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Newsletter from the EABH

1/2005

European Association for
Banking and Financial
History e.V.

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Banking and finance in today's modern business world deals predominately with virtual money; institutions transfer, store and sell information, not coins or paper money. It is therefore not surprising that these companies own some of the most sophisticated and best protected computer systems and archives.

The recent earthquakes and ensuing tsunami which devastated South Asia is a poignant reminder of the problem which has consumed climatologists, ecologists and insurance companies alike for the last two decades. The terrorist attacks of 11 September 2001 on one of the world's most prominent financial centres created its own wave of fear and economic uncertainty, resulting in a worldwide deployment of top security measures.
Further disasters can only be expected in the future, the consequences of which will be considerably worsened if damage to information and data storage systems of the financial world were to result.

In this survey we would like to see to which extent banks and financial institutions have prepared themselves in order to deal with such situations.

1. Does your institution have specialised departments or working groups who deal with the protection of information in the case of serious disasters?

2. Which measures have you taken in order to protect information systems and the storage of digital information material in the case of disasters?

3. Which measures have been installed in order to protect current and historical material?

UBS

Yes

I

IT systems are secured by multiple systems and other additional measures which are not to be disclosed in public

III

Documents of current and historical value for UBS as a corporate (founding documents, minutes of Executive Management, Board of Directors, Annual Reports etc.) are stored a) physically (original documents), b) on microfilm and c) as scanned documents for daily use. Storage is locally separated.

Dr. Robert U. Vogler
Public Policy, UBS

Swiss Re

Yes. Group Security Office, Group IT Security and Records Management/Company Archives

I

Regular backups / safes / disaster recovery standards / guidelines / guidances

III

Emergency Concept:
- secure storage of records of business, legal or historical relevance
- microfilm workgroup / project for microfiching Swiss Re's vital records

Elisabeth Bechter
Records & Archive Manager
Swiss Reinsurance Company

Grupo Santander

Grupo Santander has an area specialising in the design and preparation of business continuity and contingency plans. Together with the business areas involved, this area (Operational Continuity) supervises the operation of these measures and procedures through activation testing. These tests are repeated until any deficiency is corrected and the business area in question gives its approval. The Operational Continuity area is also responsible for updating and adapting the contingency plans in line with the latest technological architecture and new business functions implemented by the institution.

I

The Group's contingency strategy is based first of all the continuous availability of all its vital services. All the components involved in the rendering of any of these services are made available in duplicated form and in such a way as to guarantee tolerance to the failure of any of such components.

At present, we have two separate data processing centres within the Grupo Santander City. These centres are designed to operate independently should one of them become inoperative. Attention is drawn to the following measures in each centre in order to guarantee their operational capacity in the event of contingencies:

Electricity: Uninterrupted electricity supply from two separate power plants.

Communications: duplicated structure in all components. Automatically activated alternative contingency systems. Additional backup via virtual private net (VPN).

Storage: SAN storage architecture implemented. With a group of disks in each data processing centre (DPC), these systems permit us access to information reproduced simultaneously in both centres.

Backup & historical data: Backup infrastructure in both DPC's and cross-backup (the backup of one machine is carried out on the backup system of the other DPC) so that in the event of a disaster in one DPC, a backup copy and historical data are available in the other.

Fire prevention systems: Smoke detection system based on optical smoke detectors and Fire Cycle detection systems. Fire extinguishing system based on Argon gas and extinction by water from ceilings.

Control of access: Compartmentalized physical spaces. Different security levels or rings have been identified with different levels of access for each security level. State-of-the art electronic security access system. Access control includes elements such as biometrical reading, scanner, as well as discrimination of persons, vehicles and cargo entering the most secure areas.

As an example, worthy of note is the fact that the medium time between failures (MTBF) in the DPC's is greater than 1.3 million hours.

III

As stated in the "Backup and historical data" section, the backup and historical data of each machine are stored in a different location (the other DPC). A further historical copy of information is also stored at an additional external location.

Group Santander

Yes, ABN AMRO recognises its crucial role in local, national and international economies and hence the importance of protection of data in case of serious disasters. To ensure this, Business Continuity Management
(BCM) programmes are being performed on a global, SBU, BU and departmental level within the Bank. BCM refers to managing all aspects of the business to ensure continuity in the event that operations are disrupted unexpectedly; this also means protection of information during and after disasters.
The purpose of these BCM programmes is to ensure resiliency in the Bank's business operations and maintaining the trust and confidence of our staff, shareholders, stakeholders, regulators and the public. Within the Bank, BCM policies and standard have been issued, which create uniformity and clarify the importance of BCM. The implementation of this policy and its standards is a responsibility for all Units.
Within ABN AMRO a BCM Community of Practice has been set up, in which all BCM specialists are joined. Goals of ths BCM CoP is to investigate, determine and share best practices in the field of BCM, knowledge sharing, and to act as an up-to-date respository of information.

I

This important subject is also covered by the BCM programmes that are running within the Bank. Together with the IT-departments, BCM managers are continuously looking for new ways to improve the protection of information systems and the storage of digital information. For example, the most important servers and back-up servers are located at different locations and back-ups are being made periodically.

III

On the issue of information protection measures that ABN AMRO Historical Archives are involved with, we can tell you the following.

Since May 2002 the historical collection of ABN AMRO is stored under proper museological conditions. It is housed in an industrial area, but only one company could pose a hazard: a chemical company. In case of an emergency the municipal disaster plan will come into effect.
Historical Archives shares the building with the Art Department of the bank and a total number of 10 people occupy the location. Recently a disaster plan has been made that contains not only information on how to rescue people and the building (standard ABN AMRO-procedure) but also how to deal with the collection after an emergency has occurred. At the moment we are in the process of training people (First Aid and Fire Control, Evacuation-procedure etc.).
Historical Archives has three depots on ground floor level with climatological conditions. Standard climate is set on 18 C° with a maximum of 23 C° in the summer and a relative humidity of 52% with a margin of 3% both ways. The depots are surrounded by a corridor so that the walls have no direct contact with the outside temperature. Water detectors are placed at strategic points and connected to the same system as the fire alarm and smoke detector. A sprinkler-installation was already installed in the building.

Press Relations (HQ 9140)
Corporate Communications
ABN AMRO Bank N.V
Amsterdam

BANCO DE PORTUGAL

Yes. Not specifically for "information" as such, but for "information systems", naturally containing the information dealt with by those systems. That's specifically a responsibility of our IT Department; that responsibility is integrated, bank-wide, in a Security Co-ordination Committee, which is chaired by a Consultant of the Board and is composed by IT, Logistics Dept., Bank Notes Issuing and Treasury Dept. and Audit Dept.

I

We have a Business Continuity Plan in action, ensuring that critical information systems, and the corresponding storage of digital information, is independently usable both from our normal headquarters and from a remote disaster recovery site. Of course, information is continuously synchronized between both sites in normal conditions. Besides this, normal data backup is also performed regularly, including the removal of physical media to a place outside HQ and RDRS.

III

Main measures taken to protect the most relevant historical documents in case of disaster:

· Original documents in paper have been stored in fire safe cabinets

· Microfilm security copies were stored in adequate cabinets with control of humidity and temperature in a special vault far from the originals

· A significant part of those documents are already digitalised for both preservation and easy access for the users of the archives.

HSBC

Yes - not just in the UK but throughout the Group's business in 77 countries and regions.

I

A range of physical and electronic protection measures as appropriate (but of course not in public form!)

III

As above in 2, but including a 'disaster plan' with contingency arrangements and procedures for the protection of the archives.

Edwin Green
Group Archivist

BULGARIAN NATIONAL BANK

Two Directorates at the Bulgarian National Bank deal with the protection of information in the case of disasters:

1. Banking Security and Protection of Classified Information Directorate.
2. Information Systems Directorate

Work on the protection of information systems has been in progress since last summer when KPMG International joined this activity. BNB activities related to information systems protection in the case of disasters will be based on introduction of the BS ISO/IEC 17799 standard and pending certification under BS 7799 – 2: 2000. Adoption of an Activity Plan on application of this standard is forthcoming.

Christo Yanovsky
Archivist in Charge at
General Secretariat Division
Bulgarian National Bank

NATIONAL BANK OF GREECE

DISASTER PREVENTION MEASURES AND DISASTER PLANNING

Archival and library material are vulnerable to natural disasters, and disasters caused by human factors.

The purpose of Disaster Prevention Measures is to address directly the issue of disaster preparedness. Its purpose is the prevention of a disaster.

Greece is a country vulnerable to natural disasters caused mainly by earthquakes, fires in summer, and floods in winter.

In our report we will discuss the steps adopted so far in the Historical Archives of the National Bank of Greece in order to prevent or reduce the harmful effects of natural disasters and disasters caused by human factors. Before starting the renovations works of the new building of the Historical Archives, officers in cooperation with the Banks Technical Services Division decided to adopt preventive measures to reduce possible harmful effects due to natural disasters. The How to do Manual for Disaster Planning and Recovery of Judith Fortson, our previous experience and our visits of European archival repositories proved to be valuable guides. The guidelines of Judith Fortson have been extensively used in our report.

DISASTER PREVENTION MEASURES

FIRE

Fire is probably the most devastating of the various catastrophes mentioned above. When it gets underway it may quickly reach temperatures hot enough to damage paper so severely that it will crumble when touched, even though it may not be visibly burned. Various sources may be the cause of fire. A fire may start from strike of lightning, from an electrical spark, from faulty wiring, from an explosion of a boiler engine, etc. Fire may be provoked during periods of social and political unrest, war times, building renovation or maintenance, etc. Finally fire is also provoked intentionally or inadvertently by persons.

Some measures derive from commonsense, are inexpensive and where applied together with more substantial actions.

The Historical Archives of the National Bank of Greece have adopted a series of precautionary measures to prevent fire. These measures relate to the activities of staff, researchers and outside contractors, storage configuration and practices, structural and design elements of the building, detection and alarm systems, extinguishing systems.

To prevent fire

1. Smoking is prohibited in all areas with archival and library material such as reading rooms, processing areas and storage areas. Smoking in the Historical Archives of the National Bank of Greece is allowed only in the area of the main stairs of the building specially arranged to host smokers where wastebaskets are routinely checked at the end of each day.
2. Special precautions are taken in turning of all appliances and heat producing machines used in daily activities.
3. The Historical Archives of the National Bank of Greece are guarded by the Bank’s security forces on a 24 hours base to prevent acts of vandalism.
4. Outside workers coming to the Historical Archives for building maintenance are continuously under surveillance by the staff of the archives in order to prevent smoking in prohibited areas and the use of devices such as electrical saws, sanders or drills near archival material which accidentally could cause

fire.

5. During the renovation phase the Technical Services Division of the National Bank of Greece incorporated several fire preventive measures. The building load bearing structure was fully strengthened with reinforced concrete which is an appropriate fire resistant material. Storage areas were subdivided into smaller rooms by the construction of fire walls and fire doors. The building ventilation system is connected to a smoke-detection system so it automatically turns off in the event of fire.

The building is equipped with an advanced detection system capable of giving early warning for the safety both of collections and people. It operates automatically and is connected to an automatic gas fire suppression system using FM200. The building is also supplied with fire hoses which can be used as last resort in the case that all other suppression systems fail. For this reason the building is also equipped with a water tank and a pump. The building is equipped with portable extinguishers placed in strategic locations throughout the building.

Storage practices against fire include measures such as, keeping clear the aisles in the storage areas to facilitate access to firefighters in case of emergency, maintaining archival material in acid free boxes which provides some protection from flames, soot, ashes and water. Care has been taken so that no material is stored on top of the shelves. Dense storage is always accompanied by spaces between materials in order on the one hand to prevent flames to travel quickly and on the other to facilitate detection of fire and penetration of suppression agents. Materials with high monetary value are stored in safes and materials with high research value are microfilmed, digitized and stored in areas located far from the original material so that fire will not destroy simultaneously the original and the microfilmed or digitized copy.

WATER

Flooding can be the result of heavy raining but also can be caused by dripping pipes. All water based disasters have the potential for causing extensive damage to our holdings but those that result from natural events have usually a widespread catastrophic nature bringing destruction to a big part of the environing community. This complicates recovery efforts because of lack of assistance from the community and the unavailability of necessary supplies. Flooding from sudden storms or ruptured pipes can occur almost instantly.

As with all disasters the first goal is to take measures to prevent damages, in other words to prevent water from coming in, rather than to expect to remove it and recover from its effects once it has entered. The building of the Historical Archives of the National Bank of Greece was waterproofed to be protected against the possibility of water entering its foundations and rain water entering in it from its flat roof. Leaks also develop inside a building usually from defective pipes. For this reason pipelines do not pass above storage areas. As violent storms may cause power failures the building is equipped with a generator. Water alarms have been placed in all storage areas and in strategic locations throughout the building and activate with the presence of water. The basement is supplied with a pump connected to the generator. Concerning storage practices and staff activities the Historical Archives have also taken some preventive measures. All archival and library material are stored at a considerable distance away from windows to reduce susceptibility to flood damage as well as to prevent exposure to ultraviolet radiation. All material are shelved 15cm above the floor in order to reduce the possibility of water damage. Collections stored temporarily on the floor are always placed on pallets.

EARTHQUAKES

Greece is situated in a high seismic zone where devastations occur now and then. This fact emphasizes the need for earthquake preparedness. The Greek State in response to this considerable threat has adopted very strict legislation concerning building technical specifications to avoid injuries and deaths. The load bearing structure of the building of the Historical Archives was fully strengthened on the basis of the study conducted by the National Technical University of Athens in order to support the load strength required by the large quantities of paper stored and to conform to earthquake resistance standards.

The Historical Archives of the National Bank were equipped with movable shelving which also provides some degree of protection during an earthquake both because it has flexibility of base movement and because the close proximity of the shelves to each other protects material to be thrown on the floor. In order to reduce physical damage from falling all documents are placed in archival boxes. All shelves have end pieces to prevent material from falling off. Antiriot security glasses where placed on the windows of the ground level and the first floor.

DISASTER PLANNING

We will also discuss further measures to be taken in order to improve the safety of our material

In every archival facility there should exist a written disaster plan that will serve as a vital organizational plan in the event a disaster occurs. The Historical Archives of the National Bank of Greece is under the process of developing such a detailed plan. The goal of such a plan is to assign to every person working in the Archives responsibilities and duties for the recovery efforts. This will allow rapid response and correct coordination of the efforts in disaster response activities. The disaster plan should give precise guidelines as to who has the general command, who provides special training of the staff at regular intervals, who alerts the fire brigade, who to use portable extinguishers, which is the most valuable material that must be saved in priority which material must be removed and where it must be transferred, who will inform and mobilize the staff, who will check the building for further threatening conditions, who will evaluate the damages caused etc.

N. Pantelakis
Historical Archives
National Bank of Greece

EUROPEAN CENTRAL BANK

I

Shortly after its establishment, the ECB launched in November 1998 a Disaster Standby Site Project to analyse how the ECB could ensure the functioning of the essential IT systems in case of a major disaster and to develop and realise a plan for that. This project was lead-managed by the ECB's Directorate General Information Systems. After project closure, a dedicated business continuity function was established within the ECB and an internal committee was set-up.

I

The ECB's Disaster Standby Site is directly connected with the ECB IT systems. In case of a disaster effecting the ECB IT systems at the ECB, they would automatically fall over and be performed from the ECB's Disaster Standby Site

III

The ECB Archives has identified several record groups (counterparty agreements, legal acts etc.) which are currently in the process of being microfilmed. In addition, the ECB Archives is developing a vital records programme for the ECB.

Matthias Weber
European Central Bank

BANK OF FINLAND

I

The protection of information is dealt with centrally by a fire and rescue plan applicable to all departments of the Bank of Finland. The rescue plan was updated in January 2005. It is compiled by the Bank's security division, with whom responsibility for the plan also lies.

In the fire and rescue plan of the Bank of Finland archives, special attention has been paid for example to the archive's floor plan, inflammable areas and materials, fire doors, fire exits and fire-extinguishing equipment. Some of the personnel responsible for the archive have received rescue training, in case of emergency situations. For example, in case of fire, they are trained to act in certain order to save the personnel first and the documentary information after that.

II

The digital information and their back-ups have been stored in the Bank's two separate computer sites.

III

The Bank of Finland archives are physically situated in two locations. In addition, material of importance for the functioning of the Bank (the minutes of meetings of the Bank of Finland Board and the Parliamentary Supervisory Council, annexes to the minutes and balance sheet documents) are stored as microfilmed back-up copies in the vault of the Tampere regional office of the Bank of Finland.

Protection of the paper archives in exceptional circumstances is subject to the National Archive Service Instruction 62/40/2003 concerning the protection of documents in exceptional circumstances, where applicable. In the event of crisis situations, the Bank of Finland archival material has been grouped in accordance with usage and safety considerations as follows:

Group I

Documents necessary for the continuation of operations are determined by Acts, statutes and administrative rules regulating the activities of the Bank of Finland. When defining these documents, only documents essential for the safeguarding of the Bank's basic functions in exceptional circumstances are considered.

Group II

Documents that are to be protected for research-related, juridical or economic reasons.

Group III

All other documents that are to be protected in the Bank of Finland archives or elsewhere as well as possible.

Sinikka Parkkila
Vappu Ikonen

Central Bank of Cyprus

I

The Central Bank of Cyprus has set up a Committee which coordinates and cooperates with the various Departments of the Bank to prepare procedures and also a contingency plan that will ensure the continuity of the Bank's operations in the case of serious disasters.

I

The Bank maintains a Backup site using high availability features and technology. In addition, it has implemented a Disaster Recovery site to protect critical Business electronic information in the case of serious disasters.

III

The building of the Central Bank of Cyprus is new, high security and anti-seismic. Furthermore, it is located in Nicosia which is in the middle of the island, far away from the sea and on an altitude of 574 feet, a fact that ensures safety in the event of a tsunami.

The Riksbank's activities require high standards of security. The Security Division develops co-ordinates and oversees the security activities at the Bank. Among other activities the Security Division ensures that the Bank's IT environment and other information management is secure (information protection) and that the Bank can carry out its most important functions in the event of a crisis (business continuity planning). Responsibility for the security of the Bank's IT environment and information management lies with the line managers and owners of the IT systems.
According to article 19, Instructions for Sveriges Riksbank, there is a management group to head the Riksbank's operations in case of an emergency called the Management Group for Conventional Crises. The functions of the group are, among others, to activate an emergency organization to carry out the operational emergency work and to supervise that emergency plans are implemented, including those for information protection, in accordance with applicable instructions.

I

Responsibility for the security of the Bank's IT environment and information management lies with the line managers and owners of the information systems. As the owner of the archival information system The Riksbank archives have participated in drawing up emergency plans for that system. No digital information is yet stored in the archives.

III

Responsibility for the security of current material lies with the line managers and every bank's official according to information protection emergency plans.
The Riksbank archives follow the Swedish National Archives' regulations concerning planning, execution and running of archival premises which secure the physical preservation of archival records even in emergency situations.
At the request of the Management Group for Conventional Crises the Riksbank archives have also prepared a list of especially valuable historical records that have to be saved in the case of emergency.

