and spatially close to the LCTA though formally separate.[17] In order to trade in corn, it was imperative to be a member of the Baltic Exchange, or to contract via an agent who was a member.

The apparently weak rules of delegation, accountability and monitoring of the LCTA do not seem however to have come with large scale capture and rent-seeking. Its operating costs for instance were remarkably low: total yearly expenses were about £4700 before 1914 (or £540 000 at current value); out of this sum, one-quarter went to wages and another to office rents, the rest covering overheads. Increases in arbitration fees were typically resisted and Board members were remunerated only when they managed the time-consuming process of revising contract forms, every two to three years. No annual banquets are mentioned in the minutes and neither were out-going directors offered golden watches or fancy ties. In 1902 the whole Executive Committee discussed at length whether to have electric light installed in the Association offices and eventually settled for one single bulb, rather than three as initially envisaged.[18]

The main check against the risk of capture and market manipulation was apparently in the very diversity of special interests that were represented within the Association and its government: shippers, brokers, importers, millers but also insurers and bankers were all part of the governance of the corn market, directly or indirectly, and they all acted as checks again rent-seeking strategies. Beyond, the internal political economy of the LCTA was also shaped by the permanent tension between the small group of London-based elite merchants that controlled it and the very purpose of the Association, which was to regulate a global market that extended to tens of countries (or colonies). From the onset,

in the 1870s and 1880s, the markets' rules and practices were designed and discussed for the global trade. And in the following decades, most stakeholders had de facto a direct, material interest in preserving the open and global character of the market, even though, at the margin, they might well have taken of the opportunity to extract a small rent.

There is no doubt, for instance, when reading the Association's archives, that its leaders listened carefully to the interests and possible recriminations of foreign merchants. For instance, when Continental houses asked the Black Sea Committee to issue a contract form tailored to their own constraints, including metric units of account, the Committee actually did it. Dreyfus Frères, the major French corn dealer of those days, was an early member of the Association and one of its agents in London even entered the Executive committee as early as 1891.

Foreign associations of grain merchants de facto accepted the international leadership of the Londoners. From the turn of the twentieth century till 1914, the Association regularly stepped in as some kind of primus inter pares, or a benevolent godfather of the market, especially when the existing rules and regulation came under pressure.[19] In 1904, 1906 and 1907 it thus convened conferences in London with all regional British corn associations and the main Continental ones, in order to find common responses to the pressures raised by new American and Canadian market authorities or by the Russian government.[20] In 1907, a "European International Committee" was even created, seemingly to strengthen the power of the Europeans internationally, and with the LCTA as its dominant participant.

All this does not prove, for sure, that there were no systematic bias against outsiders: they can in fact be observed in a number of decisions of the Association and also in the words used by its principals. But proving a pattern of discrimination would not be easy. To start with, not working in the City certainly made it materially more difficult to understand market practices or access strategic information. So, some asymmetry here was inevitable and did not necessarily reflected an intention to discriminate. And while the foreigners clearly resented this oligarchic model of governance, they never exited the London market or stopped using its standard contracts. After 1905, the Germans, among whom we find the most critical voices, started to draft their own standard grain contracts, with arbitration in Germany.[21] But while their Russian contract seems to have been well used, those for American and Argentine grain never took off. Note also that LCTA contracts forms were widely used in Le Havre and Rotterdam. French courts even developed their own body of case law on those contracts, based on disputes between French traders who used the Association's standard forms in domestic transactions.[22]

4. Standardised Contract Forms

Contract forms as private ordering

What first comes out when reading these sale contracts is that they did not formalize only spot transactions between exporters and importers, but also the whole set of rules on which this transnational market worked. When traders signed them, they entered a specific bilateral transaction but they also endorsed all the rules of the market: units of accounts, time for payment, condition of delivery, conditions and costs of arbitration, etc. There

was actually no other document, no body of bylaws, no membership card with additional rules that would also bear on the parties' course of action.

The collective side of these contractual vehicles was of course the one that required all the attention of the various committees at work within the LCTA. The key point here is that they resulted first from a detailed and often prolonged negotiation with many (mostly private) market institutions in exporting countries or ports. For each sale contract to be useful, hence largely adopted across the market, it had to be exactly tailored to the rules and practices of the export market. Metrics for weighing grain were an issue of course, but beyond were a host of market practices and minute customs (called *usances*) which described exactly how the grain should be moved and when it changed hands. When was the ownership over grains actually transferred from seller to buyer and what were the responsibilities of the ship captain or the port authority? Who was responsible if the grain was drowned when loaded on boats? Who bore the costs in case of strike or blackout? And under which rules should samples of grain be made to assess the actual quality of deliveries and decide whether or not arbitration was needed?

