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THE GENEVAN INTERVENTION AND THE MAN IN THE MIDDLE:
THANASSIS AGHNIDES, GREECE AND
LEAGUE OF NATIONS ECONOMIC ASSISTANCE

Haakon A. Ikonomou

ABSTRACT: This article unpacks the role of League of Nations official Thanassis Aghnides in facilitating economic assistance to Greece, from the Greco-Turkish population exchange (1923) until the so-called Geneva Protocol (1927), which constituted a second international loan. Taking as its vantage point Aghnides' unique role as a "man in the middle", between the league and Greek authorities, it narrates and contextualises the almost continuous strategic dialogue between him and the deputy governor (later director) of the National Bank of Greece Emmanouil Tsouderos. The article argues that Aghnides was an educator (even disciplinarian), a purveyor of rumours and plans, and a "translator", who continuously embedded concrete economic reforms in the larger mission for a stable, liberal world order, with a peaceful, prosperous, democratic and, notably, Venizelist Greece as a part of it. This perspective, the article concludes, complicates a strictly "imperial" reading of economic, technical and humanitarian assistance to Greece in the interwar period.

From a contemporaneous international perspective, the forced population exchange between Turkey and Greece was one of the most prescient humanitarian disasters to have emerged from World War I, the victors' peace that followed, and the bloody, brutal and bitterly fought renegotiation of the terms of the interwar order. It was also an overwhelming task for two states amid forceful reconstruction and modernisation efforts, posing legal, political, economic, social and infrastructural challenges that would shape the trajectory of their twentieth- and twenty-first-century statehood.

One aspect of this was the financial and monetary reforms connected with tightly monitored refugee settlement loans and the (re)construction of the Greek public sector. The population exchange sparked a wilful interventionism on the League of Nations' part, prompted by Greece's desperate need for assistance.

* My deep gratitude goes to my research assistant Markos A. Bouketsidis-Skourtellis, who has been a close interlocutor, retrieved archival material and translated material from Greek to English, from the Archives of the Bank of Greece, Tsouderos Papers (henceforth ABG-TP), The League of Nations Archives (henceforth LONA), and Venizelos Archives (henceforth VA).

Greek authorities, on their part, sought to link the question of how to handle the many malnourished, traumatised, dispossessed and vulnerable refugees looking to settle and start their lives afresh, with efforts at modernising the state, by drawing on the money, resources and expertise of the league (and the international lenders they could muster), together with the Rockefeller Foundation and other international actors. Such state modernisation from above, however, also had its clear limitations.¹

Historian Jamie Martin has unveiled the imperial antecedents of what later became global economic governance, in the league's comprehensive and broad-spanning interventions in Greece (and elsewhere).² Between the two massive international loans administered through the league in the 1920s,³ the management of the compulsory population exchange between Greece and Turkey, organised mostly through the Refugee Settlement Commission (RSC), and the extensive overhaul of the country's agricultural, health and sanitary, and banking and financial sectors before the Great Depression, Greece was, as one leading league official put it, the country which "require[d] the most sustained efforts" from the world organisation in the 1920s.⁴ The fact that this country's economic fate was partly decided by the "political programme" that the Governor of the Bank of England Montagu Norman (1920–1944) thought reasonable to demand is striking. Such efforts were sanctioned, coordinated and monitored through the league's Economic and Financial Organisation, and appointed financial experts were sent to Greece to make sure that everything went according to plan. An equally interventionist line had been followed with

¹ For a critical account, see Davide Rodogno, *Night on Earth. A History of International Humanitarianism in the Near East, 1918–1930* (Cambridge: Cambridge University Press, 2021).

² Jamie Martin, *The Meddlers: Sovereignty, Empire, and the Birth of Global Economic Governance* (Cambridge: Harvard University Press, 2022).

³ As can be seen below, these were the £10 Million Refugee Loan of 1924 and the £9 Million Supplementary Loan of 1927. Mark Mazower, "The Refugees, the Economic Crisis and the Collapse of Venizelist Hegemony, 1929–1932," *Bulletin of the Centre of Asia Minor Studies* 9 (1992), 119–34; Elisabeth Kontogiorgi, "Economic Consequences following Refugee Settlement in Greek Macedonia, 1923–1932," in *Crossing the Aegean: An Appraisal of the 1923 Compulsory Population Exchange between Greece and Turkey*, ed. Renée Hirschon (New York: Berghahn, 2003), 63–78; Christine Agriantoni, "Venizelos and Economic Policy," in *Eleftherios Venizelos: The Trials of Statesmanship*, ed. Paschalis M. Kitromilides (Edinburgh: Edinburgh University Press, 2006); Juan H. Flores Zendejas and Yann Decorzant "Going Multilateral? Financial Markets' Access and the League of Nations Loans, 1923–8," *Economic History Review* 69, no. 2 (2016): 653–78; Andreas Kakridis and Sotiris Rizas, eds., *Η κρίση του 1929: Οικονομικές, πολιτικές και θεσμικές όψεις* (Athens: Bank of Greece, 2021).

⁴ LONA, S700, Memorandum, Sugimura to Eric Drummond, 22 November 1928.

the resettlement of refugees following the Greco-Turkish compulsory population exchange signed at Lausanne on 30 January 1923, where the RSC acted as a veritable “government within a government”. This commission would also administer as much of the international loans as possible.⁵

Importantly, the financial and political restructuring of Greece was part of a broader pattern, and the league was involved in several of these projects of “technical assistance” in areas of “soft” sovereignty, where the aim was development and stabilisation to uphold the league-centric order. At an early stage, the league’s economic reconstruction plans, in Austria, Bulgaria, Greece and elsewhere, catapulted the organisation’s technical efforts to the fore and reshaped the role and importance of global economic governance in multilateral systems.⁶ The economic reconstructions were partly motivated by humanitarian concerns, and partly by the fear of communism “infesting” ravaged and, thus, ripe areas of Europe. But it was also motivated by the intention of propping up the British monetary empire: the need to re-establish the central role of the Bank of England, the systemically binding features of the gold standard, and trade and production patterns with its White Dominions and its empire at large. As such, it was an instrument to balance the US vision of the post-World War I order, and it was a vehicle, for both France and Britain, to repay debts to the Giant in the West.⁷ For all this to succeed, the great powers of the league were bent on keeping up the frail status quo following what they experienced as the forced hand of Lausanne. Economy was, as always, politics.