Mira Barkå
Archivist
Sveriges Riksbank

San Paolo IMI S.p.A.

Information Protection and Disasters
IOur institution has recently created a specialised department, which is dealing with the creation of particular measures (so called "business continuity project") in order to avoid any uncontrolled business interruption in case of serious disaster.

I

Our institution took a series of measures (so called "disaster recovery") in order to protect information in case of disaster.

III

Different and complex measures have been installed in order to protect current and historical material (i.e. double writing of the information, regular backups and different sites for information storage and for hardware settlement, etc.).

San Paolo IMI S.p.A.

BANKA SLOVENIJE

Preparations of the Bank of Slovenia (BoS) for disaster recovery

The BoS responded to growing potential danger of disaster situations of various types by means of a project entitled the BoS Business Continuity Plan enacted in 2004.

The task of the project was to prepare a plan of recovery for the case of various disasters. To begin with, scenarios and plans for the BoS individual organisational units were set up. Further on, specific emergency groups were set up and their crucial activities determined. The aim of these activities was to make the continuity of the BoS operations and functions possible. Pursuant to this plan, the BoS also carries out specific precautionary measures, which provide the most rapid transfer of operations and business to a remote location and - after creating conditions for normal business on its main seat - return to normal business. To facilitate the business in disaster situations, the key data are continuously replicated to a remote location and made available for the work of pre-determined users in the remote location. Along with a Business Continuity Commission and working groups set up to enable business in a remote location, the Contingency Management Group has been established. The Group is headed by the Governor. Its task is to manage and co-ordinate the activities of the BoS in the event of a disaster.

Recognising that Risk Management has become necessary in each and every business, the BoS also set up a Risk Management Committee, composed of Members of the Governing Board and the heads of the most exposed organisational units. Further on, an Information Security Committee has been established to attend to the security of the Information System, which involves most important operational risks. This Committee acts in compliance with the guidelines set by the Security Policy of the Information Systems of the BoS. The operational activities thereby prescribed are carried out by the Information Technology Department and by the users of individual information technology equipment.

The protection of the existing paper documents falls within the competence of the Archives Unit of the Organisation and Personnel Department. The archiving procedures are prescribed in a special guideline adopted by the Governor. A part of the BoS archive is located at its premises, and stored in a separate, secured place. Access thereto is restricted, the room is under permanent oversight. Appropriate climate conditions and fire protection are provided. A system and procedure for a back-up of documents in electronic form are in place. Production of back-up copies is performed on a daily basis. In view of the fact that archive materials are not only paper-based but also digital, the BoS set up a task force for the preparation of a comprehensive solution. Based on the methodology, taking shape at the moment, solutions for individual work processes in the BoS will be found. One of the major goals of this methodology is to achieve an effective documentation management and to assure protection and security of the archive materials.

Drago Polajnar
Head of Business Organisation
Bank of Slovenia

BANCA D'ITALIA

The Bank of Italy's IT department is responsible for the fulfilling of top security requirements in the field of data protection.

I

Redundant storage systems located in two different sites and linked by a dedicated network grant the smooth running and the safe keeping of vital information. The systems dealing with vital records are compliant with the most advanced international standards and complete tests are made twice a year. Furthermore the nation-wide electricity black-out in September 2003 has been a crucial and realistic successful check.

III

As a general remark it should be noted that all the premises of the Bank are protected against intrusion by armed guards.

Paper current records are generally kept in safe cupboards within the offices, where the public is not admitted.

Paper semi-current and historical records are kept in fire-proof store-rooms often located underground. The anti-fire systems are based on gas action in order to avoid any damage due to water.

Electronic current and semi-current records are subject to the above described measures (storage devices).

Historical records have been systematically digitalized since 1996, and the 12,000,000 images produced so far are stored on a magnetic disk array device, provided with mirroring systems against crashes. Copies of images are stored on two series of CDs that are kept in different sites and in security rooms.

The database that contains the descriptions of the files and the links with the images is backuped daily onto tapes that are kept in another building. In order to raise the level of security, in the near future these data will be transferred onto a remote server run by the IT Department.

Angelo Battilocchi
Archivist
Bank of Italy

CENTRAL BANK & FINANCIAL SERVICES AUTHORITY OF IRELAND

Central Bank and Financial Services Authority of Ireland

CBFSAI is about to undertake a major project on records management, both electronic and paper based, over the next 2 years. It is expected that the issue of information protection will be dealt with then.

I

Not at the moment.

I

The computer network is backed up every evening and stored off site in our Currency Centre.

III

Presuming this means paper records, there are no measures in place to protect current records. Historical material is stored in our basement area.

Maureen Murray
Records Officer
Central Bank and Financial Services
Authority of Ireland

Deutsche Bank

Corporate governance provides the framework for the development and issuance of policies for the management of business records and archives. Operating procedures include measures and control mechanisms for the protection of information and records. Policies and operating procedures contribute to the protection of the reputation of the organization.

· Old and new electronic systems co-exist. The same principles apply to both. Information is a core asset to the organization. Systems are submitted to rigorous scrutiny with regards to accuracy, accessibility, security, retention and back-up of information.

· Specialist departments will include those involved in risk management, technology, legal and compliance issues, records management, business continuity management as well as business owners. Additionally, internal auditors will perform regular audits of the methodology followed by users on regular basis.

· Different groups of users are trained to scrutinize systems and sign off on development and implementation.

I

Measures relate to content, software and hardware as well as to the wider environment in which information is used. Measures also apply to the training of users.

· Development of risk management model for information asset.

· Classification of activities. Activities are classified in order of priority and systems used for these activities have the same classification.

· Risk Management. Impact assessments are carried out to determine resilience.

· Development of intelligent solutions. Software systems have intelligent resilient solutions built into them, some systems are proprietary, others are acquired from external suppliers.

· Monitoring of information security. Security measures are benchmarked against industry security standards. Encryption is an important feature.

· Hardware storage solutions are protected by firewalls and other security measures.

· Dependencies are taken into account.

· Supply chain is scrutinized.

Business continuity solutions are developed, they provide alternate environment in which information can be accessed. The solutions and environments are tested, involving users and technologists.

III

A mix of solutions are implemented:

· Back up solutions, server to server, server to tape/cd, server to databank, or mix of one or two.

· Register of storage locations – some are in specialist storage locations, some material is replicated and stored in more than one locations.

· To date, a large proportion of current business records and historical material continues to be on paper on the recommendation of lawyers.

· Storage in secure and safe locations is carefully monitored. These solutions may be in-house or contracted out to specialist organizations.

· Investment in digital solutions is carefully monitored and implemented.

Staff training is continuous to ensure they understand, trust and use the systems as appropriate.

Clotilde Wang
Deutsche Bank AG
London

A Modern History of Monetary and Financial Systems of Congo, 1885-1995

Devices that served as money in the ancient Kingdom of Congo (13th - 17th century) were still in use at the foundation of the Congo Free State in 1885. Some of these continue to play the role of money today in several regions of the current Democratic Republic of the Congo. The nzimbu, a seashell as small as a coffee bean, was the main currency of the Kingdom of Congo. Likewise the lubongo, a small raffia fibre-made mat served as money alongside the nzimbu. Over a transitional period, the Congo Free State granted the quality of legal tender to another traditional monetary device; the mitako, rods of brass wire cut into variable length, which circulated alongside the European-style Congolese franc issued by the State. Mbongo, the common term for money in today's Congolese languages, derives from lubongo. The term nzimbu also refers to money or wealth today, while the small seashell is still required to settle payments in some traditional dealings.

The Kingdom of Congo was estimated in the 15th century to approximately cover an area of 300,000 square kilometres (Cuvelier, 1946). About one-third of this area became an integral part of the territory that the Belgian King Leopold II took possession of in 1884: he led the 1884-85 Berlin Conference to recognise this territory as the Congo Free State and as his personal property. This royal possession of 2,345,410 square kilometres (80 times the area of Belgium) covered the largest part of the Congo basin as defined by the 1885 Berlin Act . It comprised a population estimated at about 10 million at the time of the foundation of the state, amalgamating up to 200 ethnic groups with some 400 dialects belonging to four basic languages: Kikongo, Kiluba, Lingala and Swahili. In November 1908 Belgium took over the Congo Free State to form the colony known as the Belgian Congo.

On 30 June 1960 the Belgian colony became an independent State under the name of Democratic Republic of the Congo. Joseph Kasa-Vubu was appointed President and Patrice Emery Lumumba Prime Minister. The Belgian withdrawal was abrupt and ill-prepared. As early as July 1960, the Force Publique (the army and police) mutinied. The Government requested the United Nations to intervene. The country split into several secessionist regions. Lumumba, who was backed by the East European bloc, was deposed by President Kasa-Vubu and murdered. His supporters took control of the north-eastern region of Stanleyville (now Province Orientale). Moise Tshombe, who was backed by Belgian private interests, declared the mineral-rich southern region of Katanga to be independent. Albert Kalondji Ditunga declared the diamond-rich southern region of Kasai to be independent. In Léopoldville (now Kinshasa), the capital, President Kasa-Vubu, the army under General Mobutu, the Government and the Parliament disputed responsibilities with one another until the appointment of Cyrille Adoula as Prime Minister in August 1961.

In 1963 all the seceded regions were brought under central control and the country reunited. Tshombe became Prime Minister in 1964. A constitutional dispute between President Kasa-Vubu and the new Prime Minister was ended on 24 November 1965, when General Mobutu seized power in a bloodless coup. President Mobutu, who ruled the country for about 32 years without interruption until May 1997, changed the name of the State into the Republic of Zaire in 1971. By late 1996, Laurent J. Kabila went into battle across the country starting from the East. He toppled the Mobutu regime in May 1997, proclaimed himself President, and re-named the country Democratic Republic of the Congo. In January 2001, President Laurent Kabila was assassinated and his son Joseph Kabila was appointed President. The Democratic Republic of the Congo, a homeland for about 56 million people today, shares 10,730 kilometres land boundaries with nine countries.

The Portuguese are known as the first Europeans to trade with the Kingdom of Congo, which they discovered in 1482. Since then, other nations superseded the Portuguese, such as the Dutch (1641), followed by the English, the French and Arabic groups in subsequent years. They all came seeking silver mines, which they believed to be located on Luanda Island (known as Ilhas do Dinheiro or Money Island), supposed to be the main source of the King of Congo's wealth (Dartevelle, 1953). Later on, it was admitted that the nzimbu seashells were the only source of wealth from the island. However, both the Europeans and Arabs all turned to and participated in a prosperous slave trade that lasted for about four centuries (Goffin, 1953).

The nzimbu that was adopted as currency by the Kingdom of Congo was not the only shell used for that purpose. Shells of other snails also played the role of money in the Congo basin as well as in other parts of the world (Chinn, 1945; Adriaens, 1951). Various sources, such as Bowdich (1824), Duarte Pacheco Pereira (1750) and Nobre (1909), establish that, apart from Luanda, the nzimbu seashells were also collected from Benguela to be sent to the King of Congo. A report, written some time between 1617 and 1622 and quoted by Dartevelle (1953), claims that the nzimbu was "used as legal tender in the Kingdom of Congo, where it was known as the best currency existing in that area".

The need for nzimbu as a sign of wealth and power contributed to the development of the slave trade in that the King of Congo went to war with an increasing number of neighbouring regions which, once defeated, provided him with more slaves to sell for nzimbu (Slade, 1962).

Due to the preference for nzimbu currency in the Kingdom of Congo, possession of Luanda Island, the main source of the valuable nzimbu, became obviously a strategic objective, which gave rise to harsh battles over the 16th and 17th centuries. Successive kings of Congo were attacked by Portuguese troops and forced to give up their rights on Luanda Island. Mani Congo Don Garcia II was defeated and, as a consequence, lost Luanda Island in 1649. The decline of the kings of Congo was complete when Dom Antonio was defeated and killed in 1666 in the battle of Ambuila. From that moment, the subsequent Kings could acquire nzimbu only by exchanging them for slaves, ivory or other goods (Dartevelle, 1953).

Furthermore, the need for a constantly increasing amount of local currency due to a dramatic expansion of the slave trade resulted in the introduction of other shells called cowries. Due to their similarity with nzimbu, cowries were imported in large quantities by European slave traders, especially from Gabon, Madagascar and Brazil, to make up for the shortfall of genuine nzimbu (Cuvelier, 1946).

The sharp fall in the exchange rate of the nzimbu against the Portuguese currency, especially from the early 17th century onwards, reflects the adverse impact of the massive import of cowries into the Kingdom of Congo. These were used as a substitute for the nzimbu, intended essentially to finance slave trade. The people of the Kingdom regarded cowries as false money and hoarded the genuine nzimbu that they reserved for a restricted number of specific transactions, while cowry money circulation expanded (Bontinck, 1987).

Most of the transactions regarding the exchange of goods and services between members of a traditional community were settled through compensatory barter-based mechanisms that excluded the use of money (Bohannan, 1959). The role of money was, therefore, relatively limited. The traditional perception of commodity money also explains the reservation, detachment and mistrust which the local people expressed initially about European-style modern currencies, since there is no connection between the intrinsic value of the physical medium and the (face) value assigned by law to that piece of printed paper or mint coin.

Regardless of the predominant role of the nzimbu as "the best currency of the Kingdom of Congo", the large diversity of other devices used as means of payment, combined with poor communications between traditional communities, resulted in a lack of standardisation. Overall, the pre-colonial monetary experience of Congo appears as a constellation of cumbersome and intricate transaction systems characterised by a large number and extreme variety of devices regarded as a medium of exchange. Given the plethora of these devices, it was hard, if not impossible, to integrate them into a framework allowing any definition of a clearly defined traditional monetary system monetary system. Scholars who claimed the existence of well-structured monetary systems in different areas of Africa failed to give much information, if any, about the composition and regulation of the systems they pictured [Cuvelier (1946), Mahieu, (1924), Dartevelle (1953), Bontinck (1972), Rodney (1981), Shillington (1989, 1995)]. Contrary to the claim of some authors (Wertz, 1952), the nzimbu shell has no external origin and was adopted as a currency of the Kingdom of Congo long before the first contact of the Kingdom with the Portuguese in 1482, [Mahieu, (1924), Dartevelle (1953), Bontinck (1987), Rivallain (1994)].

During the transitional period, starting from the foundation of the Congo Free State in 1885, the mitako gradually became the most widespread medium of exchange across most of Congo. This expansion was the result of local peoples' preference for brass, due to its brilliance, at the expense of copper, which led the State Public Administration to legalise its status as money. To complete a transaction the value of goods to be sold was, firstly, fixed in mitako. In exchange for all or part of the value the seller received imported or locally produced merchantable goods listed by the State as means of exchange. Small transactions were directly completed in mitako. As a result of the fast-growing role of brass wire as the predominant medium of exchange, the Administrator General of the Congo Free State on 30 July 1886 issued, as a first regulatory act, a Decree aimed at controlling and stabilising the value of the mitako. The Decree provided that the price of brass should no longer be subject to any increase and should instead remain unchanged since the rods of this metal, namely the mitako, were to be considered a currency rather than a merchantable good (Mahieu, 1924).

King Leopold II's financial and development policy for the Congo Free State derived from the ownership that he claimed over the Congolese territory. First, terres vacantes, defined as lands not occupied by local people for their survival, were considered State property called Domaine privé. Second, a vast royal property named Domaine de la Couronne was formed to generate income for the King. Third, King Leopold II granted concessions to companies in which he took substantial shareholdings. Fourth, to ensure the necessary workforce for both the State land and the Crown land, a regime of labour-tax was launched in 1891 which gave rise to all sorts of abuses and brutalities inflicted on the local population. Fifth, King Leopold II invited private enterprises to carry out investments that required large amounts of capital, while, sixth, he reserved the most lucrative trading activities for the State under an absolute monopoly.

In addition to the large volume of funds borrowed by, or in the name of, the Congo Free State, most of the returns from the Domaine de la Couronne were intended for investments made by the King in Belgium and in some other European countries, such as France. On the whole, Leopold II's policy dramatically moved away from the civilising objective that he put forward at the 1884/85 Berlin Conference to take over most of the Congo basin, and succeeded, instead, in setting up a personal genuine commercial, industrial and financial empire. Depending on what was at stake, the Belgian metropolitan power addressed Congolese monetary and financial issues regardless of the legal separation between the metropolitan power and its colony, as defined in the 1908 Charte Coloniale (Wertz, 1952). As a result of the dualistic nature of the colonial economy, banking branches were established in large cities and in a small number of areas showing a significant degree of industrial and commercial development. Populations living in vast and unexploited territories had no contact with the banking network and were not directly involved in the process of introducing modern currencies into the country.

Most of the banks established in the Belgian Congo were mere subsidiaries of Belgian banks, and subjected to the control of the Belgian Commission Bancaire. Prior to the creation of the Banque Centrale du Congo Belge et du Rwanda-Urundi (BCCBRU) by a decree of 30 July 1951, the colonial monetary system appeared as a mere extension of the Belgian metropolitan monetary system marked by a tight dependence of the Congolese Franc on the metropolitan currency (Van Den Ven, 1925). The Decree of 30 July 1951 granted the BCCBRU a supervisory authority over the Congolese banking and financial institutions. In fact, however, this weaning of the Congolese banking system off the Commission Bancaire Belge proved to be of little significance in view of the subjection of the overall colonial monetary and financial policy to metropolitan interests.

In the rural areas, the introduction of modern currencies was achieved faster in regions involved in the production of commodities intended for export or for supplying raw materials to domestic manufacturing companies. Nevertheless, due to predominance of traditional mechanisms of exchange, low income of local people, and the very poor density of the banking network, the integration of rural areas into the monetary economy was too embryonic to be considered significant.

The major political events that occurred in Congo from the beginning of the 1960s onwards resulted in a very high cost for the country in terms of waste of resources and inflation, among other adverse effects. The poor monetary and financial performance was due to irrelevant and inefficient policies implemented over the period. These policies were characterised by a misuse of public resources, combined with a lack of long-term vision in the management of public affairs.

In addition to all the considerations put forward to explain the overall anarchy that followed the attainment of independence in Congo, the study points out two major patterns. First, the sudden removal of the colonial order created a sense of freedom, the excess of which resulted in anarchic and iconoclastic behaviour (Verhaegen, 1961). Second, during the colonial period the metropolitan power did nothing to encourage cohesion of the numerous tribes that composed the local population. This made it more difficult for the independent Congo to build up a national consciousness. Likewise, the vast majority of political leaders and civil servants promoted to high positions made use of their authority with a strong sense of belonging to a tribal community rather than to a national entity (Baeck, 1998). This led, on the pretence of an alleged obligation to satisfy the needs of members of their own tribes, to justify the misuse of public funds for personal purposes. This behavioural direction went hand in hand with nepotism and corruption, while an increasing number of individuals took advantage of administrative weaknesses to act with impunity, which steadily became a nationwide system.