All these questions may look almost folkloristic, though they are about the nitty-gritty transaction costs of international trade, hence about potential losses, possibly about the need to insure against some risks. Market breakdowns, contractual failures, open crises were ever-present possibilities that the Association had to confront, month after month, either with direct hands-on intervention or, from time to time, by adjusting contractual clauses in its contracts. We can thus find many exchanges of letters where, for instance, the principals in Rosario or Riga argue that, locally, the responsibilities of the captain start when unmooring rather when loading the grain and that they would like to keep that *usance*. London would generally concede, though not without having made sure that the clauses about grain standards and arbitration being made in London were fully endorsed. The overall massive benefit of this strategy was that Association socialized the costs of negotiating the hugely diverse social, institutional and regulatory environments that were part of global grain trade. Its standard contracts could then be literally "plugged into" these local environments—Odessa, Montreal, Galveston, Adelaide, Novorossisk.

That is not all. The Association dealt in a very similar manner with three classes of London-based service providers. It negotiated with the shippers' representative association (the Chamber of Shipping) so that the standard contracts for maritime transport (called Bills of Lading) would automatically fit with the LCTA's own sale contract. A specific clause in the Association's contracts would actually tie them together. The LCTA then negotiated in the same way with the Institute of Underwriters, which was linked to the Lloyd's insurance market, so that standard insurance polices were agreed upon that, again, were exactly adjusted to the needs of grain merchants: whether they used a sailing ship or a steamer, whether grain was loaded in sacks directly from wagons, or through large scale silos, etc. Again, a specific clause made sure that vertical integration between the contracts would hold water even in the worst circumstances.

When brought together, these three standard contracts (sale, shipping and insurance) were recognised by commercial banks both as full proof of the transaction as of their own capacity to access the underlying commodity as collateral. Hence, these three documents guaranteed easy access to low-cost trade finance. After a well-known "Acceptance house" had endorsed (or "accepted") the commercial bill that the importer issued, it could be easily discounted on the London money market: before World War I, these bills were a major form of short-term liquid investment. Last but not least, when necessary, the Bank

of England rediscounted them and issued fiat money in exchange, a point that underlines further the remarkable integration of this imperial market infrastructure. Standardisation and aggregation along the whole value chain eventually led to that most fungible, liquid, trusted asset in the global economy of those days—the pound sterling. [23]

5. Quality Standards for Grains

If contract forms are about individual transactions *and* common market rules, standards for grains define the commodity and qualify the property rights. Making them was the second strategic purpose of the LCTA since its foundation. The issue therefore is the transformation of mere agricultural produces, as sold by thousands of local farmers, into a tradable, fungible, internationally recognised commodity, which characteristics market operators would immediately identify. Standards are thus social artefacts that allow large-scale aggregation of supply and demand, hence competitive, exact pricing.

The problems to be solved are (again) very practical: the weight of a given sample of grain per unit of volume (its so-called natural weight) varies significantly across types of cereals and also from one year to the next, if not from one farm to another. Differences on this count can be as large as ten to twelve per cent, and should of course be reflected eventually in prices if the market works well—i.e. if it receives the proper information. But the degree of moisture and the proportion of dirt are also critical variables, as is the proportion of grains that are broken. Collecting information on these counts and assembling standard samples was thus a critical step in market integration, one that was fraught again with tensions and conflicts. At least during the first decades of its existence, the LCTA people in London personally produced the grain standards, on the basis of a representative set of grain samples taken from incoming shipments from each geographical origin and over a given period of time. But exporters, whether in South Russia or in the US, resented such rule and fought long battles to impose their own standards. The Americans eventually won but the Russians never succeeded despite relentless demands and official pressure: the London members, joined by those in Berlin and Antwerp, never trusted the Russian market institutions, for bad or good reasons. But take also this brief comparison of local wholesale trade in the US and in India:

> A farmer in America, say in the far West, takes his wheat to the railway depot, where it is received and sent to the nearest elevator. An official samples it as to quality and decides as to its grade. It is then weighed and stored with other wheat of the same grade, and a certificate is issued to the farmer, stating both quantity and quality, and it is with this certificate only that he has then to deal. In India every little lot of wheat has to be carried by the owner to his market, maybe 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. (McDougall, 1889)

The immediate consequence of this latter marketing model kept coming back in the minutes of the Indian Committee: again and again, people in London complained that Indian grains include way too much dirt and tares. In 1904, the Executive Committee was informed for instance 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;"[24] and the message was forwarded to the Bombay Chamber of Commerce, stating bluntly that "All the samples of Choice White Bombay Wheat were destroyed, owing to their being so dirty."[25] In other words, Indian grains were difficult to

transform into globally tradable commodities. And they remained so over the whole period. Neither the big London merchant houses nor the colonial administration could do much about it. They hit the very limits of global standardisation.