Weaving this complex web of economic, social and political commitments and requirements into the fabric of Greece following the defeat in Asia Minor required manpower. But not just any manpower, for it required a deep and sustained dialogue between the international and the national and local levels of governance; a continuous effort of translation and embedding of policies

⁵ It is revealing to see that such matters could be all but decided in an informal exchange of letters between British diplomat, politician and internationalist Philip Noel Baker and Secretary-General Eric Drummond. Churchill Archives, The Papers of Phillip Noel Baker (henceforth GBR/0014/NBKR), 4/324, part 2 of 2. Noel Baker to Drummond, 28 May 1927, “My dear Drummond”. See also Mark Mazower, *Greece and the Inter-War Economic Crisis* (Oxford: Oxford University Press, 1991).

⁶ Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920–1946* (Oxford: Oxford University Press, 2013).

⁷ On the US in the interwar international system, see Adam Tooze, *The Deluge: The Great War, America and the Remaking of the Global Order, 1916–1931* (London: Allen Lane, 2014) and, with a long-twentieth-century perspective, Patrick O. Cohrs, *The New Atlantic Order: The Transformation of International Politics, 1860–1933* (Cambridge: Cambridge University Press, 2022).

emanating from the league system in a porous political structure. It required technical experts, economic data and on-the-ground studies of just about every aspect of Greek society. And it required – quite crucially – personal diplomacy, networks of intelligence and information, and bonds of trust. This is where Thanassis Aghnides came into play.

Aghnides was an Ottoman Greek born in Niğde, in the Cappadocian region of central Anatolia, in 1889. His extraordinary road into the League of Nations Secretariat at its inception in 1919 has been detailed elsewhere, as has his Venizelist turn and diplomatic efforts for a “Greater Greece” in Paris and London during World War I, and his early work with the Lausanne Conference and the forced population exchange.⁸ It is worth noting, however, that he – as the only Greek higher official in the secretariat (from 1919 to 1942) – quickly gained the role of a middleman between the League of Nations and Greek authorities. As his superior, Director of the Political Section Yotaro Sugimura (1927–1933), wrote to League Secretary-General Sir Eric Drummond: “Not a Council meeting goes by without this official being called upon to iron out some difficulty or other concerning the Greek-Bulgarian Commission, the Greek-Turkish Commission and sometimes the independent [International] Office for Refugees.”⁹

Aghnides, in other words, was one of the secretariat’s most skilled intermediates and informal “envoys” in the 1920s. His loyalties too, lay somewhere in the middle. He was a Wilsonian, and champion of a “modern”, westernised Greece in the fold of Britain, France and the United States in some

⁸ Haakon A. Ikonomou “‘He used to give me Turkish lessons in Constantinople’: How to Get a Job in the League Secretariat,” in *The League of Nations: Perspectives from the Present*, ed. Haakon A. Ikonomou and Karen Gram-Skjoldager (Aarhus: Aarhus University Press, 2019), 115–22; Ikonomou “The Biography as Institutional Can-opener: An Investigation of Core Bureaucratic Practices in the Early Years of the League of Nations Secretariat,” in *Organizing the 20th Century World: International Organizations and the Emergence of International Public Administration, 1920s–1960s*, ed. Karen Gram-Skjoldager, Haakon A. Ikonomou and Torsten Kahlert (London: Bloomsbury, 2020); Ikonomou, “Wilsonian Moments: Thanassis Aghnides between Empire and Nation State,” in *Global Biographies: Lived History as Method*, ed. Laura Almagor, Haakon A. Ikonomou and Gunvor Simonsen (Manchester: Manchester University Press, 2022), 25–43; Ikonomou and Dimitris Kamouzis, “At the Crossroads of History: Thanassis Aghnides, Ayrilios Spatharis and the Greek-Turkish Population Exchange,” in *They All Made Peace – What is Peace? The Lausanne Treaty and the New Imperial Order*, ed. Jonathan Conlin and Ozan Ozavci (London: Gingko, 2023), 297–326.

⁹ LONA, S700, Memorandum, Sugimura to Eric Drummond, 22 November 1928. French original: “Il ne se passe aucune session du Conseil qu’on ne fasse appel à ce fonctionnaire pour qu’il aplanisse l’une ou l’autre difficulté concernant tantôt la Commission gréco-bulgare, tantôt la Commission gréco-turque, et quelquefois l’Office autonome des réfugiés.”

ideal league-centric order. But he was also a (newfound) patriot, Venizelist and defender of the Greek cause in international fora. When he said “we”, it could mean his newly adopted home country (he became a citizen only in 1924), just as likely as it could mean the newly created world organisation. If diplomacy is the art of “mediating estrangement” between polities and “easing communication by turning yourself into an optimally functioning medium between other actors”, Aghnides was a diplomat at his very core.¹⁰ As such, he was not only a middleman, but a man – emotionally, ideologically, professionally – in the middle.

Aghnides used his peculiar diplomatic role to facilitate the second international loan administered through the League of Nations to Greece following the compulsory Greco-Turkish population exchange – the so-called Geneva Protocol (1927). Of particular importance was his close and continuous dialogue with deputy governor (and later director) of the National Bank of Greece Emmanouil Tsouderos, who was the leading economic reformer and negotiator on the Greek side.¹¹ What becomes apparent from Aghnides’ devoted efforts is, firstly, that he saw himself as an “educator” of Greek authorities in the Genevan ways of multilateral diplomacy; secondly, that he was a “trader” in rumours and plans emanating from the powerful duo of the League of Nations and the Bank of England; and, thirdly, and perhaps most importantly, that he relentlessly sought to explain how the economic assistance of the league was inextricably linked to the *political project and international order* that its leading powers wanted to create and sustain. The biographical angle and Aghnides’ role as “man in the middle” thus allows us to grasp the importance and power of weak ties:¹² for all the economic, legal and technocratic knowhow, for all its cajoling and coercive political and financial powers, the league had but *one* international official who could diligently and continuously translate the intent and expectations of both parties, with close to equal loyalty to each party’s cause. From this vantage point, we see how crucial it was that Greece not only recovered economically but did so in such a way as to sustain the league-centric world order. As such, Aghnides worked to bolster the democratic recovery of Greece, to highlight the importance of peaceful coexistence with its neighbours (particularly Bulgaria) and to explicate that economic support and societal

¹⁰ James Der Derian, “Mediating Estrangement: A Theory for Diplomacy,” *Review of International Studies* 13, no. 2 (1987): 91–110; Iver B. Neumann, *At Home with the Diplomats: Inside a European Foreign Ministry* (Ithaca: Cornell University Press, 2012), 121.