At the start of the 1990s, the opposition forces managed to lead the population into political actions for an opening onto democracy, to which

Mobutu dictatorship put up a fierce resistance. As a result, the country entered an era of political instability and anarchy leading to an unprecedented expansion of public expenditure that was financed essentially by money printing. The study analyses monetary and financial developments which marked these troubled times. Over the early 1990s, several phases of one of the most long-lasting hyperinflations of the late 20th century, reaching about 90 000 per cent on a yearly basis, were observed in Congo, along with an exponential expansion of banknotes and coin circulation, liquidity crises, and many other monetary and financial phenomena which led to the collapse of the overall banking system.

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[1] The study entitled *A modern History of Monetary and Financial Systems of Congo, 1885-1995*, was submitted by the author in 2003 in partial fulfilment of the requirements of the University of Greenwich for the degree of Doctor of Philosophy. It begins by addressing the monetary practices observed since the 15th century in areas of the Congo basin, which form the current Democratic Republic of the Congo. Against this traditional background, the study explores the major developments that marked Congolese monetary and financial systems from the foundation of the Congo Free State in 1885 to 1995, or two years prior to the collapse of Mobutu regime (1997).

[2] Article 1 of the General Act of the Conference of Berlin signed on 26 February 1885 defined the basin of Congo as ‘bounded by the watersheds (or mountain ridges) of the adjacent basins, namely, in particular, those of the Niari, the Ogowé, the Schari, and the Nile, on the north; by the eastern watershed line of the affluents of Lake Tanganyika on the east; and by the watersheds of the basins of the Zambesi and the Logé on the south. It therefore comprises all the regions watered by the Congo and its affluents, including Lake Tanganyika, with its eastern tributaries’ (Keith, 1919: 303).

[3] Neighbouring countries: Angola (2,511 km), Burundi (233 km), Central African Republic (1,577 km) Republic of the Congo (2,410 km), Rwanda (217 km), Sudan (628 km), Tanzania (459 km), Uganda (765 km), and Zambia (1,930 km).

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The Rules of the Game: The Gold Standard in Japan and Argentina, 1890-1932

Countries such as Japan and Argentina used gold standards in the late nineteenth century for political and economic purposes more complicated than implied by interwar era "rules of the game." For the gold standard was anything but the ahistoric, theoretically pure institution to which it has sometimes been reduced. Rather, it belonged to a distinct late nineteenth century context of ideas and institutions: in broadened Thomas Kuhn language, a particular "paradigm." Yet, the nineteenth century context - the real nature of the nineteenth century "game"- became obscured in the 1920s as gold proponents sought to reestablish the letter, but not the spirit, of nineteenth century institutions within a changed social and political context. In so doing they sought to apply "rules" that had never existed to a "game" they misunderstood in a world that had radically changed.

In the 1890s Japan and Argentina ostensibly joined the United States, Chile and other countries in adopting a British-style currency system, the gold standard. To interwar Anglo-Saxon eyes – and those of later globalization theorists – adoption of a gold standard reflected the triumph of science, progress and civilization. It was, in this view, a first wave of scientific, free trade-based, apolitical "globalization" – the triumph of a consistent, rational economic order that would have continued without the political *deux ex machina* of World War I.

Looked at from the late nineteenth century itself, however – and from outside the geographic and ideological boundaries of the British Empire – a different picture emerges in which gold standards varied, protectionism played an ample role, and rather than being a politically neutered bastion of science, currency systems were a central part of the political and military jostling of the age.

My dissertation is about that different picture.

The dissertation attempts three tasks. First, to look at how two ostensibly very different countries in two very different regions adapted to the gold standard. Second, to see the gold standard within its historical context. Third, to chart how subsequent generations – in the Interwar Period, the 1950s and the 1970s - came to rewrite the history of the gold standard in ways that reflected the concerns of their own times as much as they did those of the late nineteenth century.

In short, it is an intellectual and political history of the gold standard framed in terms of two countries acting within a particular world context. I am less interested in how present day economists see the late nineteenth century than in how people at the time saw the world in which they lived. Where I focus on later economic ideas, it is in terms of how later generations viewed the gold standard in line with their own, distinct concerns.

I use the phrase "rules of the game" to describe the institutional and ideological context in which the gold standard existed and as counterpoint to now largely discarded discussions that sought to find central banks consciously acting pursuant to Humean guidebooks. If late nineteenth century national competition – military, economic, and political – can be regarded as representing a certain conception and ordering of the world – metaphorically, a certain highly competitive, Darwinist "game" – then there were also particular institutions, customs and ways of thinking central to that game.

I do not use the term, as used in the interwar period and thereafter, to define, *ex post facto*, a set of technocratic, central bank procedures – and a way of thinking underlying those procedures –that regarded the gold standard as an apolitical management issue. As Marc

Flandreau and Harold James have written, "For decades, scholars have puzzled over the question of the "rules of the game" that either explained or failed to explain the success of the gold standard but which in the end never existed. These somewhat irrelevant discussions (very much a product of the interwar years) are swept away if one recognizes that each country's record as a member of the gold club must be assessed not from the point of view of alleged rules that never existed but from the point of view of each country's needs, constraints and potentials…"[1]

I focus on Japan and Argentina for three reasons. First, Japan and Argentina were the leading late nineteenth century political and economic powers in their particular regions. Second, both countries paid acute attention their "new nation" status, and perceived need to shape national positions within a global, European-based system. Lastly – and least relevant to late nineteenth century Argentines and Japanese, but most relevant to later interpretations of their world – Japan and Argentina have since the 1960s come to occupy parallel places in English language economic histories. Where Japan plays the role of late developer success, Argentina appears, time and again, as the great enigma of nineteenth century promise and twentieth century failure. "Why did Japan 'succeed'?" a question most popular with English language historians of Japan from the 1950s through 1970s, plays implicit foil to "Why did Argentina 'fail'?" a question that continues to define accounts of Argentina's economic history.

The black/white, good/bad, right/wrong concern with blanket "success" and "failure," however, has obscured questions of (i) historical context, comparing one time period with another as if they were perfect substitutes; (ii) how countries adapted to economic institutions and ideas developed in other countries and reflecting those other countries' particular needs, beliefs and histories; (iii) how the ostensibly global, supranational gold standard in fact served supremely nationalistic ends; and (iv) at the most concrete level, who supported, who opposed, who benefited and who lost under these systems. Empire, protectionism, arms races, Darwinist competition, free trade, and theories about the nature of money – all central to the gold standard – in the late nineteenth century became European concepts spread by European writers, merchants and armies. It was in that form that they influenced late nineteenth century Japanese and Argentines.

Finally, I draw a distinction between domestic, metallic based currency systems and the late nineteenth century "gold standard." Long before the 1890s, governments produced or authorized metal-based currencies. Prior to the 1890s both Argentina and Japan – under various governments, names and geographic forms – passed through periods of paper and metallic currencies. The "gold standard" as it was adopted from the 1870s onwards, however, means something more: an international system carrying political and ideological weight beyond its basic trade and currency functions.

Gold Standards

Economic historians have listed multiple reasons why states adopted gold in the late nineteenth century covering both desired ends (foreign borrowing requirements for infrastructure and war treasuries; matching trading partners' currency standards) and convenient means (increased gold discoveries and declining interest rates making gold reserves easier to obtain). These rationales hold for Argentina and Japan as well, although the fit is neither perfect nor exclusive. In particular, protectionism played a greater role in both countries than gold standard theories usually hold.

Domestic monetary stability and protectionism drove the move to "conversion" in Argentina. From the 1880s, with political power consolidated and internal wars resolved, Argentina's nascent national government moved to unify and centralize control over the country's chaotic currency system, including making unbacked paper convertible. Convertibility collapsed, however, with the Barings Crisis and the "monetary question" remained unsettled through the 1890s.

The return to conversion in 1899 – what is often referred to as Argentina's "adoption of the gold standard" – played out as a continuation of these earlier attempts to make paper currency convertible. The debate was framed not in terms of "adopting the gold standard" (a terminology rarely used until the 1920s), but instead in terms of "resolving the monetary question," ending "unbacked paper," and re-establishing "conversion." It was not until 1902 that the Argentine government began to hold appreciable gold reserves. Not until the 1920s did the rhetoric of "adopting the gold standard" become commonplace.

Hard money, free trade advocates opposed the 1899 law to reestablish conversion (Law 3871) because they saw it as a Potemkin façade meant to throw the word "conversion" over a fundamentally different system. For opponents, Law 3871 was a protectionist measure to foster "unnatural" industries through devalued exchange rates. Its chief architect, Carlos Pellegrini, did not dispute the protectionist elements. A believer in U.S. and German style protectionism, Pellegrini supported industrial development through fostering manufacturing and other non-agricultural industry. By devaluing the conversion par from its previous 1 peso oro/1 peso papel ration to 1/2.27 and linking conversion with expanded credit, Pellegrini sought to spur exports, decrease imports and expand domestic industry.

Protectionism played a role in Japan as well. Prior to Japan's victory in the Sino-Japanese War in 1895, arguments over abandoning Japan's silver standard for gold centered on predictions of which metal was most likely to depreciate in the future. Depreciating silver had favored Japanese exports until the early 1890s. Silver's brief appreciation in the early 1890s led to concerns that a new era of silver appreciation might reverse past benefits. Majority opinion among merchants, the press and the government's currency commission favored using whichever currency was most likely to depreciate in the future, arguing that depreciating silver had spurred exports, commerce and light manufacturing – activities that could not be protected by tariffs over which Japan had no control due to its unequal trade treaties with Europe and the U.S.

The debate, however, shifted after the 1895 Sino-Japanese War victory as the Matsukata government began a new policy of "postwar management" emphasizing industrial development and increased armaments. Although merchants and textile groups continued to urge the most depreciating currency, Matsukata shifted the debate to emphasize currency stability, ease of foreign loans (needed both for industrial development and armaments viewed as essential to assert Japan's status as a "Great Power" and to prepare for an expected future war with Russia over Korea), and the cost of imports (both industrial and military). Completing the shift, Britain, soon followed by other western powers, revised its trade treaties leading to recovery of Japanese tariff autonomy.

Unlike Argentina, however, where common opinion saw the country as a vibrant, immigrant filled "New World" successor to Europe analogous to the United States in the north (albeit one perennially prone to governments unworthy of its predetermined destiny), opinion in Japan focused on that country's perceived need to overcome its military and economic backwardness, catch up with the West, become a great power, regain the political and economic rights lost through Euro-U.S. encroachments, and avoid China's semi-colonial fate. For Matsukata gold was "the world's great power" and a means to "leave Asia and enter Europe." Whereas Argentine "conversion" advocates in the 1890s emphasized domestic monetary stability and positive protectionism meant to take advantage of Argentina's perceived blessings of land and labor, advocates in Japan saw gold as distinguishing advanced from backward civilizations. Matsukata contended that silver was the currency of "uncivilized countries." Matsukata's Finance Ministry protégé Sakatani Yoshiro pressed the issue: "Of those countries presently subscribing to the silver standard…in addition to their being extremely few in numbers, their status is not high. For our country, which has transcended such position through our military victory [in the Sino-Japanese War], we clearly cannot be ranked with such countries."[2]

The ideology of the gold standard as emblematic of civilization, science, progress, and power never gained the adherence in Argentina that it did in Japan. This is not surprising given that Argentines in the late nineteenth century neither felt particularly threatened from the outside nor in need of Great Power status. As long as commodity prices and demand stayed relatively high, Argentina occupied a uniquely comfortable niche as a primary products supplier to Britain. National security and international standing never occupied in Argentina – fundamentally, a nation of colonists and immigrants – the paramount positions they held in Japan.

In late nineteenth century Argentina gold conversion was, above all, a means to stabilize the domestic currency. Secondarily, it eased trade with England, Argentina's primary beef and grain market. Although advanced at the time, arguments that the gold standard eased borrowing in London played a relatively small role and tended to be met with skepticism.

For post-Sino-Japanese War Japan, however, gold meant international standing, power, access to loans for industry, the military and to support the gold standard itself (with industry being, above all, those such as steel and railroads with military uses), and cheaper imports (again, with emphasis on military goods) even when it also decreased exports, worsened trade deficits, and produced heavy gold outflows.

The protectionist roots of Argentine conversion and the power politics of the Japanese gold standard, however, became obscured in the 1920s when gold advocates adopted the post-World War I British view of a nostalgic golden age of "classical" gold, thereby effacing the politics and elevating free trade. This "Belle Epoque" view of gold, however, carried only minority weight in Argentina, the true focus of Belle Epoque longing being the broader British trade relationship. The structural underpinnings of the Belle Epoque Argentine economy ended not with the World War I abandonment of conversion, but with the shift in financial and industrial power from Britain to the United States. This shift replaced the bilateral, primary products for industrial products trade between Argentina and Britain with a trilateral, exports to Britain, imports from the U.S., arrangement far less beneficial for Argentines. In this sense the "Why did Argentina Fail?" question is as ahistoric as imagining Cunliffe Commission-style "rules of the game" where there were none. Relative Argentine economic success from the late nineteenth century to World War I was based on high commodity demand and a privileged trading position vis a vis Britain. After World War I those conditions no longer held. The "game," if you will, had changed.

In Japan, however, it was more the "rules" that changed than the game. The overriding aim, in the 1920s as in the 1890s, remained political: international standing and Great Power status. Opinion split over whether this was best achieved (i) through colonial expansion and development in which case public perceptions in Europe and the U.S. carried less weight, or (ii) through Washington Conference style diplomacy in which it was to Japan's advantage to be seen as institutionally equivalent to the U.S. and Britain. The near even balance of these positions produced back and forth policies in the 1920s culminating in a final push to allowing gold exports at the prewar par. Once that prewar par proved economically untenable, as many had predicted it would, the expansionist route – financially and militarily – to Great Power status predominated until the end of World War II.

Finally, it is also possible to see the gold standard debates in both Japan and Argentina in the 1890s and 1920s as less between gold advocates and gold opponents than between monetary realists and monetary idealists. One group, reflecting the predominant economic views of late nineteenth century Japan and Argentina, saw currency standards as flexible and responsive to specific times and conditions. They were means to other ends. As conditions changed, so too would currency values. The other group saw gold currency as a Platonic form with a fixed, immutable value – a value that was either indisputable fact or a Noble Lie without which order, justice and morality could not exist. In Argentina monetary relativists dominated in both the 1890s and 1920s. In Japan, Platonists drove the return to gold in the 1920s and, in the process, ignored both the relativists and the actual nature of nineteenth century gold standards. In so doing, they disastrously established carbon copies of "rules" they mistakenly believed had existed to a "game" they misunderstood in a world that game had already changed.

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[1] Flandreau and James, "Introduction," in Flandreau, Holtfrerich, and James, eds., *International Financial History in the Twentieth Century: System and Anarchy*, (Cambridge University Press: 2003), p. 8.

[2] Kokumin shinbun, February 24, 1897, "Ki jukusu to Sakatani Yoshiro ga ensetsu" (Sakatani Yoshiro Says the Time is Ripe), reprinted in *Meiji nyusu jiten*, Vol. V: 133-134.

The general banks and the securities business in the Netherlands 1860-1914

This study is part of a more comprehensive description of the history of the general banks in the Netherlands during the years 1860-1914, initiated by the Dutch Institute for the Banking, Insurance and Securities Business. Whereas in the earlier studies of dr. J. Kymmell the banking aspects of credit granting and deposit taking were the central themes, this book concentrates on their securities business. Having explored this theme for my current PhD, I hereby introduce this particular aspect of general banks as taken from my PhD thesis and provide some conclusions which have reached through this study.

Summary

At the beginning of this period, the large institutions that were later on to dominate the Dutch banking scene were created. Unlike the banking activities of these institutions which on that scale were new for our country, the securities industry had already had a long history, dating back to the early 17th century. In the period covered by this book, a number of firms from the 18th century were still active, while during the first part of the 19th century new businesses were established, both in Amsterdam and in other places. So, in the Netherlands around 1860 a well-developed securities business existed, in which nevertheless there was room for new initiatives, as is illustrated by the numerous firms that were established later on. Parallel with the overall development of the Dutch economy, a revival started in the securities sector, of which for example completely new categories of bonds and shares introduced on the stock exchange bear witness.

As a consequence, the newly established banks – initially called commercial banks, later on general banks – did not have to fill a gap in the securities field. Looking also at England, where the deposit banks continued to limit their activities to short term credits, it did not go without saying that they would venture into this field. However, in the Netherlands the English example was only followed by the Kas-Vereeniging (1865), the other banks also developed into important securities houses. From 1900, this was even more emphasized by the banks taking over securities firms, which, meanwhile, had also encompassed banking activities. As a result, in 1914 the banks had a leading role in the securities field. When describing the securities business of the banks, the first question that must be answered then is when and why these institutions that were established primarily for the purpose of credit granting, also started to perform securities activities.

The logical next questions are which activities in particular were concerned, how these developed over the years and what place the banks occupied among the other securities houses. Among those, one can distinguish between bankers and brokers. *Bankers* were characterized by close ties with the person or persons of the owner(s), as distinct from the banks which were mostly organised as limited companies. The bankers specialised in issues and introductions of securities, the securities trade and investment management, besides banking activities of different nature. The *brokers* (commission agents) acted primarily as middlemen in the securities trade, either on the Amsterdam stock exchange or elsewhere. The difference between these categories is, however, not very strict. The transition from commission agent to banker and from the latter to bank is not very clear and in practice hardly discernable.

The activities of the banks in the securities field primarily concerned the mediation between buying and selling of securities on behalf of clients (commission activities) and the mediation in the issue and placing of new securities (issuing activities). Added to these were activities for their own account, such as the holding of securities by way of investment or financing, credits against securities and activities regarding the settlement of securities transactions, such as the delivery and the keeping of the bonds and shares. Together all these activities make up the securities business of the banks. In a more general way we use this term also to denote all the firms and companies that were active in the field of the stock exchange and the securities trade, the securities industry or sector. The description of these activities is the main theme of this study. After the *Introduction* in chapter 1, summarized above, this is organized as follows.

Chapter 2, *A long take-off (1800-1860)*, starts with a short outline of the origin of the securities trade in Amsterdam, mainly as a result of the foundation of the United East India Company (1602) with its capital divided into shares. The banking firms from the 18th century specialized in the issue of loans on behalf of monarchs and governments from a large number of countries, among which Austria, Russia and after 1782 the United States. Only a few of these houses survived the difficult period after the French invasion, in particular Hope & Co. In cooperation with the English firm of Baring, this house remained engaged in the field of new issues, although activities were rather limited until 1860. An important development was the rise of the *administratiekantoren* (administrative offices), which issued bearer certificates against foreign loans. Such offices were also created for the Dutch national debt, after this was entered in a Grootboek (Register of Public Debt) on behalf of the holders in 1809 and was restructured in 1814. Moreover, the first shares of Dutch companies appeared on the stock exchange (Nederlandsche Bank, Nederlandsche Handel-Maatschappij and a few railway companies). Also, from 1790, new securities firms were established, the more so in the years 1850-1860. The international Jewish houses which came with affiliates to the Netherlands around 1820, however, already disappeared before 1860. Apart from Amsterdam, securities firms on a modest scale were set up in other places. The organisation of the securities trade so far remained still weak, also because of the existence of two associations in Amsterdam. As it was mainly foreign government loans that were traded, prices on the stock exchange reflected in particular political developments, as illustrated by events in 1830 and 1848.