But Pirrong (1995) also tells the story of the difficult adoption of official certificates for wheat traded in Chicago, before analysing how this process and the related formation of a corps of inspectors caused serious distributive conflicts between the parties. Eventually, statutory intervention would be needed in order to find a solution acceptable to all.[26] A similar problem emerged with the Montreal Board of Trade, which regulated a large part of the Canadian corn export market: inspectors were in practice controlled by local sellers, so that European buyers often found themselves badly treated and complained repeatedly to their London Association.

Constructing standards of grains was therefore as important as writing standard contracts in order for the global market to operate well. The Association's principals invested in these two public goods their outstanding social legitimacy and all their professional know-how so that merchants could navigate with greater ease the diverse environments, market structures and supply-side conditions of the many countries that were part of this global, London-based market. The very object of the LCTA's regulatory action was in fact this chasm between an English-centred market structure and a global, diversified supply chain. The Association's core mandate was indeed to handle and regulate the minute local discrepancies and recurring disputes that continuously threatened the smooth operation of this global market.

6. Arbitration and the Governance of the LCTA

Arbitration resulted directly from the Association's joint investment in writing contracts forms and producing quality standards; these three contributions to market regulation were entirely complementary. A large part of the job of arbiters was to assess against the benchmark standard the quality of a given shipment and, if justified, to amend the price. In turn, their authority to intervene in the contracts was established in the contract's own text, specifically in its standardised, collective side.

The normal procedure was first for the parties to notify the Association of a dispute and then to choose one knowledgeable arbiter each, unrelated to the case (in principle); after having assessed the quality of grains, together they would register their award at the Association, unless they had failed to agree, in which case they would choose together a third arbiter—an Umpire. He would make the decision in practice by aligning with one of the two original arbiters. But, in turn, the losing party could ask for an appellate procedure in front of an extended panel of five arbiters chosen within the Association's Appeal Committee; a majority of four was then needed in order to change the initial award. Hence, the Association in fact proposed a three-level dispute-resolution mechanism: two experts, an Umpire and an Appellate panel.

This later broadening of the arbitration tribunal to five members is consistent with the presumption that the appellate judgment was primarily an extra guarantee offered to the parties, especially the foreign ones. But at that point, the issue was not anymore one of expertise, i.e. a skill that the first-instance arbiters should have already possessed. The issue was rather one of collegial authority; hence the mobilisation of a diversity of market interests that would balance each other and pool the specific legitimacy of each core profession. In turn, this process rendered the prospect of a further transfer of the case to an

official court even less palatable, ensuring that the last word remained with the Association.

This articulation between dispute resolution, social authority and the diversity of interests represented underlines again the unique character of the LCTA, and more generally of the City. Market aggregation, a high concentration of information and a plurality of service providers supported this powerful yet private structure of governance. The continued adherence of outsiders, especially foreign traders, resulted primarily from the shear market power of the whole network of professions that worked there, door to door. The the LCTA standard contracts in fact crystallized this most remarkable market structure which no other country or city could replicate. Compared to London, Hamburg, Antwerp and Le Havre were no trading hub, but port terminals.

7. The LCTA and the London Corn Market after 1914.

The 1920s saw a gradual post-war recovery of the market, followed by a brutal decline during the following decade and again a new revival after 1950. Market structures evolved considerably over time and till today, although old rules and institutions did not disappear entirely. Hence, the LCTA is still here today, under the slightly different name of Grain and Feed Trade Association (www.gafta.com): the word "London" has thus been dropped, although the organisation is still based there; the term "Feed" signals that, in the 1960s, the old grain association merged with its smaller sister that dealt with "Cattle Food." GAFTA also issues and amends sale contracts, it arbitrates disputes and it offers insurance services that cover "each stage of the trading and logistics chain from farm in the country of origin to delivery at final end-user in the country of destination" (http://www.gafta.com/Trade-Assurance). Its contracts also follow English law and conveniently state that "for the purpose of any legal proceedings each party shall be deemed to be ordinarily resident or carrying on business at the registered office of The Grain and Feed Trade Association, England."

In other words, this organisation is still very much in the business of securing transnational trading lines: it remains a transaction cost engineer that keeps, indeed, some old imperial features. Beyond it, however, this market has changed significantly. Take grain standardisation: already by the interwar years, national regulatory authorities had generally taken over, so that commodity standardisation shifted upstream to the producing countries. This move was later amplified by the emergence of global seed producers and more generally by the industrialization of grain production. As for the market exchange, it has clearly lost the broad competitive basis that was the hallmark of nineteenth century capitalism. Trade is now in the hands of a limited number of big firms, which often have roots in the First Global Era, like the Argentine Bunge, the American Cargill or the now Dutch Dreyfus. The main implication is that the majority of transactions are now done on a bilateral, private basis, typically through long-term contracts. The open market then works as an instrument for adjusting supply and demand at the margin, so that it still drives the pricing mechanism.

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[23] See here the chapter by Accominotti and Ugolini, in the present volume.

[24] LCTA Archives, Executive Committee, October 18, 1904.

[25] LCTA Archives, East India Committee, September 8, 1904.