¹¹ Tsouderos was later prime minister from 1941 to 1944 as head of the government-in-exile. Aghnides and Tsouderos would remain close collaborators for decades.

¹² Mark S. Granovetter, “The Strength of Weak Ties,” *American Journal of Sociology* 78, no. 6 (1973): 1360–80.

reforms “from above” hinged on a firm rejection of rearmament, revanchism or expansionist rhetoric from political Greece. With these objectives in mind, he consistently joined forces with the specific mode of Venizelist internationalism exhibited by the likes of Tsouderos.

The Road to the Second International Loan (the Geneva Protocol)

The collapse of the Asia Minor front in the summer of 1922, the forced population exchange and Treaty of Lausanne marked the end of a decade of almost continuous war, massive movements of people and constant revisions of borders in the Balkans and particularly Greece.¹³ The unprecedented influx of refugees from the former Ottoman Empire, combined with the efforts of integrating new territories gained in the north, meant that Greece faced a particularly harsh reconstruction era. Economic historian Andreas Kakridis gives the following overview of Greece’s economy upon coming out of the war:

Two thirds of the population still lived on the land, where 60% of output and 90% of exports – mostly tobacco and currants – were produced. Roads were fewer than rivers, though often hard to tell apart; floods were commonplace and malaria was endemic. Cities lacked proper water and sewage, let alone electricity; housing was sparse, even before the arrival of the refugees. Sweeping land reform helped release social tensions in the countryside but hardly improved agricultural yields, which remained abysmally low. Despite devoting 70% of cultivable land to cereals, interwar Greece couldn’t feed itself. Its gaping trade deficit was financed by a steady inflow of invisibles, notably emigrant remittances from the US. But as emigration options narrowed and population growth accelerated in the 1920s, economists and politicians agonised over the country’s economic “viability”.¹⁴

¹³ Nikolaos Petsalis-Diomidis, *Greece at the Paris Peace Conference, 1919* (Thessaloniki: Institute for Balkan Studies, 1978); Erik Goldstein, “Great Britain and Greater Greece 1917–1920,” *Historical Journal* 32, no. 2 (1989): 339–56; Richard C. Hall, *The Balkan Wars, 1912–1913: Prelude to the First World War* (London: Routledge, 2000); Hirschon, *Crossing the Aegean*; Peter Gatrell “War after the War: Conflicts, 1919–1923,” in *A Companion to World War I*, ed. John Horne (Chichester: Wiley-Blackwell, 2010), 558–75; Dimitris Kamouzis, *Greeks in Turkey: Elite Nationalism and Minority Politics in Late Ottoman and Early Republican Istanbul* (New York: Routledge, 2021); Conlin and Ozavci, *They All Made Peace – What is Peace?*; Jay Winters, *The Day the Great War Ended, 24 July 1923* (Oxford: Oxford University Press, 2023).

¹⁴ Andreas Kakridis, “Nobody’s Child: The Bank of Greece in the Interwar Years” (Bank of Greece Working Paper, no. 290, July 2021), 6.

Having exhausted its domestic financial tools, and seeing prices rising fivefold, while the drachma lost over 90 percent of its prewar value between 1920 and 1927, the Greek authorities were forced to search for foreign capital. The history of foreign “financial interventions” in Greece is long and still unfolding, but in the context of the interwar period, the most important international bodies were the International Financial Commission (IFC), set up by creditors in 1898 and administered by France, Italy and Britain to secure steady debt service; the League of Nations Financial Committee, which in many ways took on the role of supervising the financial reform of Greece in the interwar years; and the Bank of England, as the make-or-break lender, with strong institutional ties with the league.¹⁵

Following the defeat of the Greek army in the Greco-Turkish War of 1919–1922 and the subsequent Asia Minor Disaster, the league assisted Greece in securing a £10 million loan in New York and London. In a report to the League Council in November 1923, Norwegian explorer, scientist and humanitarian diplomat Dr Fridtjof Nansen argued that it was “in the interests of the other Member States of the League that an international loan should be granted to the Greek people to enable them to re-establish on a firm footing their national economy”.¹⁶ In February 1923, internationally esteemed Greek politician, lawyer and diplomat Nikolaos Politis put this proposal to the council, to secure an international loan with “the moral support of the League of Nations for the success of its operations”.¹⁷ The matter was referred to the league’s Financial Committee and its settlement was significantly hastened by signals from the American Red Cross and the Near East Relief that they would withdraw from Greece by 1923 unless a sound financial plan was put in place. The league conducted a detailed investigation in the summer of 1923 which formed the basis of the Financial Committee’s report on the possibilities of a loan from June 1923. In September 1923 a protocol with the general conditions of the loan allowing for the establishment of the RSC was proposed by the Financial Committee, approved by the council, and signed by the Greek government.¹⁸

The Refugee Loan of 1924 was serviced by the IFC and managed by the independent and internationally composed RSC, first headed by the former American Ambassador to Constantinople and Member of the Executive of the

¹⁵ Ibid.

¹⁶ LONA, League of Nations, *Official Journal* 4 (1923), 135.

¹⁷ Ibid., 235.

¹⁸ Martin Hill, “The League of Nations and the Work of Refugee Settlement and Financial Reconstruction in Greece, 1922–1930,” *Weltwirtschaftliches Archiv* 34 (1931): 268–69.