Favoured by an accelerated growth of the economy, the years 1860-1914 saw a marked *Expansion of the securities business* (chapter 3). Supply on the capital market grew as a result of new savings and redemptions of old loans. The private investor, which could also make use of ample credit for his purchases, remained predominant in this period, although, with savings banks and insurance companies the first institutional investors appeared. The demand for capital now not only came from foreign and domestic governments, but more and more also from enterprises which organised as limited companies. As a result of the prevailing freedom in the field of international capital movements, strong connections existed with foreign markets, so that one could almost speak of an integrated international capital market.

This situation offered much room for the rise of new intermediating parties, both in the area of credits and on the capital market. Apart from purely domestic institutions such as *Twentsche Bank*, a few large financial enterprises came into being as a result of influences from abroad. In particular the ideas of the *crédit mobilier* played a large part. French parties contributed to the establishment of the *Algemeene Maatschappij voor Handel en Nijverheid* (General Company for Trade and Industry) and the *Nederlandsche Credit- en Deposito-Bank* (Dutch Credit and

Deposit Bank) in 1863. In that year, without foreign capital but partly under the influence of the same ideas, *Rotterdamsche Bank* also arose. From Germany and indirectly influenced by the *crédit mobilier*, the creation of *Amsterdamsche Bank* took place in Amsterdam in 1871. In the same year, Twentsche Bank started with securities transactions, ten years later *Nederlandsche Handel-Maatschappij* took a first step towards full-fledged banking by taking part in issue syndicates. Along with these large institutions, many new banking and commission houses arose, both in Amsterdam and in other places. In this way, a varied banking and securities system was created, be it that gradually the type of the general bank became predominant, partly as a result of a concentration process after 1910.

Although in the initial phase the *crédit mobilier* had a clear impact, truly *crédit-mobilier* institutions – later on called *banques d'affaires* – did not obtain a lasting place in the Netherlands. The Algemeene Maatschappij soon failed while Nederlandsche Credit- en Deposito-Bank became a branch of the French Banque de Paris et des Pays-Bas. The *Rotterdamsche Handelsvereeniging* (Rotterdam Trading Company) – arisen from a completely different background – had to be liquidated too as a result of fraud by its founder Pincoffs. The *Finantiëele Maatschappij voor Nijverheids-Ondernemingen* (Financial Company for Industry), a joint venture of Amsterdam banks and bankers, operated not without success for a number of years. As its shareholders – in particular Amsterdamsche Bank – with their new issue activities, became more and more active in the same field, the Maatschappij was hard pressed.

Under the title *Securities trading and exchange developments,* chapter 4 describes the three stock exchanges of the Netherlands. In 1876, in Amsterdam the *Vereeniging voor den Effectenhandel* (Association for the Securities Trade) took over the duties of the earlier two organizations. It acted as a regulating body for trade on the stock exchange and decided on the securities to be quoted (legislation in this field did not exist.) From the beginning, Twentsche Bank and Amsterdamsche Bank took part in the Association. Nederlandsche Handel-Maatschappij later on became a member, as did a number of smaller banks. Around 1900, a tendency towards a more restrictive policy for the admission of new members arose. In 1912, new members were required to have the securities business as their main activity and their head office in Amsterdam. The background of this policy was partly the opening of a separate floor for the securities trade, partly also the strong expansion of the banks at the time. Outside pressure contributed to end this restriction again in 1914. As a result, for example Rotterdamsche Bank, which meanwhile had established in Amsterdam through a takeover, could become a member. Apart from the main exchange in Amsterdam, securities trade took place in Rotterdam and The Hague, albeit on a much smaller scale. In Rotterdam, securities trade had already started earlier; a stock exchange was also created in The Hague in 1905. This resulted from fierce discussions with Amsterdam and Rotterdam on the introduction of minimum commissions for the trade. These also led to the formation of the *Bond voor den Geld- en Effectenhandel in de Provincie* (Association for the Money and Securities Trade in the Province), which took care of the interests of the commission traders outside Amsterdam and Rotterdam. The organizations of securities traders could exert a certain discipline, but were not always able to prevent irregularities and fraud. These, by the way, did not only occur with members, but also with issuing companies.

The last part of chapter 4 describes price developments on the stock exchange. Initially, foreign securities still had a dominating influence, as could be seen during the crisis of 1866 and 1873. From the beginning of the 20th century, Dutch trade and industry grew in importance. Therefore, a special index has been constructed to reflect prices of domestic shares. This rose from an average of 100 in 1860 to 157 in 1874/1875. Not much progress was made in the next twenty years, but in 1893 the index began to rise again, reaching a level of 296 in 1912. This rise was only shortly interrupted by the crisis of 1903 and 1907, which made quite a number of casualties amongst provincial bankers and brokers. A slowing down of the economy together with growing international tensions caused a moderation to an average of 275 in 1914 before the stock exchange was closed.

Chapter 5 is devoted to the *Issuing business.* Banks acted as intermediaries in the issue of shares and bonds, either through taking over or guaranteeing a new issue (underwriting), or through only organizing the subscriptions (*guichet*). Besides, debtors could open subscriptions at their own offices (own issues). For both domestic and foreign issues normally a syndicate was formed by a number of institutions. Issues of foreign governments and companies were mostly organized as international issues, offered at the same time in two or more countries. Moreover, in the Netherlands foreign securities could be directly offered to the public through selling on the stock exchange. Foreign loans, i.e. issues in guilders specifically offered in the Netherlands, hardly occurred in the years 1860-1914.

Among foreign governments many countries besides Russia and Austria, appeared on the Dutch capital market as borrowers. This was the domain in particular of a small number of older firms like Hope & Co., Lippmann, Rosenthal & Co., Wertheim & Gompertz and Labouchere, Oyens & Co., whereas also Amsterdamsche Bank and Banque de Paris et des Pays-Bas were active here. In the introduction of American railway securities after 1860, quite a number of larger and smaller bankers and brokers played a role, as these companies actively looked for funds also in our country.

The Dutch state and municipalities initially adopted the system of own issues, but later on sought the intermediary of banks and bankers to borrow on the capital market. In the various sectors of domestic trade and industry, the situation was different. The railway companies seldom sought the assistance of banks. With regard to the shipping companies, which arose later on, in particular Marten Mees and his firm in Rotterdam and Nederlandsche Handel-Maatschappij in Amsterdam played a part in the establishment and financing, followed by Finantiëele Maatschappij voor Nijverheids-Ondernemingen/Amsterdamsche Bank, Hope & Co. and others. In Dutch industry, the years 1873/1874 marked the beginning of a new era with the formation of the first syndicates, which was earlier than assumed so far. The strongly expanding Royal Dutch oil company always called on a combination of bankers for its many issues; only around 1910 did it come into closer contact with the large banks. Smaller banking firms also acted for other oil companies, which often had a speculative character. The same holds true for many of the companies operating in the Dutch East Indies, which after 1895 borrowed more on the capital market. In this sector, tobacco and rubber shares around 1910 caused a speculative boom in the market.

On the whole, during the years 1860-1914 the new issue market showed a marked growth, accompanied, however, by sharp fluctuations. For 1860 capital market demand can be estimated at *ƒ* 10 million, in 1913 it had risen to more than *ƒ* 213 million, with the number of issues increasing from 15 to 118. From a survey of institutions concerned with these issues it may be concluded that the large commercial banks had gained ground on the older issuing houses.

Chapter 6 describes *Additional services in the securities field.* For a large part these resulted from the transactions on behalf of clients, such as payment, delivery and keeping of securities and renting of safe deposits. Investment advice was given orally or in private correspondence; only a few firms had a regular stock market

publication. In case of payment difficulties with governments or companies, often protection committees were formed by the Association for the Securities Trade. In most cases these did not achieve much, although they were able to prevent that Dutch interests were neglected too easily. Administration offices for foreign shares and later on trust companies mostly resulted from cooperation of well-known older securities firms. Before 1914, investment funds hardly played a part.
Although Dutch banks did not develop as *banques d'affaires*, in a number of cases they were active in establishing and reorganizing companies. The final part of this chapter pays attention to these activities with regard to companies, in particular in the shipping sector, where in 1900-1914 protection against foreign influences caused a strong involvement of some banks.
Chapter 7, *The importance of the securities business for the banks,* deals with the part the securities business played in the individual institutions. By 1875 and for many years thereafter, Amsterdamsche Bank occupied the first place among the banks, but in 1913 Rotterdamsche Bank took over this position. After various mergers, also with firms in Amsterdam, the latter acquired a substantial issuing business and a large securities trade. In 1913, Twentsche Bank more or less equalled Amsterdamsche Bank in the securities field. The relative importance of the securities business in the total activity of both these institutions was seen to decline after 1895. Nederlandsche Handel-Maatschappij occupied a special position; it had a large securities portfolio and did important issuing transactions, but in the securities trade it hardly played a role. Most other banking and securities houses in 1913 were much smaller than these big four, although a few of them were very dynamic. The older firms, Hope & Co. in Amsterdam and R. Mees & Zoonen in Rotterdam, remained of importance, in particular concerning new issues. Despite the expansion of the large banks, they still were able to develop satisfactorily due to a growing market.

Conclusions

On the basis of the questions formulated above we now give the main findings of our study.
The question when the commercial banks started their securities business can easily be answered. From their very beginning, Amsterdamsche Bank and Rotterdamsche Bank undertook these activities. The former continuously developed it and remained for a long time the most important party in this field. Rotterdamsche Bank followed a more volatile policy, sometimes withdrawing as a result of difficulties to concentrate on purely banking transactions. Only after 1890 did its securities business again start to grow. Following several mergers, also with Amsterdam houses, after 1910 it led the market. Twentsche Bank was established as a purely banking institution. Only in 1871 – ten years after its establishment - when it needed to make use of its enlarged capital did it commence securities transactions. However, participations in new issues initially only took place on account of the sleeping partners; from 1884 the bank itself also engaged in this activity. Finally, Nederlandsche Handel-Maatschappij in 1824 was created as a trading company for the Dutch East Indies. To improve its profitability, in 1881 it entered the field of new issues. Because of its financial strength it gradually acquired a strong position here, but in the securities trade it remained of minor importance.
In 1913, these four institutions towered above the other players in the field. Banks that were established later on mostly from their start had the mixed character of a bank and a securities house, partly because they had their origin in a securities firm, like Labouchere Oyens & Co.'s Bank in Amsterdam or Marx & Co.'s Bank in Rotterdam. In this city, the *kassiers* (cashiers) merit separate attention. These started as cash

keeping houses and insurance brokers and from there entered the banking and securities field. The transformation in 1891 of the firm of Schaay & Ledeboer into Disconto-Maatschappij may serve as an illustration. Foremost among them was R. Mees & Zoonen, which in the 1870s was involved in issues of Rotterdam institutions and around 1910 also played a part on a national level.

The question why banks engaged in the securities business is to be answered less easily. In any case, the development of the securities sector itself was a major factor. From the very beginning, this had an important place in our country. Even in the first half of the 19th century the situation here was not unfavourable, considering the many new parties entering the field. It is obvious that financial institutions originating in another field soon started to look at the securities business when considering expansion, the more so after 1860, when a recovery set in. The 'transformations' of Twentsche Bank and Nederlandsche Handel-Maatschappij speak very clearly in this respect, as does the development of the Rotterdam cashiers. Outside the two main cities, mere banks could hardly earn a living; here, firms were largely dependent on the private investor. As a result, merchants in various trades added securities transactions to their original business.

Added to these domestic aspects were influences from abroad. These were strongly felt in 1860-1870, when the ideas of the *crédit mobilier* gained ground internationally. In 1863 these directly led to the creation of a few very large institutions from France. In addition, these ideas also had a rather immediate impact on the establishment of Rotterdamsche Bank and later on – through participations of foreign institutions – also with Amsterdamsche Bank. Despite these influences of the *crédit mobilier,* full-fledged *crédit mobilier* banks or *banques d'affaires* did not develop in the Netherlands. Institutions intended as such very soon got into trouble, while also the crisis in the years 1860-1870 led to a cautious attitude. However, it should also be noted that at the time there was hardly any room for large scale financial operations in The Netherlands: railway financing had been arranged already and capital intensive industries like mining and blast furnaces were lacking. When steam shipping appeared, some banks were already able to provide assistance. The very development of banks into issuing houses, alongside the older firms, later on hampered the possibilities of *banques d'affaires,* as the Finantiëele Maatschappij voor Nijverheids-Ondernemingen showed.

All in all, in the Netherlands a type of banking institution arose specializing in taking deposits and granting short-term credits, combined with securities trade and issuing business, but without substantial participations in industrial companies. From 1910 the combination with the securities business was intensified by the large banks taking over smaller bankers/securities houses, a process that continued until after the Second World War.

In the securities field, the banks mainly engaged in commission trade on behalf of their clients and the issuing business, albeit in differing proportions. With regard to the securities trade, it was important that the banks could become members of the associations which organized the exchanges in Amsterdam, Rotterdam and The Hague, although sometimes quarrels arose. The restrictive attitude around 1910 of the stock exchange association in Amsterdam, in particular hit Rotterdamsche Bank and some newcomers like Nederlandsch-Indische Handelsbank. In 1914 these problems could be solved. Meanwhile the commercial banks had developed into the largest parties on the Amsterdam stock exchange. Because of a lack of data, the exact importance of securities trading for the individual banks is difficult to determine. For both Amsterdamsche Bank and Twentsche Bank, we found that in 1913 securities commissions made up about 12% of their total income.

The issuing business, together with the results of the securities portfolio, in that year contributed for about 8-10% of total income, showing a relative decline after 1895 as a result of the strongly growing banking business. In this field also the banks began to surpass the older issuing houses, although the latter in 1914 still played their part.

Loans to foreign governments mainly remained the domain of a few older firms, beside which Amsterdamsche Bank was active. The introduction of American railway securities after 1860 was arranged by quite a large number of larger and smaller bankers and brokers. In The Netherlands the large banks in some sectors hardly played any role, which can be called remarkable. This holds true in particular for the railways and the oil industry. The railway companies arose earlier than the banks and were able to issue loans in their own names. The oil company Royal Dutch had close ties with some private banking firms, and other issues in this sector often were of a speculative character. In shipping a few banks, together with the firm of Mees, had a pioneering role. The banks were hardly involved in the boom in Dutch East Indian securities, apart from railways and trams and sugar factories. They also mostly stood aside from the speculative waves in tobacco and rubber shares. Activities of the banks with regard to Dutch industry have been greatly discussed in the literature. The traditional opinion that the banks refrained from industrial issues turns out not to be tenable. Although in this field they did not act as forerunners, they were nevertheless present, alongside other issuing houses. Already in an early phase a mechanism was available to assist industrial enterprises with public issues. The oldest industrial issues, with the formation of a syndicate and offering of the securities on a larger scale, were those of Heineken's Bierbrouwerij Maatschappij in 1873 and Koninklijke Stoomweverij in 1874. In 1880 the first industrial company was quoted on the Amsterdam stock exchange and till 1895 a total of 17 enterprises followed. Some companies turned to London for capital, but this cannot be regarded as an indication of a deficient capital market in the Netherlands.

This conclusion differs from existing literature, in which the banks are ascribed a too passive role in the financing of industrial companies (see P.W. Klein, 1973). Jonker (1996) found no indication of bottlenecks in the financing of trade and industry during the first half of the 19th century. From our study we can conclude that afterwards there also was a financial mechanism that was able to render its services in the supply of capital to various sectors of the economy. Besides, we were able to fill up some gaps we found in the literature. This was the case with the stock exchanges in Rotterdam and The Hague, the origin and development of which we described. We also paid attention to securities firms in other parts of the country. The activities of the banks in comparison with other securities houses could be outlined better and with the introduction of a price index for domestic shares we could bring out in full stock exchange developments during 1860-1914.

Piet A. Geljon

Piet A. Geljon (born 1934) ended his career in banking as an economic adviser to MeesPierson. Afterwards he was commissioned to writing volume III of the 'History of the general banks in the Netherlands 1860-1914', to be published by NIBE-SVV (Dutch Institute for the Banking, Insurance and Securities Business). In April, his study served as PhD thesis at the Free University in Amsterdam.

Forgotten Banks – The Other Side of Mergers

It often begins with a splendid wedding. During the process of amalgamation both sides vow to respect each others heritage. But after a certain time it happens: one party is always more equal. There are numerous cases for this practice in banking history.

The history of Deutsche Bank, Germany's leading bank for more than hundred years, for example, is also a history of takeovers – there was only one real merger of equals, when Deutsche Bank and Disconto-Gesellschaft came together in 1929 and even in this case there was only one final survivor.

In Germany the beginning of the process of concentration in banking can be seen in the establishment of the first joint stock banks after 1848. As a result of the so-called "Gründerkrise" in 1873 many German banks vanished or were taken over.

Deutsche Bank navigated through the "Gründerkrise" very well; it refrained from company-flotation and issuing business for quite a long time and so was less affected by the repercussions of the crisis. It only started to buy other major banks from 1876 onwards. It substantially expanded its presence in Germany by integrating Bergisch Märkische Bank (1914), Schlesischer Bankverein and Norddeutsche Creditanstalt (both 1917) and their respective branch networks.

The merger of Deutsche Bank with its main rival, the Disconto-Gesellschaft, in October 1929 was the largest merger to date in the German banking industry. And this wedding, though initially planned in 1926, came just in time. The official declaration of merger was announced in September 1929, the release to merge was given on the 29th October 1929 only a few days after the "Black Friday" at Wall Street and the outbreak of the world economy crisis. The positive effects of the merger helped Deutsche Bank and Disconto-Gesellschaft to get through the years of crisis in a better condition than most of their competitors.

A merger of this scale was the climax of the increasing consolidation in German banking in the 1920s. The usual procedure was that regional stock corporation banks, which had established a branch network by taking over several smaller private banking houses, were themselves amalgamated into Berlin's big banks. The big banks thus came into the possession of their wide-spread branch networks throughout Germany. Although Disconto-Gesellschaft had already joined forces in 1895 with Norddeutsche Bank in Hamburg and with A. Schaaffhausen'scher Bankverein in Cologne, the oldest joint stock bank in Germany, in 1914, it had allowed its regional banks to retain their legal independence – whereas Deutsche Bank downgraded these regional banks immediately to branches. Only during the First World War did Disconto-Gesellschaft change its strategy and began integrating regional banks. In addition, key branches were opened directly. At the time of the merger, Disconto-Gesellschaft's branch network was only half as large as Deutsche Bank's, although it had kept pace in the expansion with all of the other big banks. With the merger of 1929 came the end of those regional banks which had already been inte-

October 1929, Deutsche Bank and Disconto-Gesellschaft merge grated into the newly shaped Deutsche Bank – beside the aforementioned Norddeutsche Bank and the A. Schaaffhausen'sche Bankverein, two prosperous banks in the Southwest of Germany, Rheinische Creditbank and Süddeutsche Disconto-Gesellschaft, were also involved. None of them survived in the common remembrance.