American Red Cross and the Near East Relief Societies Henry Morgenthau.¹⁹ The RSC had to report to the League Council quarterly and publish an annual statement of accounts. Meanwhile, the Greek government handed over 500,000 hectares of land to the RSC for the purposes of settling refugees.²⁰ The loan was given on strict terms – the only way Greece could raise it in the tumultuous postwar years – and would eventually prove not to be enough to settle 1.3 million refugees and rebuild an economy in tatters. However, the prospect of future loans was frustrated by a military coup in 1925, political instability and incoherent policy choices, leading the British and thus the league to “impose an effective loan embargo on the country”.²¹

The page turned with the restoration of democracy, first under Prime Minister Alexandros Zaimis and his “ecumenical government” in December 1926, and then with the return of Eleftherios Venizelos to domestic politics and the premiership in July 1928. With this, talks of a second supplementary refugee loan were reopened. A long process ensued: swearing off the policies of the dictatorial “Pangalos era”; recommitting to the political and economic gospel of the Bank of England and the League of Nations; and paying off outstanding war debts where need be (Britain, the US and France).²²

The Politics of Economic Assistance

It was in this context, towards the end of the Pangalos regime, and afterwards, as Greek authorities sought to redeem themselves on the international stage in order to gain access to foreign capital, that Aghnides played his most active part.

Indeed, Aghnides was active in bettering the prospects of a Supplementary Refugee Loan long before Pangalos was overthrown in August 1926. The reason was that the RSC itself had signalled that it needed further funds in order to complete its task.²³ Aghnides met up with Director of the Economic and Financial Section of the League of Nations Secretariat Arthur Salter in mid-January 1926, to discuss the matter of a Supplementary Refugee Settlement Loan being issued to Greece. Salter made the point that a Greek request to the League Financial Committee had to be supplemented by a reliable budget estimate and,

¹⁹ The other initial members were the British John Campbell of the Indian Civil Service, appointed by the council, and two Greek officials, appointed by the Greek government: Etienne Delta and Pericles Argyropoulos.

²⁰ Hill, “League of Nations,” 270.

²¹ Kakridis, “Nobody’s Child,” 7.

²² Mazower, *Greece and the Inter-War Economic Crisis*, 101–3.

²³ Hill, “League of Nations,” 277.

equally importantly, an accurate estimation of Pangalos' prior obligations in terms of military expenditure. Salter was also concerned by the remnants of what Aghnides labelled the "Pangalocracy", a clientelist, military-bureaucratic system installed by the dictator. Always eager for the Greek government to make the best possible impression in Geneva, Aghnides asked rhetorically: "Would it be possible to cancel some, if not all, of the agreements of the Pangalos era, paying the necessary compensation of course? This would possibly be the 'lesser of the two evils'."²⁴

In mid-February 1926, Aghnides could report to Tsouderos about a "significant change" which had occurred in the mood – both [in Geneva] and in London – regarding Greece's likelihood of attaining a new loan. After having been in the proverbial doghouse following "a series of provocations", Salter, who was Aghnides' closest confidant on financial matters, gladly spoke about future loans to Greece. By "provocations", Salter particularly referred to the Greco-Bulgarian Crisis in October 1925, when Greek military forces intervened near the town of Petrich following the killing of a Greek captain. The incident was a diplomatic embarrassment for the Pangalos regime, as the League Council strong-armed the dictator, ordered a ceasefire and Greek troops to withdraw from Bulgaria, and eventually persuaded Greece to pay £45,000 to Bulgaria.²⁵ More importantly, the impression was that Pangalos' public statements about armaments, Balkan neighbours and other matters constituted "a threat for further complications in the Balkans". What Salter and the league's Financial Committee wanted was a clear signal that Greece was "firmly determined to sincerely devote itself to the task of maintaining the status quo, as it ha[d] been determined in the various treaties".²⁶ The Greek government should not only say this, Aghnides reported, but believe in it and act upon it in good faith, so that the international community would be convinced of its sincerity:

My friend, you cannot imagine how important this straightforward idea is. Let us bear in mind that people are utterly exhausted from the consecutive wars to such an extent that any politician that makes the slightest insinuation of possible hostilities is considered an enemy of social civility and faces the contempt of the international public opinion.²⁷

²⁴ ABG-TP, Aghnides to Tsouderos, Geneva, 18 January 1926.

²⁵ James Barros, *The League of Nations and the Great Powers: The Greek-Bulgarian Incident, 1925* (Oxford: Clarendon Press, 1970). Here too, Aghnides played the role of intermediary.

²⁶ ABG-TP, Aghnides to Tsouderos, Geneva, 18 February 1926 (Letter 1).

²⁷ Ibid.

Aghnides believed that a new loan would be issued by June 1926 if the Greek government did “not display any new acts of foolishness and stupidity”. “They want to forcefully discipline us and put ‘some sense in our heads’,” was the message he had for Tsouderos. Indeed, the Bank of England provided a list of conditions for a new loan, including the support of the League of Nations, and particularly found the unconstitutional character and the military intentions of the government, and its hostile attitude towards the RSC, troubling. Without substantial change, these were considered “unsurpassable obstacles”, and Aghnides reported to Tsouderos that the lenders and the league would conduct an overall examination “of the entire matter of the loan”.²⁸ Aghnides, in coordination with Salter, also recommended to Tsouderos that he undertake a full European tour of the major capitals, in addition to Geneva, in order to build goodwill, but also to return to Athens with a real awareness of the conditions under which the new loan was going to be issued.

At the same time, Aghnides was involved in the detailed arrangements of Secretary-General Drummond’s visit to Athens in April 1926, which was deemed equally decisive for the outcome. The visit was set up on the instructions of Greek Foreign Minister Loukas Kanakaris-Roufos (8 November 1925–23 August 1926), on the recommendation of Aghnides. Prodding what he felt was a foot-dragging Greek Foreign Ministry to offer an official invitation in good time, Aghnides did not hold back:

The only countries that the Secretary-General has not visited, so far, are Bulgaria and Greece. The consequences of our procrastination would sooner or later fall upon the unfortunate Greek people. Since we Greeks are the most hospitable people in the Balkan Peninsula, why should we give the opposite impression? You are aware to what extent Sir Eric, this high-ranked English nobleman, one of the most significant personas of the Foreign Office, has helped us out in all difficult matters (c.f. [Foreign Minister Konstantinos] Rentis’ Greco-Bulgarian matter), especially on the matter of the loan. Why should we give the impression that we are mocking him?²⁹

One cannot help but sense Aghnides’ *personal* embarrassment, given his intimate and invested role as interlocutor. This feeling was bolstered by his professional opinion: Good forces within the League of Nations Secretariat with strong ties to Britain – the likes of Drummond and Salter – were the key to Greece’s economic future; and one would be well advised to trust their political advice. Accordingly, Aghnides urged Tsouderos to take matters up directly with Kanakaris-Roufos so

²⁸ ABG-TP, Aghnides to Tsouderos, Geneva, 18 February 1926 (Letter 2).

²⁹ ABG-TP, Aghnides to Tsouderos, Geneva, 23 February 1926.

he would send his invitation post haste per telegram.³⁰ To Aghnides, there was no doubt that, with a consistent display of good faith and “more common sense than in the recent past”, Greece would secure a new loan with reasonable conditions.³¹

Though things took more time than Aghnides anticipated, he reacted to substantive developments in London in February, which were followed up by concrete discussions on a loan between Drummond and Greek authorities in April. The reasons for the postponement lay with the constitutional uncertainties under the Pangalos government, the increasing deficit his government incurred, and its reluctance to settle war debts. In June 1926, the contemporary league official Martin Hill observed, “negotiations were opened in London but broke down almost immediately. It was therefore necessary to adopt a policy of “postponement without prejudice.”³² Economic historian Ioanna Pepelasis Minoglou has found that the British Treasury increased its pressure on Greece in this period, by widening the war debt embargo so as to include loans to Greek public bodies. The Greek authorities, including Tsouderos, saw this as a reflection of the country’s diminishing strategic importance. However, this was not the whole picture, Pepelasis Minoglou concludes: “Apparently, Thanassis Aghnides of the League Secretariat was the only Greek to realize that the uncompromising attitude of the British was directly related to Greek militarism, antagonism towards League supervision, and the ad hoc fiscal and financial policy of the dictator.”³³

In other words, it is evident that Aghnides was both aware of and willing to accept the sustained economic pressure on Greece to force through a more democratic and peaceful course. For the British, of course, this was a relatively cost-free measure to ensure that Greece did not disrupt the rehabilitation and reconstruction of a liberal economic system and a stable political order just at a time when Europe – with the Dawes Plan (1924), Locarno Treaties (1 December 1925) and the German membership of the league (8 September 1926) – was turning a page.³⁴

In mid-November 1926, following Pangalos’ fall and while Greece was under the military caretaker government of Georgios Kondylis, Aghnides wrote to

³⁰ Ibid.

³¹ ABG-TP, Aghnides to Tsouderos, Geneva, 18 February 1926 (Letter 1).

³² Hill “League of Nations.”

³³ Ioanna Pepelasis Minoglou, “The Greek State and the International Financial Community, 1922–1932: Demystifying the ‘Foreign Factor’” (PhD diss., London School of Economics and Political Science, 2014), 113.

³⁴ Peter J. Yearwood, *Guarantee of Peace: The League of Nations in British Policy 1914–1925* (Oxford: Oxford University Press, 2009), 326–63; Patrick O. Cohrs, “The First ‘Real’ Peace Settlements after the First World War: Britain, the United States and the Accords of London and Locarno, 1923–1925,” *Contemporary European History* 12, no. 1 (2003): 1–31.

Tsouderos to inform him of a “very important meeting” between Salter, Norman, a Hambros Bank representative and RSC Chairman Charles P. Howland (1925–1926). This hugely influential group of men considered the issuing of a new loan both sensible and feasible, from an ethical and political point of view, but also from the perspective of the London market. However, the recent conduct of the Greek government vis-à-vis the Serbs, its statements about the fortification of Thessaloniki and its intention to purchase new military equipment had “caused a lot of damage, especially regarding the attainment of the Supplementary Loan”, particularly among the moneymen in the City. The question was whether they should issue a new loan under the auspices of the league before it was certain that a parliamentary system would stick. Norman, moreover, found the recent imprisonment of RSC staff a “slap in the face” for the League of Nations. Despite these hurdles, overall, the relationship between the league and the Greek government had taken a turn for the better.³⁵ With these recent developments in mind, the four decided, Aghnides summarised to Tsouderos, that:

if until next June [1927] – given there are no new distractions, the Prime Minister proves to be an agent of peacemaking and not an agent of continuous threat to the stability of the Near East, and ... if if the report of the RSC – which is going to be sent to the upcoming meeting of the Council in June – is favourable, then, our common friend [Salter] said that there is nothing to prevent the League of Nations from voting for the Supplementary Refugee Loan.³⁶

Aghnides reassured Salter of the peaceful intentions and constructive programme of the government, to which the latter replied that he was pleased to hear that from now on promises given would be promises kept (referring to the recent reparations paid to Bulgaria, which had “made an excellent impression”). While this was yet another list of conditions, and another act of disciplining the Greek state, Aghnides thought these to be positive signs and made the hopeful remark that perhaps Tsouderos himself could be assigned to negotiate and administer the new loan.³⁷

Reform for Assistance

The Zaimis coalition government actively sought out the league for assistance in securing a new loan. Finance Minister Georgios Kafantaris appointed a committee of experts, which by December 1926 had produced the kind of report Salter had asked for, which, in the words of historian Mark Mazower,

³⁵ ABG-TP, Aghnides to Tsouderos, Geneva, 17 November 1926.

³⁶ Ibid.

³⁷ Ibid.