And even for one of the two protagonists of the big 1929 merger – the Disconto-Gesellschaft – the amalgamation marked the end of their visible existence; real equality, expressed in the name "Deutsche Bank and Disconto-Gesellschaft", in fact only lasted for the initial eight years. Indeed, the name was often cut up to "Dedi-Bank". This also was a reason for which after a few years the unwieldy name was shortened to "Deutsche Bank" in September 1937. The announcement from the Board of Managing Directors again swore to the spirit of the merger of equals: "Deutsche Bank and Disconto-Gesellschaft had founded its company in the year 1929 by combining the names of the two joined banks […] to signify the full equality of the two banks, not just to guard tradition and commercial transfer, but also to display this externally out of commercial interest. In the past eight years, the transfer of all the assets has been completed, and what has been transferred will continue to exist in the history of the bank." It is interesting to note that although the name "Deutsche Bank" won out, the bank was led by "Disconto men" starting from 1933 on. They were unmistakably the dominant figures in the first decade and a half after the merger.

Nonetheless, by erasing the "Disconto-Gesellschaft" component from the name, the memories of a bank that had, for almost eight decades, significantly influenced economic developments in Germany, began to fade. Until then, the Annual Reports had made reference to the founding years 1851 and 1870, and thus the older line of tradition, began to disappear. And thus the scene was set that resulted in the Disconto-Gesellschaft being sent to oblivion, being absorbed without historic material - its archive having been almost completely lost - into a greater entity, a loser in (bank) history.

In 1997 parts of the former Disconto-Gesellschaft head office buildings on Berlin's famous avenue "Unter den Linden" were restored to become Deutsche Bank's representative Berlin branch. On the cornice of building No. 13 the original inscription was – again – written in big capital letters: DISCONTO-GESELLSCHAFT MDCCCLI. Today it is the only publicly visible token of this forgotten bank that remains 75 years after its "wedding".

Reinhard Frost
Historisches Institut
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Former head office building of Disconto-Gesellschaft at Berlin Unter den Linden

Butchers' Bank in Prague (1921 – 1941)

The period of the First Czechoslovak Republic (1918 – 1938) saw the development of Czechoslovak and in particular the Czech economy. Within this development a very important role was played by the Czechoslovak monetary industry, undoubtedly the most significant part of which was the banking industry, notably joint-stock banks. Joint-stock banks may be divided according to a number of criteria, the best-known being division according to the amount of joint-stock capital and overall balance. According to this criterion there are big banks, medium-sized banks and small banks. Big banks naturally played the most important role, as their significance exceeded the narrow Central European frame. Besides them, there were however numerous small institutions, i.e. small banks, whose joint-stock capital did not exceed 30 million Czechoslovak crowns. The Butchers' (Meat) Bank belonged exactly into this group.

The Butchers' Bank may also be associated with a group of banks established by members of a particular profession for that profession (i.e. professional) and banks established by individuals from various backgrounds for a particular profession (i.e. occupational). Professional banks were monetary institutions that were formed in the course of the first half of the past century and whose main aim was to provide the required capital for a particular profession or branch of industry. That is how, for example, the Brewing Industry Bank came into being, whose task it was to provide credit for the brewing industry, or the Building Trades and Industry Bank, which supported business people involved in construction. Other professional banks included the Grocers' Bank, Foresters' and Woodcutters' Bank and last but not least the most crucial professional monetary institution, the Czechoslovak Agrarian Bank. Its vast development, which was mainly due to its political connections, often inspired the formation of a number of other institutions oriented at professions .

Now let us focus on the Butchers' Bank.

The establishment of the Butchers' Bank is related to the significant development of the food industry in the Czech Lands during the second half of the 19th century and at the beginning of the 20th century, when the Czech butcher industry, alongside the Czech sugar and brewery industries, started to penetrate European and world markets . The growth of companies involved in the meat industry together with the growth of their turnovers required sufficient operating capital for their activities. The capital used by companies doing business in this whole extensive branch was highly specific, as it was characterised by very high, but very fast turnover. The new professional monetary institution aimed to provide exactly this kind of capital and not to "economically suffocate the butchers, financially exploit them and prey on their work", which was in their opinion the practice of the existing banks with which the butchers still had commercial relations .

The formation of a specialised butchers' monetary institution started to be considered shortly before the beginning of World War II. However, the actual impulse to establish such a bank came in February 1919. It was initiated by one of the most important butchers' cooperatives, the Association of Czech Butchers Purchasing and Selling in Prague, a limited liability company. The proposal made by this cooperative, which specialised in purchasing and selling livestock, meat and meat products on behalf of its members, was soon joined by a Moravian cooperative, Masokup, which had the same specialisation. The reason why the request for an independent monetary institution had been made was on the one hand a constantly rising demand for food after the war, in particular meat, and on the other hand constantly increasing requirements of the existing banks to cover credit as well as rising interest .

However, it took over two years for the dream of butchers' circles - to have monetary independence represented by their bank - to come true. On 30 January, 1921 the constitutive general meeting of the Meat Bank took place. At that meeting it was approved that a banking institution for butchers and related professions be established that would bear the name of Butchers' Bank in Prague, which had a fully paid-up joint-stock capital in the amount of 12 million crowns. Members of the bank's board of directors who were elected on the same day included prominent representatives of the meat-processing industry, among others Josef Beránek, Jaroslav J. Horák and Václav Jirásek . The institution launched its activities on 1 February, 1921, with Alois Nebuda as Manager. The first seat of the bank was located in Prague in Spálená 3, Nové Mìsto.

The following development of the Butchers' Bank may be divided into several periods, the first covering the years 1921 to 1923. At that time, the first two years seemed to be a period of unstoppable growth. The bank formed a network of branches. These included both outlets, which had their own supervisory board composed of local officials, and branch offices, which reported directly to the bank directorate (with the exception of the Brno branch office, which reported directly to the Brno outlet). Outlets were located in Brno, Moravská Ostrava and Pilsen. Branch offices were to be found both in Prague suburbs, in Holešovice, Smíchov, Karlín, Královské Vinohrady and Libeò, and in the centre in Prague 2 .

An increase in the bank's trade, which took over the operation of several meat offices that mediated payments for livestock and meat (in Prague, Brno, Moravská Ostrava and Pilsen), gave rise to increased financial need, covered by a rise in the joint-stock capital to 20 million crowns. The general meeting allowed the possibility of a further increase to 30 million crowns. This was mainly due to an idea that the Butchers' Bank would be transformed into a big bank that would no longer specialise solely in the meat-processing industry and trade related to it, but whose income would still go to the butchers' profession . However, as early as in 1922 serious problems started to emerge in the bank that now had a new magnificent seat in the representative premises of Wiehl House at Wenceslas Square in Prague. Disagreements among members of the board of directors paralysed the bank's internal operation. Due to this, wholesalers, committers and large butcher businesses turned away from the professional institution . The bank did not suffer only the loss of its most important clients, but started to experience liquidity problems as well. These difficulties were caused by uncovered credits often provided to boom industries, in particular the wood-processing industry (the Lignum company), by a growing number of insufficiently covered accounts, and last but not least by speculation of inexperienced officials .

The year 1923 meant another period in the life of the Meat Bank. In this year the bank experienced deep crisis that almost resulted in its bankruptcy. The difficulties suffered by the institution began to show in spring 1923. Extensive withdrawals of deposits occurred after the Bohemia Bank went bankrupt and there was inadequate composition. In the course of only two weeks in April approximately 30 million crowns were withdrawn from savings books and current accounts. At the same time, however, the monetary needs of the biggest committer, the Livestock and Meat Office in Prague, kept rising . The bank thus started to help itself out by rediscounting its claims with some monetary institutions, in particular state and regional ones, which amounted to 32.7 million crowns in August that year . However, not even funds obtained this way could cover the aggregate monetary needs of the institution. There seemed to be only one way, namely to obtain support for the institution from the most important representatives of the profession who had turned away from the bank, e.g. Emanuel Maceška, Bohuš Rodovský or Vítìzslav Kraus. They were to provide not only the capital, but also moral support, which would have an impact on an influx of deposits from small businesses. This step also involved attempts to obtain a politically influential advocate. The Czechoslovak Middle Class Trader Party to which many important butchers were oriented became such an advocate . However, part of the bank's representatives soon realised that internal butchers' efforts alone would not be able to save the institution. Thus, a merger with one of Czechoslovak big banks became the most favourable solution .

Eventually, this solution was implemented by the Czechoslovak state. In spring and summer 1923 the bank obtained extensive financial assistance from the state in the form of state deposits (worth a total of 12 million crowns) . However, state bodies, most notably the Ministry of Finance, had not ascertained the actual financial situation of the Meat Bank, which meant that those deposits that had been provided without any guarantees would be put at risk if the bank were to collapse . If the state wanted to avoid losing its deposits and prevent further insecurity in the monetary sector, it had to stabilise the Butchers' Bank. It seemed that the least costly option would be to have the bank supervised by a strong Czech big bank that would ensure its reorganisation or possibly its quiet winding up . The Prague Credit Bank (Prague Bank) was selected due both to its past business relations with the Meat Bank and also because of its experience with the winding up of another small bank that had gone bankrupt (the North-Bohemian Bank in Litomìøice).

After long negotiations the Prague Bank finally acceded to becoming the guardian of the Butchers' Bank upon agreement as of 19 September, 1923. Pursuant to this agreement the Meat Bank received not only funds to cover losses and funds for further operation (the state promised up to 25 million crowns and the Prague Bank another 6 million crowns), but also capable management that immediately launched its reorganisation. This involved slimming down the administrative staff and reducing the number of branch offices as well as redirecting the bank to the butcher industry yet again. However, the price the bank had to pay for the assistance was a loss of absolute independence, since prominent representatives of the Prague Bank (Václav Vanìk, Leo Peterka and Vilém Nessel) were sent to the most crucial bodies of the institution which had, up until this point, remained independent and solely butcher-oriented as concerns joint-stock capital. They joined namely the board of directors, the Executive Committee, the supervisory board and a newly established Supervisory Committee. The Prague Bank also took charge over the directorate when its proctor Josef Køepela was appointed Manager of the Meat Bank. Externally, it was manifested among others by the fact that the Prague Credit Bank listed the Meat Bank as part of its group in the 1924 balance .

The agreement as of 19 September, 1923 was only the starting point for the bank's rescue. The whole rehabilitation process dragged on until 1931. During this period, the new management of the Meat Bank had to come to terms with losses which, until this time, leading figures of the bank had not wanted to admit. While the September agreement described estimated losses worth 45 million crowns as too pessimistic, in 1924 losses were calculated at 71 million crowns . However, the final figure was determined only in 1929. After adding up losses (in particular those stemming from bad debt) and including all interest and operating losses from 1924 to 1928, which however had originated before 19 September, 1923, the Prague Credit Bank internally calculated that the aggregate losses were worth 101 million crowns. Interestingly, publicly admitted losses were fixed at a "mere" 79 million crowns . As the Prague Bank gradually discovered the actual losses, it was

slowly losing its interest in further management of the Meat Bank. So as not to suffer the settlement of claims pertaining to the Butchers' Bank, the Prague Credit Bank required far higher guarantees from the state than had been enshrined in the 1923 agreement. The Prague Credit Bank's threat that it would leave the institution to sink or swim forced the state to use its own funds in order to prevent state deposits and guarantees yet also put the whole banking sector at risk. "First aid" was carried out by means of recognised flour loans, which the state had originally purchased to redeem part of the Czechoslovak state debt. The state sold these securities to the bank for their purchase value, which corresponded to two thirds of the price after recognition . With the help of this questionable transaction the Butchers' Bank immediately gained over 17 million crowns and, thanks to other successful transactions on the securities' market, a further 8 million crowns was added to the amount . Subsequent assistance was fairly standard; like other banks, the Butchers' Bank obtained a contribution from the Special Fund for the Alleviation of Losses due to War Conditions to the amount of 13.5 million crowns and from the General Monetary Institutions Fund to the amount of 6 million crowns .
Thanks to this support and reorganisation the bank was beginning to stabilise: in 1928 it had a net profit worth 5,606.77 crowns. In conjunction with representatives of the Prague Bank, the new management of the Meat Bank (e.g. Bohuš Rodovský and Cyril Novák) pursued the completion of the whole rehabilitation process of the Meat Bank . Between 1929 and 1931 numerous negotiations were held, during which the opinions of the state and the Meat Bank clashed. While the state wanted to have the remaining losses paid by writing off all joint-stock capital, representatives of the Butchers' Bank recommended that losses be paid by writing off state deposits. It is paradoxical that the rescue of state funds in the institution was one of the reasons why the state had wished the bank to be rescued . Owing to a number of interventions, in particular performed by the newly established English-Czechoslovak Bank and Prague Credit Bank, whose interest in a business connection with the Meat Bank stemmed from annual profit exceeding 2 million crowns , the banking group commission of the Special Fund trustees decided with the government's approval to end the rehabilitation process of the Butchers' Bank on 28 April, 1931. The Meat Bank hence received further support from state deposits in the amount of 11 million crowns. Uncovered loss amounting at that time only to approximately 12 million crowns was subsequently covered by writing off joint-stock capital in the same amount . In summary, over the eight years it took the state to stabilise the Meat Bank, the bank obtained financial assistance to the tune of 57 million crowns. However, this amount may be further increased by other items, in particular interest on government bonds and state deposits, through which the amounts were paid. Thus, the rehabilitation of the Butchers' Bank may have cost the tax payer over 71 million crowns .

A new era in the life of the Meat Bank began in 1932 and ended with the occupation of the remaining Czech Lands by Nazi Germany. The 1932 to 1939 period was a time of peaceful development of the Butchers' Bank, which was however influenced by economic crisis affecting the meat industry as well. Due to a drop in the consumption of meat products related to their increasing prices after 1935 business activities of meat-processing professions were reduced. The Meat Bank therefore became more involved in transactions with state securities. For instance, in 1937 alone, the bank had 100 million crowns deposited at the Prague Bank in government bonds, which it had purchased for itself and its clients . Owing, among others, to these transactions the bank managed to remain profitable even during the crisis and its annual profit would usually be 0.5 million crowns .

The occupation and war years meant a real change for the Butchers' Bank. Increasing regulation on the food market and naturally also meat products and livestock limited business in the meat industry and trade. Unsurprisingly, this regulation had an impact on the Butchers' Bank, which was closely linked with the meat industry. Of all the funds that the bank had, worth 150 million crowns (75 million crowns on savings books, 60 million crowns on current accounts and 15 million crowns of its own funds), it was able to use less than 15% on the credit market . The Bank Inspection Union pointed out the undesirable amount of liquidity funds in its inspection reports . It was clear that under the war conditions the bank would be unable to retain its profitability long-term. The bank was approaching an almost desperate situation, unable to move its activities to other fields of business than its own. There was a fear that the 1920s crisis may repeat itself and, moreover, the Prague Bank did not wish to have another competitor.

Nevertheless, a merger of the Butchers' Bank and the Prague Bank was eventually achieved, not brought about by the issue of the bank's future profitability but instead by a state of fierce competition among Czech Protectorate banks having new owners from the German Reich. According to information obtained by the Prague Credit bank, the Czech-Moravian Bank (formerly the Bank of Czechoslovak Legions), started showing interest in taking over the Meat Bank . The Prague Bank immediately saw such a move as a threat for its area of interest and started negotiations with the Meat Bank about a merger. At its suggestion the board of directors of the Butchers' Bank decided to ask the Ministry of Finance to issue an order for merger with the Prague Credit Bank . Following interventions by a new owner of a quarter of the Prague Bank, the Czech Union Bank, the Ministry of Finance indeed issued an order for merger of both banks on 15 December, 1941. The order contained conditions proposed by the Prague Bank: taking over all assets and liabilities of the Meat Bank as well as its staff and exchange of stock at the rate of 1:1, which was to be performed by increasing the joint-stock capital of the Prague Credit Bank from 120 million crowns to 128 million crowns . The merger was to be performed as of 1 January, 1941; however in practice it was carried out as of 1 April, 1942 and completed on 4 November, 1942 by deleting the Butchers' Bank from the Commercial Register . The merger as such was not easy for the Prague Bank; it had to strive for the Butchers' Bank's branches, mainly for a profitable branch office in Holešovice located near a central slaughter-house. The Prague Bank maintained this branch office, but was forced to wind up a branch office in Smíchov and merge a branch office in Královské Vinohrady and an outlet in Moravská Ostrava with its local branches .

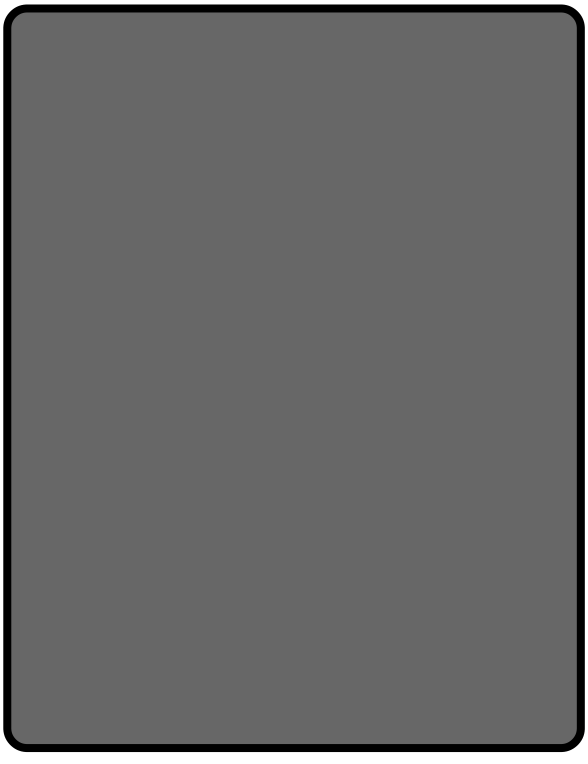
Although the legal existence of the Meat Bank was terminated, the institution was still alive. A special group, the Meat Bloc, was formed within the Prague Bank and took over all the former agenda of the Butchers' Bank together with the meat business of the Prague Bank and later also all business of the Czech Discount Bank. The aim of the Meat Bloc division was to develop smart financial services for middle business classes. The Meat Bloc had a specific advisory board, the Meat Committee, which was to replace the board of directors of the Meat Bank while maintaining continuity with those activities of the bank remaining . . The actual end of the bank may thus be put to mid-1943, when the Prague Credit Bank was dissolved upon decision of the occupational administrative authorities.

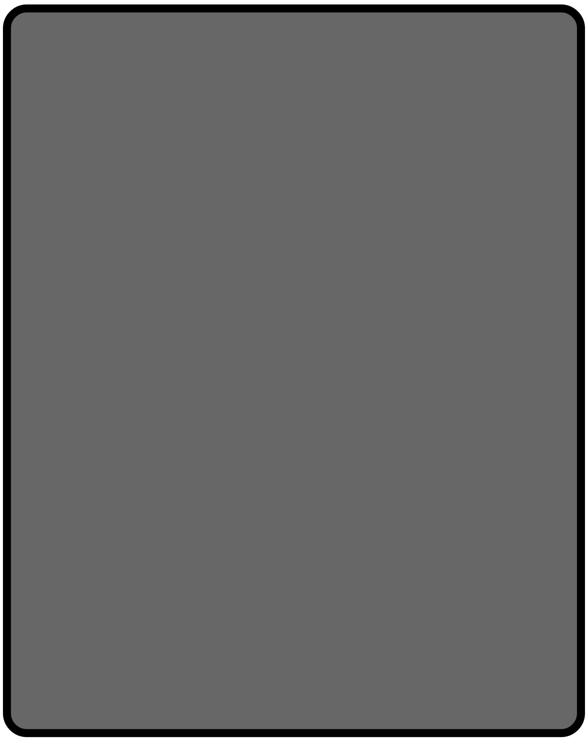
Unlike the Prague Credit Bank, the Meat Bank was not renewed after the liberation in 1945. In the newly organised banking system there was no longer room for small banks.