“condemned the chaotic state of the nation’s finances and made a number of recommendations on budgetary procedure, stressing the need to curb military expenditures and advocating various tax reforms”.³⁸

Writing to Tsouderos, Aghnides was initially hopeful that the time was ripe to pursue a Supplementary Refugee Loan. Tsouderos had already met with Drummond, making a favourable impression on him with his “Western way of thinking” and swift action. Aghnides floated plans for economic reform drafted by Tsouderos in the Financial Committee, but it remained apprehensive. “The prerequisites for the successful issuing of the loan have not, in the least, been met,” Salter pointed out. Thus, Aghnides advised that it made “no sense to turn up before the next Assembly ... with one or two favourable bills. Once again it would at most be, a promise and not a *realisation*.” In all capital letters, he concluded his letter:

IT IS IMPERATIVE THAT THE GOVERNMENT STARTS WORKING AT ONCE, AS IF WE WERE GOING TO ATTAIN THE LOAN NEXT MARCH, BECAUSE ONLY IN THIS WAY, THE NECESSARY MEASURES WILL BE TAKEN AND A REAL AND A PERMANENT (I WOULD SAY CONSISTANT) SITUATION WILL BE ACHIEVED ACCORDING TO THE PREREQUISITES OF THE FINANCIAL COMMITTEE.³⁹

The “person that vetoes this matter” remained Norman and the Bank of England, according to Aghnides. “Norman must have a premonition that someone in Athens is of dubious reliability.” The question that remained was how to reassure lenders and it was in this context that the idea of a “public consultant” was floated, which meant bringing in a foreign technical expert to oversee the management of a new loan. Aghnides deemed this an excellent idea and only hoped that Greek politicians would not oppose and “whine about the ‘interference of foreigners’ in our domestic affairs”, sarcastically asking: “Is there any country that is financially independent, besides the US and partially England?” If the Greek government did not agree to this, he feared they would not achieve anything in the next half year. “We must make any possible sacrifice – within reason of course – to calm down and reassure Norman,” was his adamant advice.⁴⁰

In December 1926, Aghnides wrote to Tsouderos again, this time to inform the Greek authorities about the working methods of the league’s Financial Committee. Particularly, he stressed the fact that the committee needed documentation well in advance of their meetings. Aghnides proposed submitting a “serious and positive

³⁸ Mazower, *Greece and the Inter-War Economic Crisis*, 104.

³⁹ ABG-TP, Aghnides to Tsouderos, Geneva, 9 December 1926.

⁴⁰ ABG-TP, Aghnides to Tsouderos, Geneva, 23 December 1926.

report about the economic stabilisation measures and the balancing of the annual budget – which the new Government would bravely implement” a full month ahead of their March 1927 meeting. Second, he told Tsouderos that according to the committee the material the Greek government had sent up to that point was inconsistent and confusing. It was particularly criticised for the absence of a long-term plan incorporating the new loan, the availability of new lands and a serious documentation of foreseeable costs. Here, Aghnides wrote, “the Bulgarians have proven to be dazzling; it, it is not at all embarrassing to copy them”. Third, the report should, Aghnides conveyed, strongly emphasise the return to political stability.⁴¹

In February 1927, Aghnides wrote to the Greek Foreign Ministry, to report on Salter’s impressions of National Bank of Greece Governor Alexandros Diomedes. Contrary to Aghnides’ hopes, even though it was by now mid-February, the league had not yet received valid data, neither on the present fiscal situation, nor on the implemented plan regarding the annual budget or the monetary remediation. Salter thought the various reports on the financial situation were “either incomplete or contradictory”. Thus, it would be unsurprising if nothing happened at the upcoming March meeting of the Financial Committee: “Undoubtedly, the Financial Committee would *not* advise to issue a new loan, based on insecure and contradictory data ... Our annual budget’s mess is a source of major concern for Salter,” Aghnides emphasised. He also warned, on Salter’s explicit advice, that the Greek authorities should “make the brave public statement *that it is not in [their] intention to ask for a loan in March*”. The fear was that a premature bid could prompt a definite “no” from the Financial Committee, entrench the feeling among the committee members that Greece had a long way to go, and prolong the wait.⁴²

Instead, Salter suggested that they should ask the Financial Committee to send an inspector, who was *not* a member of the committee, but an independent third party accompanied by an official from a member of the League Secretariat, to Athens to collect the data that the Greek delegation to Geneva had failed to present. “Personally, I find this option very moderate,” Aghnides added. This seems to have been a pre-emptive invitation, to short-circuit the Financial Committee’s own plan to send one of its own members, together with Deputy Secretary-General Joseph Avenol, to Greece, which, in Aghnides’ mind “appears to involve risks, both for the Committee and the credibility of Greece, in the hypothetical case, in which the report from the local study turns out not to be in the Government’s favour”.⁴³

Salter was unable to take on this task himself but promised to take the time to meet in person with whomever the Greek government would agree to receive, to

⁴¹ ABG-TP, Aghnides to Tsouderos, Geneva, 31 December 1926.

⁴² LONA, P1, Aghnides to Greek MFA, Geneva, 12 February 1927 (emphasis mine).

⁴³ Ibid.

make sure that these officials would have the “right mindset” when reporting on the condition of the Greek economy.⁴⁴ Salter also underlined that Greece should send a strong delegation, with one or two technical experts, to Geneva, for their next meeting; even distinguishing between those politicians he would like to see and those he would rather not meet.⁴⁵ All of this was, first and foremost, a way of trying to convince Norman, who had proven “not very lenient towards Greece”, according to Aghnides. Were his advice heeded, however, Salter was in favour of a supplementary loan, and prepared to argue in favour of it, indicating a sum of somewhere between £3.5 to 4 million, to complete the refugee housing project. Indeed, Salter’s latest trip to London, Aghnides reported, was entirely devoted to convincing Norman of the necessity of a supplementary loan. For these reasons, Aghnides strongly advised that all necessary measures were taken, without hesitation, lest Greece should find itself in June in the exact same situation as it did at the beginning of the year: “the dire situation, as well as our patriotism as Greeks, would induce us to sacrifice our sensitive pride, no matter how bitter this might be”.⁴⁶

In March 1927, just as Salter had proposed and Aghnides had geared the Greek government to facilitate, a financial commission, chaired by Deputy Secretary-General Joseph Avenol, including three officials from the secretariat, was invited to visit Greece, resulting in a June 1927 report to the Financial Committee recommending that a loan be raised. Mazower summarises the conditions as follows:

That a £9 million loan be raised in order to finance the continued work of resettling the refugees, returning Greece to the gold standard, and financing the accumulated budget deficits of previous years. The League approved these measures but set certain conditions: the Greek Government would have to establish an independent central bank; it must take active steps to stabilize the drachma, and it must reform its accounting procedures.⁴⁷

The Avenol expedition confirmed the findings of the earlier Greek committee’s work, with the exception that it added the need for deep monetary reform, including transforming the existing National Bank of Greece into a proper central bank that would be free of commercial priorities. This met with massive resistance, and it was not until Tsouderos intervened with the idea of creating a *new* central bank, the Bank of Greece, to take on the responsibilities of issuing notes, that the negotiations could continue in August 1927.⁴⁸

⁴⁴ LONA, P1, Aghnides to Greek Embassy in Bern, Geneva, 18 February 1927.

⁴⁵ LONA, P1, Aghnides to Greek MFA, Geneva, 12 February 1927.

⁴⁶ LONA, P1, Aghnides to Politis, Geneva, 27 February 1927.

⁴⁷ Mazower, *Greece and the Inter-War Economic Crisis*, 104.

⁴⁸ *Ibid.*, 104–5.

On 10 August 1927, Tsouderos wrote to Aghnides, boasting that “the entire management of the National Bank, and at least 80% of the staff, adamantly agree to my proposal to establish an Issuing Bank ... The entire Government agrees on the idea, except for Mr. Tsaldaris [of the Populist Party].” Though his estimates were perhaps overly optimistic, there was a strong political alignment on the Geneva programme. In the Greek Parliament, Kafantaris would make a full presentation of the programme and the Geneva resolutions. “He will request a vote of confidence,” Tsouderos wrote. “This vote of confidence will be an indirect authorisation for the Government to carry out the Bank reform, to stabilise the Drachma, etc. ... I am in high spirits since the majority of the people in the country are in favour of the real economic reform programme.”⁴⁹

The new Geneva Protocol, signed the following month, thus included the statutes of the new Bank of Greece, drafted by league officials in close coordination with Tsouderos and Greek officials in London.⁵⁰ With this hurdle cleared, what remained was really the structuring of outstanding debt to the French and Americans, and the features of the new refugee settlement loan. Already in August, Aghnides could reassure Tsouderos that if the government made an extra effort to discuss debt structuring with the French and Americans, at we have to pay our debts. Not at all.”⁵¹ The French would withhold their support due to these negotiations, but the assessment was essentially right. As hopeful spirits returned to both the financial markets and the Greek government, the final agreement was to raise a so-called “tripartite” loan, with the backing of the league, where one-third went to the completion of the refugee settlement, one-third to sanitising budget deficits and one-third to monetary stabilisation. The loan was floated primarily in London and New York in the spring of 1928, marking, according to the Greek Finance Minister, Greece’s “financial rehabilitation”.⁵²

In the summer of 1928, Venizelos scrupulously used the banking reform to attack the Zaimis government and position himself for an electoral comeback. During his bid to power, Venizelos was hesitant about the signal effect of too many foreign officials intervening in Greek affairs, and he initially hesitated to see Salter in an official capacity, for instance. Aghnides, always a close confidant, assured Venizelos: “I am totally convinced that Sir Arthur’s trip to Athens could only be in our benefit. Sir Arthur was *always* on our side and he is very fond of

⁴⁹ ABG-TP, Tsouderos to Aghnides, Athens, 10 August 1927.

⁵⁰ Ibid.

⁵¹ ABG-TP, Aghnides to Tsouderos, Athens, 18 August 1927.

⁵² Mazower, *Greece and the Inter-War Economic Crisis*, 107. The quote is originally from Dimosthenis Stefanidis, *Η εισροή ξένων κεφαλαίων και οι οικονομικά και πολιτικά της συνέπειαι* (Thessaloniki: s.n., 1930), 245.

our President [referring here, to the prime minister]. Besides, he intends for his trip to Athens *not to be official*.” This was Venizelos’ position before his return to office, and possibly only a precaution, so as to not confuse matters, when he was at the same time criticising the banking reform.⁵³

Venizelos’ political return prompted both enthusiasm and fear in international circles. On the one hand, he was an ardent promoter of modernisation from above, a man of vision with deep connections to international milieus. In the late 1920s, moreover, he was determined to reform Greece by riding the wave of foreign loans. “Progressive civil servants,” writes Mazower, “looked to a new age of decisive intervention, assisted by a combination of strong government and enlightened foreign support.”⁵⁴ On the other hand, there was the genuine risk, and palpable apprehension among Europe’s leaders and league officials, that the return of the Cretan statesman would reignite the divisions that had ripped the country apart in the 1910s and early 1920s. Venizelos himself was aware of this, but as Aghnides wrote to him in October 1928:

Allow me to repeat, however, that you would be wrong to think that the circles of the General Secretariat address you with loathing and lack of respect. At most, some of my friends here – undoubtedly bona fide and unselfish friends – would think that possibly your return to politics would widen the historic gap between the two sides of the Greek people. This sincere fear fortunately has now disappeared, and in good faith they whisper to their inner ego: “Venizelos was right; we judged the situation badly.”⁵⁵

Aghnides also solicited the support of Secretary-General Drummond, who had, in a confidential memo that Aghnides shared with the Greek Foreign Ministry, indicated that “if the Financial Committee creates any difficulties for us [the Greeks], we will be able to refer to Sir Eric’s support”.⁵⁶ With Aghnides on the inside, Venizelos and his new government was at least assured of the undying support of their countryman, which proved decisive as they embarked upon the wholesale reform of the Greek health system.⁵⁷

⁵³ LONA, P1, Aghnides to Politis, Geneva, 28 February 1928.

⁵⁴ Mazower, *Greece and the Inter-War Economic Crisis*, 109.

⁵⁵ VA, Aghnides to Venizelos, Geneva, 29 October 1928.

⁵⁶ LONA, P1, Aghnides to Matzavinos, 6 October 1928.