Conclusion

The Butchers' Bank in Prague was a typical representative of occupational (professional) small banks that existed in inter-war Czechoslovakia. This type of institutions shared one feature, namely the aim of supporting a specific branch of industry and the business people involved in it. Under the banner of common interest, they also tried to attract those businesspeople who had very cautious relations with established banks. The fate of these banks was often very similar too. After a short period of prosperity (in particular in the early 1920s) a long crisis came and was tackled either by financial rehabilitation or by winding up. However, the banks that had overcome the difficulties and had survived learned the lesson from the previous development and were rewarded with long term profitability. None the less, they ceased shortly after Nazi Germany occupied Czechoslovakia when the extensive concentration of Czech banking first came into consideration. Small banks thus fell victim to forced adaptation of Czech monetary industry to the model existing in the German Reich. Such was also the fate of the Butchers' Bank.
Naturally, although the importance of small banks must not be overestimated and they cannot be compared with such giants as Zivnostenská banka or Czech Discount Bank, they undoubtedly had their place in the banking system of the First Czechoslovak Republic. Since small banks were, due to the weakness of their capital, always far more sensitive to any disruption of monetary conditions, it is possible to demonstrate very well the extent and depth of economic processes on their fate.

Jakub Kunert
Czech National Bank





Commerzbank and Frankfurt am Main

On 26 March 1856 a ministerial announcement from the Duchy of Saxony-Meiningen published a concession to establish the Mitteldeutsche Creditbank. It was founded by the Frankfurt private bankers Wilhelm Jäger, S. M. Schwarzschild, Siegmund and Rudolph Sulzbach and Jakob Isaac Weiller, together with Lieben Königswarter from Hamburg, Becker & Comp. from Leipzig and B. M. Strupp from Meiningen. Like the Bank für Handel und Industrie in Darmstadt, the new entity was forced to relocate, in this case to the nearby Thuringian duchy, because the Frankfurt senate was not issuing any concessions to establish joint-stock banks. The banker Carl August Siebert's agency represented the bank in Frankfurt, and the agency was converted into a branch in 1873.

The Mitteldeutsche Creditbank was also entitled to issue banknotes, but stopped doing so after the banking law of 14 March 1875 restricted the business scope of issuing banks. It then concentrated on building up corporate financing and placing German and international government and municipal bonds. The bank maintained close ties with the Deutsche Hypothekenbank, the Binding and Henninger breweries in Frankfurt, the Consolidierte Alkaliwerke in Westeregeln, the Buderus'sche Eisenwerke in Wetzlar, the manufacturers of measuring instruments Hartmann & Braun AG, Telefonbau und Normalzeit GmbH in Frankfurt, and the chemical company Th. Goldschmidt in Essen. As the bank expanded, its headquarters were transferred from Meiningen to Frankfurt am Main. It moved in 1886 into a building designed by the architect Eugen Rückgauer and built by Philipp Holzmann AG at Neue Mainzer Strasse 32. This was a broad-fronted building, grander than its neighbours, with an elegant facade featuring renaissance, baroque and early classical elements. The effect of the central block appearing to project from the rest of the building was reinforced by the side wings being slightly lower. The main entrance was on the righthand side of the central block, providing access to the rectangular counter hall on the ground floor. The boardrooms and conference rooms on the first floor had rounded gables above the windows and corbels in the balustrades above on the second floor, which provided accommodation for the board of directors. Above this, richly decorated mezzanine windows and a projecting cornice with a vertical balustrade rounded off the building, which was reminiscent of the Petit Trianon in Versailles.

Mitteldeutsche Creditbank in Frankfurt, 1913

With equity capital of 24.2 million Reichsmarks and some 40-50 business premises, the Mitteldeutsche Creditbank was one of the smaller leading German banks in the 1920s. It merged with Commerzbank in 1929, the latter having an equity-capital base of 95.6 million Reichsmarks. Commerzbank was founded in 1870 as Commerz- und Disconto-Bank in Hamburg. As of around 1900, it had developed into one of the leading major Berlin banks. The name was changed to Commerz- und Privat-Bank in 1920 and twenty years later to Commerzbank Aktiengesellschaft. In order to maintain a presence in the two financial centres Frankfurt am Main and Berlin, the bank purchased the Frankfurt bank J. Dreyfus & Co. in 1897, including the Berlin branch which continued to operate. The Frankfurt branch became a limited partnership under the name of J. Dreyfus & Co. in 1903, for an agreed period of only five years, and Commerzbank maintained a share in it.

In 1920 Commerzbank opened its own branch in Frankfurt at Schillerplatz 5-7. One of the first managers was Carl Goetz, who subsequently moved to Dresdner Bank, and another Hermann Schilling, who subsequently became a managing director of the Preußische Staatsbank (Seehandlung) and then a partner in Brinkmann, Wirtz & Co. The building no longer exists. When Commerzbank took over the Mitteldeutsche Creditbank in 1929, the two branches were merged to become the Mitteldeutsche Creditbank branch of Commerz- und Privat-Bank. Frankfurt remained one of the largest operations within the Commerzbank network after this merger. The former managing directors of the Mitteldeutsche Creditbank Friedrich Reinhart and Albert Katzenellenbogen became members of the Commerzbank board of directors and supervisory board.

The building in Neue Mainzer Strasse was badly damaged during the Second World War, but was re-opened in December 1949. The press reported:

'The old premises were destroyed during the war, and their practical but elegant successor has been designed to the latest standards by architect Karl Olsson. Nut and oak have been used for the furniture and wooden fittings, and the floors are of Solnhofer tiles. The counters are of an Italian marble, portor. Two large overhead glass lights and modern Sistrah graduated lights ensure that hall is bright even when it is dark outside or the weather is gloomy. An air-conditioning system has been installed, piping in pre-heated fresh air and removing the stale air.'

The Allies' decentralisation policy left Frankfurt as administrative headquarters for southern Germany, with Hamburg and Düsseldorf the counterparts for nothern and western Germany respectively. The Frankfurt branch was designated as head office. In the early 60s, the bank commissioned a new seven-storey building in Frankfurt. It was 60 metres long and roughly 15 metres deep, at right angles to and slightly apart from the present building in Neue Mainzer Strasse. The two were connected by a wing at the rear. Architect Walter Maria Schultz's reinforced concrete frame and glass facade were reminiscent of the New Building style of the 20s. A wide staircase with a false bearing and a number of lifts led from the elegant entrance hall to the conference rooms on the first floor and the board's offices and conference rooms on the second floor. An atmosphere of impressive unobstructed vision was reinforced by the use of materials such as grey-green mica slate and a white marble surround for the glass façade. The flat roof of the building was designed as a roof garden for the use of the staff during breaks.

When the three regional bodies merged in 1958 to become Commerzbank AG, the focus of business was in Düsseldorf, but in the early 70s it was decided to centralise the three administrative units in Hamburg, Düsseldorf and Frankfurt in the last of these cities. The facilities available were too small so were demolished to make way for a larger building. Richard Heil designed a structure consisting of two sections with a central core, 28 storeys high and with accommodation for some 1,400 staff, and this was built between 1970 and 1974. Mat bronze aluminium sheets with thin vertical lines and horizontal rows

The counter hall was restored and re-opened in December 1949 of windows gave the façade the appearance of a chess board. The building was 106 metres high, and was the first building in Frankfurt taller than the cathedral tower.

Commerzbank's legal domicile has been in Frankfurt since 1990, which in effect completed the process of centralisation. As business expanded, the various departments had to be located in a number of different premises around the town. To overcome this problem, British architect Sir Norman Foster was commissioned to design a new headquarters building. It is 259 metres high and was built by Hochtief from 1994 to 1997 on a site between Kaiserplatz, Grosse Gallusstrasse and Kirchnerstrasse. It has a steel framework based on 111 enormous piles which go 48.5 metres into the ground. The shape is that of an equilateral triangle with rounded corners and slightly convex facades. The three wings, consisting of floor space and lift tracts, surround a triangular atrium. On every floor, two of the wings are used as office space and the third extends over four storeys

In the early 60s, Commerzbank extended its headquarters in Frankfurt

as part of a 34 metre-long garden. The atrium and generous use of glass on the fronts makes the building light and airy, and the natural light and well-proportioned gardens lend it a slender appearance. There are nine gardens in all, alternating from wing to wing in a kind of spiral, and the structure peaks asymmetrically so that the tower stands out well from a distance. With the antenna on top, the building reaches a height of 300 metres.

Highly innovative technology has been incorporated to provide a pleasant environment for the staff and radically cut energy consumption. The tower is covered by a two-layer facade through which fresh air enters the interim space. The windows can be opened individually, allowing natural ventilation up to the 50th floor. The ceiling panels have a water-based cooling system to cope with the summer heat which responds to the indoor temperature. The offices are heated conventionally, with staff able to regulate the temperature in each office within a certain range. There are now some 2,400 people working here on 45 floors. There are also technical facilities on 14 levels.

The bank is entered via a foyer three storeys high. Thomas Ende's multi-coloured 'fleece', the largest transportable picture ever, hangs on one wall. It measures 16.80 x 12.35 metres and is a strong focal point of attention. The work consists of 9.5 million tiny stalagmites of paint, each about 5mm high. Depending on where the viewer is standing, the picture appears either as a simple colour composition or as cumulus clouds in a summer sky with varying shades of colour. There is also a restaurant for staff which is open to the public as well, and an auditorium covering over 2,600 m^2 for special events.

For roughly two decades, the bank's regional branch headquarters were in the Neue Mainzer Strasse building, but in 1999 the branch moved into its own premises at Kaiserstrasse 30. They were built in 1905 for the Deutsche Effecten- und Wechselbank, and has been lovingly restored at considerably expense by the architects Novotny, Mähner & Associates. The impressive frontage features five huge columns above the entrance and a neo-baroque gable with depictions of various allegories representing mining, heavy industry and crafts. Inside, the surroundings are modern but elegant. The large banking hall has a high ceiling with an art noveau lamp hanging from an oval opening. Arched doorways, columns of artificial coloured marble, wrought-iron banisters and tinted glass panes harmonise well with the otherwise modern style.

As banking became increasingly reliant on technology, it became apparent back in the 80s that a new technical centre would be needed. This is located a little way from the town centre in Mainzer Landstrasse and was designed by architects Franz Madreiter. Originally the building accommodated the organisational staff and the data-processing centre in a space totalling 17,000 m^2. About 17 years later, a new service centre was added to the complex to ensure that all trading activities could be conducted in one location. This was opened in 2001. The heart of the building is the trading room, 150 metres long, 25 metres wide and 6 metres high, accommodating up to 500 currency and securities traders. There is an open square between the two Commerzbank buildings, accessible via a passageway from Mainzer Landstrasse.

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Commerzbank AG

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Commerzbank's tower designed by Sir Norman Foster was built in 1994–1997

C Hoare & Co: A Unique Banking House

Halfway along London's Fleet Street, surrounded by legal chambers and the ghosts of the area's newspaper publishing past, stands a truly unique building. So unobtrusive is number 37 Fleet Street that visitors, some of whom have walked along the street for decades, confess to never having noticed it before. But not only is it home to C Hoare & Co, since 1953 the oldest surviving private bank in Britain, the building itself is the earliest surviving example of a purpose-built bank in the country.

Hoare's Bank was established by Richard Hoare (1648-1718/9), the son of a successful horse dealer who in 1665 was apprenticed to a goldsmith. In 1673, the year after his admittance as a Freeman into the Worshipful Company of Goldsmiths, Richard took over the business of his former master, Robert Tempest, at the Sign of the Golden Bottle on Cheapside. Before long he had built up a sizeable business as a goldsmith/banker, numbering among his clients Charles II's widow, Catherine of Braganza, the diarists Samuel Pepys and John Evelyn and the painter Godfrey Kneller, as well as large numbers drawn from the aristocracy and landed gentry. In 1690 Richard moved from Cheapside to Fleet Street, then emerging as a busy thoroughfare - one visitor described the street as being 'with chaises, carriages and drays in an unending stream' - with easy access to the newly fashionable West End. Another advantage of Fleet Street was its proximity to many of Hoare's rivals including Coutts', Gosling's and Child's.
In the hands of Richard's descendents, the business flourished, so much so that by the end of the eighteenth century the Bank had outgrown its existing home. Recognizing that something needed to be done, the Partners in 1799 agreed to set aside £500 of their profits per annum, partly with a view to 'rebuilding ye premises at Fleet Street'. Then in 1826 a number of architects were approached and asked to submit plans for a new banking house.

The old banking house early 19th cent. The bank is third from the left

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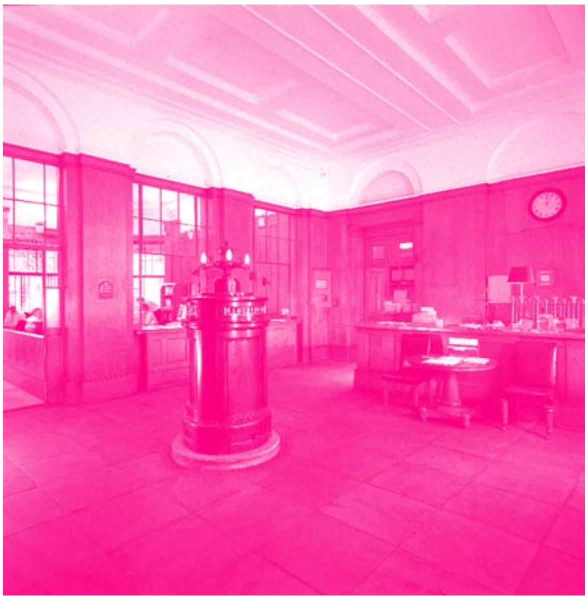
Another factor that may have influenced the Partners' thinking was the extensive programme of improvements being undertaken on Fleet Street at that time. Large numbers of old buildings were being pulled down to allow the road to be widened. Even the church of St Dunstan in the West, directly opposite the Bank, was being rebuilt, to designs by John Shaw. The new banking house being considered by the Hoares, therefore, would have been entirely in keeping with what was happening all around them. And since the Partners had been quietly buying up neighbouring properties over the previous decades, a truly spacious development could be planned.

Although plans were sought from more established architects, it was to a 'strongly recommended' but relatively unknown man that the Hoares ultimately turned. Charles Parker (1799-1881) was a former pupil of Sir Jeffry Wyatville, whose opinion the Partners sought before taking the young man on. The Bank was one of Parker's first commissions on his return to England from Italy where he had spent several years travelling and studying. Much of what he learned there later appeared in his *Villa Rustica* (1832-41), in which he examined what he called 'the humbler class of dwellings'. On 13 April 1829, the Bank moved out of no 37 and took up temporary residence in a building behind. The old banking house was pulled down and the following month the first brick of the new banking house was laid by five year old Henry Ainslie Hoare.

The new building had been planned in meticulous detail. In a letter to Hugh Hoare on 10 December 1828 Parker wrote 'It is proposed to carry up the building in every particular according to the abstract which was forwarded for your inspection, caseing [sic] the North Front with stone and making the principal story [sic] fireproof. Thirty seven detailed drawings containing the construction as well as the manner of furnishing the rooms have been therefore carefully prepared from which the quantity and measurements of the several kinds of works can be with accuracy calculated.'

Obviously the Hoares were keen to keep a tight rein on the project's costs. There was even considerable debate amongst themselves as to 'the necessity or advantage of facing the North Front with stone'. But they were equally aware that in erecting their new banking house a delicate balance had to be struck. While on the one hand they had to be seen to be prudent where money was concerned, on the other they had to ensure that they projected an image of living and trading successfully in order to inspire confidence in both their present and future customers. Considerable uncertainty would be aroused if the Partners were seen to be operating from either an overly lavish or a small and meanly appointed premises.



the banking hall c.2004

The result, finished one year later at a cost of over £20,000 (excluding fittings), was an elegantly proportioned three-storey building with basement, spread over seven bays and cased in Bath stone. Parker's more extravagant suggestions, including four detached Ionic columns at the front of the building, were rejected ('they would give rather too magnificent an appearance to a House of Business') in favour of quiet restraint. Even the main entrance was placed to the side of the building rather than in the middle, and above it Parker was instructed to replace the circular head he had proposed with a pediment to house the golden bottle brought from Cheapside. The whole was in marked contrast to the highly decorative buildings being erected by the joint-stock banks only half a century later. Instead, the Hoares' new building perfectly displayed the characteristics a private bank would wish to project, namely solidity, discretion and a total lack of ostentation. This liking for understatement is illustrated by the manner in which the opening of the new premises was recorded in the Partners' memorandum book: '19 July [1830] Remov'd to our new House after 5 o'clock. 20 July Open'd the new Shop'.

The idea of quiet restraint adopted on the outside of the building was continued on the inside, where the maze of narrow passageways and small irregular rooms that had developed piecemeal over the previous century was swept away,

Bank exterior 1992

to be replaced by elegant well-proportioned rooms with large windows and high ceilings. The front part of the ground floor was given over to an oak flush-surfaced banking hall or 'Shop', furnished with mahogany counters and metalwork grilles. In the centre of the room a Grecian style bronze columnar stove was installed, the work of Parker's brother Samuel, self styled 'Bronzist to his Late Majesty'. For the room behind the Shop, the Partners heeded the advice of another family member, Sir Richard Colt Hoare, who had urged them 'Pray give yourselves a better room for 25 by 15 is a mere den, little better than the old one. Why not ... make a handsome room of 25 by 26 to receive the noblesse'.

On the first floor, up a staircase of elongated iron Doric column balusters and through a pair of heavy mahogany doors, Parker constructed a suite of rooms, including a drawing room, dining room and saloon with ante room that became known as the Private House. Contemporary accounts show that a whole army of skilled craftsmen were employed to work on these rooms: marble workers, carvers, decorative plasterers, coppersmiths, painters, upholsterers, paperhangers and carpenters. The theme of simple Grecian detailing started on the ground floor was continued, with Athenian beading, flower motifs and mitre leaves all much in evidence, the last possibly intended partly as a nod to the Bank's location on top of the old Mitre Tavern cellars. Still with an eye to expense, though, materials were salvaged whenever possible. The old marble fireplaces, for example, were carefully removed and installed in another building project. Whatever could not be re-used was sold, the money raised being subtracted from the final bills. The furnishings comprised a mixture of pieces bought or commissioned specially, those already in situ and a few provided by members of the Hoare family.

Nearly two hundred years later the building continues to function as well as it did when it was first erected. The banking hall, one suspects, would be nearly as familiar to the customers of 1830 as it is to those of today. Within the Private House too changes have been kept to a minimum. The tenth and eleventh generations of the Hoare family continue to breakfast and lunch under the steady gaze of their ancestors whose portraits line the dining room walls, whilst the drawing room and library (formerly the saloon) also retain much of their original décor and are invaluable for entertaining. During the later nineteenth century, the small ante room beside the saloon became known as the Smoking Room after it was given over largely to the younger Partners. Here, surrounded by photographs of their favourite actresses and music hall stars, they would gather to relax and smoke their beloved Virginian tobacco, taking care to expel the smoke up the chimney so as to avoid detection by the older Partners who stuck resolutely to Turkish. It is now an extra meeting room. In another small room on the other side of the library a small museum reflecting the Bank's long history has been created for staff and customers.

Some change, of course, has been inevitable. The growth in staff numbers, from around 20 in 1830 to over 200 today, has resulted in the conversion of the bedrooms and sitting rooms on the upper two storeys into offices. To compensate for this, a flat has been created in the attic space. Further office accommodation was provided by the addition of two sympathetically designed rear extensions by Sir Herbert Baker (1929) and Devereux & Davies (1958). Into the first of these extensions a new Partners' Room was built, panelled in oak and with views over the small courtyard garden.

The Partners, too, recognize that buildings, like businesses, need to evolve. With this in mind, they chose to mark the approaching Millenium by commissioning a second, more intimate, dining room from a modern-day craftsman, David Linley. With its oak panelling and bespoke furniture it reinforces the idea of tradition and modernity sitting comfortably side by side. Two marquetry panels, made from sixteen different varieties of wood including pear, ebony, sycamore, box, oak, rosewood and maple, portray the (somewhat stylized) views along Fleet Street, and include such landmarks as Temple Church, the Royal Courts of Justice and St Paul's Cathedral.

This year C Hoare & Co celebrates 333 years in business. It is not hard to imagine the banking house at 37 Fleet Street, for so long at the heart of this success, still welcoming staff and customers in another third of a Millenium.

Name of the author
Position

Partners' dining room 1967

The National Bank of Romania Celebrates Its 125th Anniversary

The National Bank of Romania was founded on 17 April 1880, as a “discount and circulation bank”, being the 19th central bank in the world. There had been several attempts to establish an issuing house (the first blueprint dates back to 1845), yet both political and economic conditions[1] prevented these initiatives from meeting with success.

In keeping with the establishment act, the National Bank of Romania was vested with the sole power to issue the Romanian currency and its prerogatives were similar to those of other issuing banks in Western Europe, namely discount banking, dealings in land certificates, government paper and other title deeds. The Romanian authorities opted for a national bank with mixed shareholding, which combined the dynamism of private sector with government control over the central bank’s operations.

Ion Campineanu, the then finance minister, was designated as the first governor of the National Bank of Romania. Nevertheless, the undisputed founder of the central bank was Eugeniu Carada (see EABH Bulletin No. 2/2003), who acted as a director in the National Bank of Romania from 1883 until 1910, when he went to his long rest.

Originally, the National Bank of Romania had conducted operations in a building owned by the Rural Land Credit. The year 1882 saw the commencement of works at the bank’s historical palace, which were completed in 1889. Later on, during 1938-1950, construction works began at a building in the neo-classic style, which was erected right next to the old palace, regarded as an architectural landmark. Nowadays, the National Bank of Romania carries on its activities in both buildings, unlike the years of the communist regime when its specific operations had to be performed within the confines of the old palace.

The National Bank of Romania put into circulation the very first banknotes in late 1880. Actually, the bank’s logo was printed over the former mortgage bonds[2]. The printing of its own banknotes was cumbersome considering the lack of adequate expertise and printing works. Therefore, Eugeniu Carada was sent to Paris to procure the equipment needed to set up the National Bank of Romania’s printing works and to attend the process of note printing at *Banque de France*.

At the end of the 19th century, the National Bank of Romania played a paramount role in the country’s economic development, with a special focus on farm credit.

In 1892, in the aftermath of a rather protracted crisis and the attendant heated debates, the National Bank of Romania introduced convertibility of its notes to gold, thereby replacing the bimetal gold-and-silver system that had been valid previously. Thus, the Romanian issuing house entered the mainstream that was manifest worldwide.

In 1901, the government decided to dispose of its stake in the National Bank of Romania that became a private bank. Its new status notwithstanding, the bank constituted the key financial support of the Romanian authorities during World War I, when the issuing house granted several loans[3] to the government.

Between 1916-1918, the National Bank of Romania grappled with what can be described as an uphill battle. Against the background of the raging war[4], the central bank’s headquarters was moved to Iasi, in Northeast Romania. A branch of the bank was still in operation in Bucharest, but it was commandeered by the German occupation army. In the interim, the Germans chose another credit institution, i.e. the Romanian General Bank, to print banknotes, in defiance of the country’s laws.

In 1917, in view of the fact that the front was drawing near and the end of the conflict was nowhere near, the Romanian government decided to send the National Bank of Romania's Treasury to Moscow. This hard-to-take decision was eventually enforced and the Treasury was sent to the Kremlin in several shipments. Despite the promises made by the Tsarist government and the guarantees offered by the great powers, the new Bolshevik regime seized the National Bank of Romania's Treasury claiming that it would be returned to "the labouring classes". The issue is still pending.

Once the war was over, the National Bank of Romania resumed its specific tasks. In the trying years that followed, several currencies were being used on the Romanian market: the *leu* – the domestic currency issued by the National Bank of Romania, the notes issued by the Romanian General Bank, Austro-Hungarian coins, and Russian roubles. Hence, a monetary unification was called for, and the government put it in place with the pivotal support of the Romanian central bank.

In 1925, the government became again a shareholder in the National Bank of Romania, pursuant to the new law on the bank's organisation. The central bank's range of operations expanded, including operations in warrants as well. By the time convertibility was to be resumed, it was decided that the currency should be covered by gold in a proportion of 50 percent.

The new monetary law enacted in 1929 laid down greater independence for the National Bank of Romania. The National Bank of Romania's operations were adjusted so as to meet the particular needs of the Romanian economy. In addition, thanks to the successive reforms it had undertaken, Romania's central bank was able to provide support to the government in the form of loans to balance the budget in the years of the Great Depression (1929-1933).

The year 1934 turned out to be a crucial one for the banking institutions in Romania, as the first law regulating their activity was passed (by then, banks had been governed by the provisions laid down in the Commercial Code). Moreover, the new law established banking supervision and the Superior Banking Council, an independent body, the president of which was *de jure* the National Bank of Romania's governor. In the period prior to the outburst of World War II, the Romanian economy experienced a sharp upturn, the issuing house making a full contribution thereto. Even in times of war, the bank carried on operations under normal conditions, acting with a view to increasing its gold stock. This time round, given the lesson learned during World War I, the bank's Treasury was sheltered in the South of the country, at Tismana Monastery.

The communists' coming to power brought about sweeping changes in Romania's old-established values, triggering effects one could not have even thought of in 1945. The communists succeeded in gradually taking over not only the political power, but also the economic levers. The National Bank of Romania was, as expected, one of the first institutions to enter the focus of attention of the newly-established regime. In December 1946, the bank was nationalised and became an anonymous joint-stock company, being the only institution to issue notes and having responsibilities with respect to credit organisation, stability of the do-

Old palace of the National Bank of Romania mestic currency and the area of money circulation.

The communist regime not only grabbed power, but also took severe measures against the elite of the Romanian society by throwing into prison all those considered to be potential dangers or forcing them into exile. The former governors of the National Bank of Romania were no exceptions and five of them even met their doom in some of the most dreadful communist prisons. For some time, the National Bank of Romania was directly subordinated to the Ministry of Finance and later on to the Council of Ministers. The nationalisation of the central bank was the decisive step towards dismantling of the lending system. The communist regime abandoned the regular functions of bank credit, and the central bank was only left to finance the planned economy. The financial resources of the Romanian economy were collected and then reallocated in a centralised manner, the National Bank of Romania operating both as an issuing house and the sole institution empowered to grant short-term loans to state-owned enterprises. For nearly 45 years, the National Bank of Romania was not allowed to take any monetary policy decisions, its only tasks as a central bank being to issue currency and to keep the government accounts, as mentioned above.

From 1990 onwards, the National Bank of Romania resumed its specific tasks as a central bank. It was not an easy endeavour, considering that the entire Romanian economy embarked upon the transition from a state-planned economy to a market economy. In 1991, two laws governing banking activity and the statute of the central bank came into force. As a result, the bank was vested with the power to conduct monetary policy and was assigned regulatory and supervisory tasks.

In 1998, new regulations on banking activity and the statute of the central bank were passed. At present, the activity of the central bank is governed by Law No. 312/2004 on the statute of the National Bank of Romania. Among the key objectives envisaged by the monetary authority are those related to a new monetary policy strategy – inflation targeting – and the redenomination of the domestic currency (*leu*). Harmonisation with the regulations issued by the European Central Bank ahead of Romania's joining the European Union is high on the central bank's agenda.

Shortly after entering the 21st century, the modernisation of the National Bank of Romania is in full swing, striving to adjust to the requirements any central bank must comply with.

Sabina Mariþiu
Librarian
National Bank of Romania

Former office of the governor

[1] Romania became a state back in 1859 following the union of Moldavia and Wallachia, two principalities under Russian protectorate and Turkish suzerainty. The newly-established state was named the United Principalities of Moldavia and Wallachia – the first formal mention of Romania can be found in the Constitution of 1866. Romania gained its independence in 1877 and, in 1918, three other historical Romanian provinces, i.e. Transylvania, Bukovina and Bessarabia, were reunited with the motherland. The Romanian monetary system came into being in 1867.

[2] In 1877, in order to ensure financing for the War of Independence, the Romanian government decided to issue mortgage bonds secured by its estates.

[3] To a total amount of *lei* 1,596 million

[4] At end-1916, Southern Romania, Bucharest included, came under German occupation, and the government was forced to seek refuge in Moldavia.

On-line distribution of working papers through NEP
A Brief Business History[1]

This brief article tells of the emergence and development of a service for speedy, on-line distribution of recent additions to the broad literatures on economics and related areas called NEP: New Economics Papers. This service is part of a wider project called RePEc. RePEc is a digital library for the Economics discipline. Details are also provided on how to make individual and institutional contributions.

What is NEP?[2]

"NEP: New Economics Papers"[3] is a pioneering initiative that goes beyond the legacy model of digital library services. NEP is a human-mediated current awareness service (CWS), that is, a service that informs users of new documents within a subject of interest. Most CWS's are run by publishers or producers of specialised abstracting and indexing (A&I) service. If the CWS is run by a publisher, it is usually limited to books, journals and other products of that publisher. If the CWS is run by an A&I service, the CWS is only available to subscribers to that service. Most current awareness services are produced by a computer. Usually, it means that a piece of software is looking for some terms in the document or some other criteria such as the membership of a document in a certain collection. If not produced by computer, the CWS can be quite expensive to produce.

NEP is different to other current awareness services in two fundamental aspects. First, NEP is based on a digital library called RePEc. RePEc is a free A&I database which holds both working paper data (i.e. recent research reports prior to formal publication) and article data (i.e. peer reviewed writings). RePEc thus covers material from many publishers and is available to the public at no charge. But unlike RePEc, NEP only covers only working paper data.

A second differentiating aspect of NEP is being a human-mediated current awareness services, that is, NEP is generated from an interaction of computer applications and human decision making throughout. All people involved in NEP work as volunteers using source data which is also freely available. But the fact that NEP is freely available is an added feature of its service rather than a differentiating characteristic. NEP has a simple, two stage workflow. In the first stage, a computer program generates a list of new additions to RePEc. A human then examines that list to filter out papers that are new to RePEc but are not new. This list (called nep-all) is circulated electronically to editors who scan it for articles that pertain to a certain subject. With the assistance of a computer application editors distribute electronically their selection in the form of an issue of a subject specific NEP report.

In what follows this article details the context in which NEP was created as well as developments to date. We think that the development of NEP can provide an illustrative example for the kinds of new business models that have emerged as the Internet has been used by creative minds to provide existing services in a new way.

Pre-history of NEP

In 1993, during the early days of the Internet, Thomas Krichel[4] (then at the University of Surrey) established NetEc[5], a consortium of Internet projects for academic economists. One important part of the NetEc consortium was WoPEc, a service for electronic working papers in economics. Working papers are accounts of recent research results which usually have either been accepted for publication or deemed to be of publication quality by the authors (or their department).

Between 1996 and 1999, the NetEc group received support for its WoPEc project by the Joint Information Systems Committee (JISC) of the UK Higher Education Funding Councils, as part of its Electronic Libraries Programme (eLib). In 1997, Krichel further developed WoPEc into decentralised database of working papers, journal articles and software components called Research Papers in Economics or RePEc. RePEc then emerged as one of the leading academic digital libraries. More on RePEc is available on the RePEc web site at http://repec.org.

Origins of NEP

As part of the WoPEc project, Krichel managed a current announcement service through an e-mail distribution list that carried announcements for new papers deposited at WoPEc. The list had a membership of 700 unique e-mail addresses. Based on the growing success of RePEc, in 1998 Krichel identified a need to move further the concept of an associated list to inform of new contributions. The reason being the legacy distribution list from WoPEc considered papers from all parts of the economics discipline. There was thus an opportunity to create subject specific reports, each distributed through its own list. Moreover, a system that would not only inform subscribers but also give them the opportunity to download articles upon request and free of charge.

On February 4, 1998, he wrote to the young economists discussion list, an electronic discussion forum that is now defunct, detailing his vision and hoping for some enthusiasts to act as editors of subject specific reports:

There are a number of good reasons why the position of editor could be attractive esp. for young economists. First you have to stay on top of the literature anyway, and that is a good way of doing so. Second, being the editor of a well edited FERN report series will raise your profile in the profession. Third, you will have the opportunity of work with other editors in far away places and join the wider community working on the free dissemination of research material on the internet.

This is just an initial call, if you would be interested in an editing position please get in touch with me privately, stating what subject area you would like to cover. If you would like to help with organising the list infrastructure (as kind of a super editor) I would also like to read from you.

The initial name of the project was ‘FERN’, the Free Economics Research Network. The label FERN was invented by Bob Parks[6] (Washington University) for a large scale mailing to many economists to advertise services like EconWPA, WoPEc, etc. This mailing was a one-off campaign in June 1996, long before junk mail became a plague on the Internet. The name FERN then lay dormant until Krichel’s e-mail quoted above. After discussions with respondents to this e-mail, the name NEP: New Economic Papers, suggested by Sune Karlsson[7] (then at the Stockholm School of Economics), was adopted. At the time, NEP was mainly used as an abbreviation for a brief experiment of economic policy in Russia in the mid 1920s.

There were a number of good reasons why a name too close to the existing Economics Research Network (ERN) was not thought to be the best solution. One was a potential threat of legal action by Social Science Electronic Publishing (SSEP[8]), who traded under the name of ERN. Second the inclusion of the word ‘free’ was considered bad marketing. It was felt that academic economists, as target audience, would look with some suspicion something that was ‘freely available’ and make the project look like a “poor-woman’s” ERN. This never has been the objective. The aim was to be better than ERN and become the best service for rapid dissemination of recent additions to academic literature. The ethos of remaining a free service should only be perceived as an additional advantage. Another problematic point of the initial e-mail is that it confused e-mail lists with reports. Mailing lists are technical devices. What was at stake in the creating of NEP is a new type of serial, that would have issues that contain descriptive data on new additions to the RePEc working paper stock. Thus, each editor is responsible of at least one report – as editing multiple reports was allowed and actually encouraged. The mailing list is just a means to circulate report issues.

A third problem with the initial e-mail was the promise that editing a report “would not take much of your time”. This was true at the time when the e-mail was written. At that time, one could typically expert 30 new papers to look at. It is no longer true today, when one can expect that number to be 300 papers. Bumper crops of over 600 papers are not unheard of.

The initial e-mail did not state the motivation for the creation of NEP, thus we have to speculate. Reading between the lines, it appears that the main motivation was a reaction to the announcement services that were run by SSEP. The name FERN points to that, but also the reference to “big cheeses on the editorial board” as SSEP services were established and promoted by well known academics such as Michael Jensen (Harvard Business School)[9]. SSEP also boasted editors of established hard-copy, peer-reviewed outlets and other famous economists on “advisory boards”. There is no evidence of what has been the added value or actual role of these advisory boards, but the lack of a similar structure for RePEc seems to have been a concern for those setting up NEP as well.

There were two respondents of note to the initial e-mail by Thomas Kritchel. First, John Irons[10] (then at the Massachusetts Institute of Technology) was interested in becoming the “super editor”, later called General Editor. Secondly, Vania Sena (then at the University of York) who helped Thomas Krichel to work on a general document that was to serve as a “constitution” for the service, as well as a general guide to the project. Its first version was discussed at a meeting in York on 14 February 1998. The document was thus called the York protocol.

Implementation

The software to scan the RePEc contents and extract a list of new additions was written by José Manuel Barrueco Cruz (Universitat de Valencia)[11]. He also wrote software to distribute the list of new additions to all the editors – as detailed in a central register which also acted as the NEP’s web page[12].

The basic work at the level of the subject editor has remained quite stable over time. Generating a report had remained largely unchanged from the early days of the project until 2003. The software written by José Manuel Barrueco Cruz would compile a report of new working paper additions to RePEc and this file was then edited by the General Editor for ‘offending’ content. This was distributed as a text-based e-mail report (called nep-all) to individual editors. It also formed a report in its own right, because it was—and is—deemed suitable for general consumption. Individual editors manually removed references to articles considered inappropriate to the subject area of the individual NEP report and then forward this message to subscribers with the aid of the e-mail distribution manager (e.g. Mailbase, JISCmail and then Mailman).

At the initiative of John S. Irons and Christian Zimmerman[13] (then at the Université du Québec à Montréal) there was a move to streamline the work of editors as it was getting quite burdensome to generate the reports on a purely manual system due to the growing number of on-line working paper series being incorporated into RePEc. Irons programmed a first version. Sune Karlsson then greatly improved it and produced a fully functional web-based interface to create reports. This ‘tool’ had an immediate impact in reducing the time for individual editors to generate a report. However, reports were still limited to text-based messages as editors had to ‘cut and paste’ content into individual e-mail accounts for distribution.

NEP reports were originally posted to subscribers through e-mail distribution lists administered by Mailbase[14] at the University of Newcastle. Mailbase was a funded by JISC, the Joint Information Systems Committee of the UK Higher Education Funding Councils. Mailbase' remit was to explore and develop electronic exchanges between British academics. This project included the development of the software infrastructure to manage and support e-mail distribution lists. In November 2000 the service moved to a more cost effective provider at Rutherford Appleton Laboratory in Oxfordshire while the rights to the 'Mailbase' name were kept by Newcastle University. Since then, services for academic mailing in the United Kingdom were to be managed by the National Academic Mailing List Service or JISCmail[15]. Another important change was that e-mail lists and e-announcement service were to be hosted with the aid of an 'off the shelf' package called 'Listserv'[16] rather than under purpose built software as was Mailbase. Like its predecessor at Mailbase, e-mail lists, e-discussion forums and announcements at JISCmail were really meant for the benefit of the UK academic community. Initially this poised no threat to NEP because, WoPEc was also a project of the JISC. The only requirement for NEP was that at least one list owner must be a UK academic. This person was originally called the 'mailbase person'. Thomas Krichel took on that responsibility until October 2000 when Bernardo Bátiz-Lazo[17] (then at the Open University) took the position. As NEP grew he effectively became the single biggest owner of JISCmail lists.