⁵⁷ For this chapter in the postwar reforms in Greece, see Marta Aleksandra Balińska, “Assistance and Not Mere Relief: The Epidemic Commission of the League of Nations, 1920–1923,” in *International Health Organisations and Movements, 1918–1939*, ed. Paul Weindling (Cambridge: Cambridge University Press, 1995), 81–108; Dimitra Giannuli, “Repeated

Conclusion

In the end, neither the economic nor the health reforms had the intended impact. The defeat of the Liberal Party in 1932 was followed by a period of political turbulence, with many changes in government (with Venizelos returning intermittently). This was “resolved” eventually when General Ioannis Metaxas, with the support of King George II, suspended parliament and took the reins in a deeply conservative and anticommunist authoritarian regime (the so-called 4 August Regime). Though social policies were an important part of the regime (“family-oriented” as they were), economic governance took a stark turn towards corporatist models. If the Great Depression, and the multiple crises of the League of Nations, had disrupted the Genevan intervention in Greece, the Metaxas regime had closed the door on any semblance of those liberal dreams of a national and international order that Agnides had so long strived for.⁵⁸

Agnides was an educator, a purveyor of rumours and plans, and a translator between the League of Nations and Greek authorities. His continuous dialogue with Emmanouil Tsouderos was an exercise in aligning political visions by way of economic reforms and assistance – he “mediated estrangement” by continuously embedding concrete reforms in the larger mission of a stable, liberal world order, with a peaceful, prosperous, democratic and notably Venizelist Greece as a part of it. His biggest achievement in this role was to convey the message that economic support required political commitments and a structured engagement with the Genevan centre. As such, he certainly saw his job as disciplining political Greece. Agnides was perhaps better placed to do this than anyone else in the league machinery, not being immediately read as a stooge of “foreign interventions”

Disappointment’: The Rockefeller Foundation and the Reform of the Greek Public Health System, 1929–1940,” *Bulletin of the History of Medicine* 72, no. 1 (1998): 47–72; Vassiliki Theodorou and Despina Karakatsani, “Health Policy in Interwar Greece: The Intervention by the League of Nations Health Organisation,” *Dynamis* 2008 (28): 53–75; Karen Gram-Sjoldager and Haakon A. Ikonomou, “The League of Nations Secretariat: An Experiment in Liberal Internationalism?,” *Monde(s): Histoire, Espaces, Relations* 19, no. 1 (2021): 31–50; Haakon A. Ikonomou, “A Catalyst of Public Health,” *The Lausanne Project*, 17 September 2021, <https://thelausanneproject.com/2021/09/17/a-catalyst-of-public-health/>.

⁵⁸ Harry Cliadakis, “The Political and Diplomatic Background to the Metaxas Dictatorship, 1935–36,” *Journal of Contemporary History* 14, no. 1 (1979): 117–38; Panagiotis J. Vatikiotis, *Popular Autocracy in Greece, 1936–41: A Political Biography of General Ioannis Metaxas* (London: Routledge, 1998); Mogens Pelt, “The Establishment and Development of the Metaxas Dictatorship in the Context of Fascism and Nazism, 1936–41,” *Totalitarian Movements and Political Religions* 2, no. 3 (2001): 143–72; David Brewer, *Greece, the Decade of War: Occupation, Resistance and Civil War* (London: Bloomsbury, 2020).

or “modernisation from above”. His loyalties were *both* to the league and to Greece; the “we” in his correspondence with Tsouderos encompassed a suffering Greek population, which he genuinely thought could best be helped if the Greek administrative and political class would bend towards the requirements of the likes of Montagu Norman. Whether this would have been the case is difficult to assess. The “hinge years” of 1929 to 1933 washed the sands clear of whatever castles had been built.

In any case, the role and reasoning of Aghnides in the Genevan intervention in Greece, as it pertained to economic assistance and politico-economic reforms, belies, or at least complicates, a strictly “imperial” reading of economic, technical and humanitarian assistance to Greece in the interwar period.⁵⁹ The League of Nations, many scholars will say, was an organisation that reformed and internationalised a European imperial world order, and an imperial-liberal economic system.⁶⁰ In this reading, the league inscribed a multilaterally institutionalised, legally, bureaucratically and politically governed civilisational hierarchy, where sovereignty was qualified, and the degree of international interventionist force depended on where one was on the civilisational sliding scale.⁶¹ However, although the financial and political restructuring of Greece was part of a broader pattern, where the league was involved in projects of “technical assistance” in areas of “soft” or muddled sovereignty with the aim of upholding and extending the Genevan system, it was not a unidirectional history of domination or castigation. Aghnides’ position as a “man in the middle” shows that it was equally an authentic, locally anchored and politically prized endeavour to elevate and integrate a country in great despair. One, we may recognise, does not exclude the other; indeed such mixed motivations – or, say, loyalties – was part of its effective allure.

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⁵⁹ Rodogno, *Night on Earth*; Martin, *Meddlers*.

⁶⁰ Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford: Oxford University Press, 2015); Megan Donaldson, “The League of Nations, Ethiopia and the Making of States,” *Humanity* 11, no. 1 (2020): 6–31; Erez Manela, *The Wilsonian Moment: Self-Determination and the International Origins of Anticolonial Nationalism* (Oxford: Oxford University Press, 2007); Martin, *Meddlers*.

⁶¹ Adom Getachew, *Worldmaking after Empire: The Rise and Fall of Self-Determination* (Princeton: Princeton University Press, 2019).

APPENDIX: SHORT BIOGRAPHY OF THANASSIS AGHNIDES

Thanassis Aghnides (1889–1984) was an Ottoman Greek born in Niğde who became a naturalised Greek in 1924. He is most known for his longstanding career as an international civil servant in the League of Nations and the United Nations and his diplomatic service to Greece. Aghnides studied law at the Imperial University of Constantinople and the Sorbonne University. He was the director of communications at the Greek Embassy in London from 1916 to 1918. In 1919, he joined the League Secretariat as the first and only high-ranking Greek international official. He worked first in the Minorities, Disarmament and Political sections, respectively, before becoming the director of the Disarmament Section in 1930. Aghnides headed the section during the ill-fated World Disarmament Conference (1932–1934), holding the position until 1939. He subsequently became under secretary-general of the league during the dying days of Joseph Avenol's infamous tenure and was a trusted confidant of the last Secretary-General Séan Lester during the early years of World War II. In 1942 he was appointed Greek permanent under-secretary of state for foreign affairs, before becoming Greek ambassador to the Court of St James's. He represented Greece at the San Francisco Conference in 1945, the Preparatory Commission in London in 1945 and the General Assembly in 1946. He chaired the United Nations (UN) International Civil Service Advisory Board from 1949 and the UN Advisory Committee on Administrative and Budgetary Questions (1946–1963). Aghnides is the only international civil servant to have served from the inception of the League of Nations and under all three of its secretaries-general and the first three UN secretaries-general.