A review of services provided by JISCmail in May 2002, however, threatened the continuity of NEP. Although the review was satisfactory and positive for the future of NEP within JISCmail, Thomas Krichel and Bernardo Bátiz-Lazo decided there was a real risk of JISCmail ending NEP with very little notice. They then decided to migrate NEP to the same machines based at Washington University of St. Louis that hosted the US mirror of NetEc. Reports were then to be distributed using Mailman[18], an open source (i.e. freely available) mailing list manager software.

Work on the migration started in September 2002 and stretched itself well into 2003. Jeremiah Cochise Trinidad Christensen (then a student at Long Island University) helped Thomas Krichel. Setting up the lists on Mailman was not a problem, but getting the historic information from the, old system definitely was. Three basic problems ruined the historical record. The first was that both JISCmail and Mailbase removed parts of the headers in the archived files. In particular, the "From:" headers of intermediary machines did not appear. Many times ,the only date data available seems to have been the date on the mail client of the editors sending the report issue. Since time on personal computers is not well kept, dates could be well out of line. Dates of a report could be read from the contents of the report but some editors took the habit to change the ISO formatted date into something they felt looked more welcoming. As a consequence, there is a suspicion that many editors did not to a timely job on report delivery.

The second problem was that most of the time, editors would cut-and-paste from the web tool into their mail client. Character set on the clipboard would be highly dependent on the editor's locale. As a result, many of the characters in the reports were badly affected. In particular, the "handle" (i.e. the unique identifier) of individual papers was often garbled. Some editors used HTML mail clients which further added to the problem.

Finally the mechanisms for filtering of handles that had already been passed on to individual editors was not as "water-tight" as one would have hoped. As a consequence some papers were presented to subject editors several times, and some editors included them twice or more times. Under these circumstances, estimating the timeliness of a report issue became almost impossible.

Then in June 2004 and thanks to some UK government funding left over from the WoPEc project, Thomas Krichel funded Roman D. Shapiro to start the development of a new system to edit NEP reports. Krichel wrote a paper describing a generic infrastructure called ernad (*e*diting *r*eports on *n*ew *a*cademic *d*ocuments). The advantage of ernad was considered to be

- the centralisation of editor control on one system
- the separation of contents from presentation through the use of XML
- a better integration between report creation and distribution
- enabling HTML-based reports
- enabling editors to sort the report result by bringing the papers they like best to the top of the issue

In 2004 and 2005 Thomas Krichel and Nisa Bakkalbasi started to work on a system that would use statistical learning techniques to learn the preference of editors. At the time of writing, this system has not been released.

Governance

For much of its lifetime, NEP was formally lead by a single person known as the general editor. This post was occupied by John S. Irons between June 1998 and October 2000, and by Bernardo Bátiz-Lazo between October 2000 and December 2004. Initially the General Editor would ensure that content added to RePEc was suitable for NEP reports. For instance, that content was free of unwanted material (either machine- or man-generated). Another common occurrence was that two authors from different institutions each submit the same paper to RePEc through their local working-paper series. In that situation it was impossible for the computer to determine if a paper is really new and there was thus a need for human intervention, ideally by the General Editor to act before individual editors were confronted with such a situation.

Another problem has been that the RePEc data does not, as a matter of routine, associate dates with individual papers. If the date is available, the report gathering script filters out the paper. But if such a date in not available, the judgment of the General Editor is called for. Many times, a date for a paper can be gleaned from its handle. Otherwise, the actual paper has to be inspected. Other common occurrences include papers that had been previously submitted reappearing. There have could be dealt by a machine. However, the computational power to deal with them is too costly at present. Hence the need to have human intervention. The issue of non-English contributions will be dealt below in detail.

In the early days of the project, a fairly major task of the General Editor was recruiting volunteers to man new subject-specific reports. At the beginning, expanding the number of reports and finding good people to act as editor was an uphill battle. In the midst of the so called 'dotcom' bubble, institutions had to be persuaded about the benefits of lending their collections while individuals had to allocate scarce research time for a project of unproven reputation. Not surprisingly and but for a couple of exceptions, the first editors were either doctoral students in economics or young faculty members.

Other tasks of the General Editor included overseeing the performance of individual editors, liaising with the technical support team at RePEc, Mailbase and JISC as well as representing NEP and its editors within the RePEc community. NEP grew from strength to strength but so did the tasks and demands on the time of the General Editor. Part of the ethos of RePEc has been to avoid a single point of rupture and as a result, the appointment of Marco Novarese[19] (Universitá degli Studi del Piemonte Orientale) as Deputy General Editor in June 2003 had been long in the make.

The introduction of ernad in January 2005 was accompanied with the first major change in NEP's governance structure. Since then NEP has been led by a triumvirate. Each member of the triumvirate has different responsibilities:

· Managing Director - This is the person who oversees the expansion of NEP. S/he has the power to appoint new editors and create new reports. This person often acts as point of contact with editors (for matters other than performance), subscribers and the wider RePEc community. The current managing director is Bernardo Bátiz-Lazo.

· General Editor - This is the person who every week ascertains that content available to individual editors is free of unwanted material (either machine- or man generated). The current general editor is Marco Novarese.

· Performance Controller - This is the person who oversees the performance of NEP. S/he has the power to retire subject editors who don't issue reports in a timely manner. The current controller is Christian Calmès[20] (Université du Québec en Outaouais).

As mentioned, all NEP editors are volunteers. Most of them dedicating part of their research time to furnish the wider community with specialised reports in a topic area. Openings are advertised but individuals are free to approach the Managing Director with proposals of new NEP reports. In every case a group of standing editors, chaired by the Managing Director, forms a Selection Committee and meets (electronically) to select between candidates for an opening as editor of NEP. Selection is based on evidence of commitment to the subject area as demonstrated by the candidate's curricula. It is worth emphasising that NEP aims to have a broad coverage and some times relevant industry experience has been preferred over academic credentials. NEP aims to attract diverse age groups, expertise, gender and is keen to open opportunities for people in emerging markets.

Finally, Thomas Krichel is much involved in maintaining the technical infrastructure of NEP. This includes he system administration of the machine ernad runs on.

Contents of NEP Reports

Each report reviews literature that has recently been made available on the Internet or in print. Its function is a simple form of peer review. Information about a paper is included in an issue of the report if it did not appear in an earlier issue of the report and if the editor of the report considers that the paper(s) fits within the scope of the report. The scope of the report has two elements, which are subject coverage and quality. As far as subject coverage is concerned, NEP aims for complete subject coverage for broad categories.

As far as quality control is concerned, the appropriate role of the editors is to make announcements about new on-line papers in their field with the relevant abstracts, but not to 'review' the papers for quality. The announcements can still be selective. Only about 80% of all new papers to RePEc make it to one or more NEP reports. NEP is relying on the editors' judgment for simple filtering.

Results of an internal survey amongst NEP editors in February 2005 confirmed that editors had a uniform view that NEP cannot be regarded as a vehicle for a preliminary peer review. Moreover, that editors' only concern to disseminate new working papers was based on the subject matter.

An ongoing issue, however, is how to deal with contributions in languages other than English. For some reports (such as those focusing in Latin America or the Confederation of Independent States) it is a strength to carry relevant research of non-English sources (e.g. Spanish or Russian). But clearly this adds to the work of all editors, some of whom might want to focus on research that is freely accessible to the widest audience and, English being the 'lingua franca' of academia, non-English contributions should be discouraged and, for some, even banned. In light of the paradox a decision was taken by Bernardo Bátiz-Lazo and Marco Novarese that non-English contributions should not be encouraged but that submissions would be accepted and the final decision to include them in a report taken by individual editors.

Making a Contribution

The NEP Project, therefore, works as a simple refereed electronic announcement service for each specific subject list. It is truly international in membership, subscription and content. Moreover, it is an outlet that combines research from top academics such as those based at the University of Pennsylvania, University of Cambridge, University Paris I (Panthéon-Sorbonne), 'blue chip' institutions such as the World Bank, International Monetary Fund, Bank of Italy and Bank of England with other of the less known research active centres and individuals. NEP thus acts as a forum for academics, academic institutions and researchers in industry to share ideas and their research with peers elsewhere in the world.

If you have a working paper but would like to make it available for inclusion in NEP reports, you have two alternatives:

· You can encourage your institution to register with RePEc to become a RePEc archive. Step-by-step instructions for creating such an archive can be found at http://ideas.repec.org/stepbystep.html.

· You can make the paper available at Bob Parks' Economic Working Paper Archive http://econwpa.wustl.edu/. He includes his holdings in a RePEc archive.

The main difference between these alternatives is that institutions keep the actual articles in their machines. Institutional contributions are text-based files which include a unique identifier for that organisation, the name of each paper, abstract and a hyperlink to the machine hosting the paper. Individual contributions through the Economic Working Paper Archive upload a pdf version of their paper to be hosted at Bob Park's machine at Washington University. He then informs RePEc as any other institution would. Regardless of the route chosen, contributions reach individual editors for inclusion in a report in no more than ten days time (as update processes are normally run once a week).

Generating a report can take individual editors as little as 15 minutes or as long as two hours. Much depends on the volume of current additions to RePEc and the topic area of the report. Frequency of contributions to RePEc has grown in such a way that weekly NEP reports have been feasible for some time. Again, contributions to topic areas vary from week to week as some are more popular (and regular) than others. For instance, there is usually more than enough contributions in macroeconomics but very few in sports economics.

As of December 2004, NEP had distributed over 104,662 items listed in RePEc through 7,977 reports. As of March 2005, NEP encompassed 61 reports (an increase of 22% since April 2002) and a membership of 13,649 unique addresses (an increase of 148% since July 2001). Fields of immediate interest to members of the European Association for Banking and Financial History include:

Nep-his Business, Economic and Financial History

Nep-hpe History & Philosophy of Economics

Others of potential interest include (but are not limited by):

Nep-cba Central Banking

Nep-cfn Corporate Finance

Nep-fin Finance

Nep-fmk Financial Markets

Nep-mfd Microfinance & Financial Development

Nep-mon Monetary Economics

Nep-rmg Risk Management

Expansion plans for 2006/7 include a more comprehensive treatment of subject areas in economics and perhaps to open one report for each JEL code (that is, the classification of the Journal of Economic Literature) as well as a drive to attract more collections in business and management through dedicated reports. For the latter NEP will most likely follow the US-based Academy of Management guidelines as approaches to the British Academy of Management in April 1998, May 2002 and January 2005 received mute interest.

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London South Bank University
and Bristol Business School
UK

Thomas Krichel
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USA

Notes
Unless otherwise stated, contents for individual web pages were checked on 21/Mar/05.

[1] Helpful comments of Damir Jelic, John S. Irons, Janette Rutterford, Hubert Bonin and Stéphane Trebucq are gratefully acknowledged. The usual caveats apply.
[2] Unless otherwise stated this section borrows freely from Krichel, Thomas and Chu, Heting (2003) 'NEP Current Awareness Service of the RePEc Digital Library', *Digital Libraries Magazine*, vol. 9, no. 12. http://www.dlib.org/dlib/december03/chu/12chu.html
[3] http://nep.repec.org
[4] http://openlib.org/home/krichel/
[5] http://netec.mcc.ac.uk/
[6] http://economics.wustl.edu/faculty/faculty.php?id=20
[7] http://ideas.repec.org/e/pka1.html
[8] SSEP's lists were established in 1994. They were re-bundled as the Social Science Research Network or SSRN (http://www.ssrn.com/, accessed 28/Dec/04). Charges for accessing their collections and subscribing to their distribution lists were introduced 'circa' 1996.
[9] See further "SSRN Celebrates its 10th Anniversary". Available at http://ssrn.com/update/general/mjensen.html
[10] http://www.americanprogress.org/site/pp.asp?c=biJRJ8OVF&b=229206
[11] http://openlib.org/~barrueco
[12] http://nep.repec.org
[13] http://ideas.repec.org/e/pzi1.html
[14] http://www.mailbase.ac.uk/
[15] http://www.jiscmail.ac.uk/
[16] http://www.listserve.com
[17] http://econpapers.hhs.se/RAS/pba14.htm
[18] http://www.gnu.org/software/mailman
[19] http://econpapers.hhs.se/RAS/pno2.htm
[20] http://econpapers.hhs.se/RAS/pca19.htm

'Historical Collections and Cultural Activities of Central Banks'
Central Bank Workshop, Banco de Portugal
Lisbon, 15 December 2004

The aim of the workshop was to generate a deeper understanding of the different experiences central banks have gained in the field of cultural activities. Each year the organizers of the Central Banks Workshop try to find a theme which is of particular interest for archivists within central banks. Yet, in 2004, it was decided to go beyond the traditional workshop's scope of historical archives by focusing on all historical collections. The organising committee - consisting of Luís Filipe de Abreu Nunes (Banco de Portugal) and Joke Mooij (De Nederlandsche Bank) in cooperation with the staff of the European Association of Banking and Financial History - hoped that the topic 'historical collections and cultural activities of central banks' would not only be of interest for archivists but also for other staff members within central banks involved in cultural projects, such as researchers, communication, museum, marketing and PR managers. And the committee was right. The large number of participants involved in this event demonstrated most acutely that there is considerable interest in the ways in which central banks can use their unique historical collections to bring benefit to both the bank and the greater public.

The workshop, which was kindly hosted by the Banco de Portugal, was opened with a welcoming address by José António Godinho, a member of the Board of Directors of Banco de Portugal, following which the new EABH Chairman, Dr. Duisenberg, welcomed the participants, especially those representatives of central banks attending this series of workshops for the first time.

The program consisted of three sessions, each dealing with a specific part of historical collections and the ways in which these are or can be used for cultural activities. The first session focused on numismatic collections, the second with historical archives, and the third session provided an introduction into future developments. In total, seven papers were presented covered a wide variety of issues and experiences about the way central banks use their historical collections.

In general, central banks use their numismatic collections to communicate with the public about their business. This can be done in a number of different ways as illustrated during the first session. Over the past decades, central banks have put together numismatic collections for business reasons. Nowadays these historical sets of old means of payment have become obsolete for business reasons. But, as these objects are closely linked to both the national currency history as well as their corporate history, some central banks have set up a permanent exhibition of these old notes and coins which is now open to the public. In the case of the National Bank of Belgium, as outlined by Marianne Danneel, the numismatic collection is part of the bank's far larger museum collection. This museum, which is nowadays part of the External Communication division, plays an important role in the bank's contact with the public, especially children and students. With the introduction of the euro this bank (established in 1850), like many other central banks in the euro zone, restructured a large part of its activities, reflected on its future, and developed new strategies and a new communication policy. In this way, the museum has become a part of the bank's new communication policy and is used as an instrument for explaining the activities and objectives of the Belgian central bank.

Furthermore, the historical collection still contributes in various ways to the cultural activities of the bank. Next, Josephine Zammit illuminated the history of the numismatic collection of the Central Bank of Malta. She illustrated her presentation with beautiful slides, which showed the rich currency history of the Maltese Islands. Even when it was first established in 1967, the Central Bank of Malta had the idea of setting up an exhibition of notes and coins issued at Malta. Over time this objective has been achieved in the form of a permanent exhibition displayed in the hall of the central bank and which is open to the public. Furthermore, collector's information and sales services are provided as well as up-to-date information on currency, like counterfeit awareness.

The second session focused upon the historical archives. In general, in the past central banks maintained their own historical archives which, very often, were closed to the public due to confidentiality reasons. Nowadays, central banks act according to the national and international archives legislation and most of them open their archives to the outside research community, including the inclusion of certain historical documents in the national archives. As a result, within these banks the traditional archival organisation has changed into a new documentation services unit providing information for use both within the central bank and externally. As Heikki Hämäläinen explained, the Bank of Finland no longer possess a traditional archive, but its Document Services Unit can provide all kinds of services for the bank's cultural activities, both internally and externally. To this extent, it has a relationship with the Bank of Finland Museum and other archiving bodies. In Austria, the central bank still has its own historical archives, but the bank is legally obliged to make it accessible to the public and hand it over to the Austrian State Archives. Historical awareness remains, however, important within the bank as, Walter Antonowicz explained, lectures on the history of the bank are a part of the basic training of new employees on the functions of the Oesterreichische Nationalbank. Again, the archives have contributed to various exhibitions by lending material to other organisations. In contrast to the Finnish and Austrian cases, the Central Bank of Iceland (established in 1961) has not handed over its archival material to the national archives, but instead preserves its own archives as well that of its predecessor. As a result it preserves 120 years of banking history in Iceland. Organizationally, the bank's archives are linked with the library services. Eiríkur GuDnason, Governor of the bank, pointed at the rather unique feature of the library of his bank, which also has been assigned as a national preservation library for books on the economy, business, social issues, history and natural resources of Iceland. A decade ago the Central Bank of Iceland made an agreement with the National Library under which its collection is regarded as part of the national collection.

In the third session, the focus changed to future developments. As Luís Filipe de Abreu Nunes of the Banco de Portugal stated, 'Collections in central banks are of great variety and value but they are kept not only in archives, but also in museum, coins displays, libraries, and in documentation and information units.' Many banks not only have created, preserved and studied their collections but also made them accessible to the public. So, future activities involving central bank collections could encompass a wide variety of cooperative projects in the cultural domain, including archives, museums and libraries. Matthias Weber of the European Central Bank closed the last session, talking about the role of the ECB archives in relationship to future cultural activities. In his view, archives are an important part of a company's or public office's administration, but their role in cultural activities is very limited. This is also the case for the ECB Archives. The ECB Archives could provide however material for an exhibition and/or related publications on some historical topics within the scope of the organization.

Following the third session there remained time for a general discussion. In his concluding remarks, Jaime Reis (University of Lisbon) expressed the usefulness of this kind of interchanges of experiences and ideas, particularly highlighting how broad the scope of activities is in which historical collections can (and do) play an important role. A visit to the Museum of Banco de Portugal provided a most befitting end to this workshop on historical collections and cultural activities.

Dr. Joke Mooij
De Nederlandsche Bank N.V.

The Credit Anstalt: sources at The Rothschild Archive

While we all remember our first day in a new job, some days are more memorable than others. On his first day at N M Rothschild & Sons, in the summer of 1931, Michael Bonavia was directed to work under the general manager, Samuel Stephany, who immediately passed the new recruit to his assistant, Michael Bucks.

> Bucks…..found me a corner to sit in and gave me a copy of the day's *Times* to read. 'Look', he explained, 'the Credit-Anstalt has crashed and we are all terribly busy. You will get the hang of things if you keep your ears open – and, by the way, if we are all out, deal with the telephone for us, will you?'[1]

Bonavia, a recent economics graduate from Cambridge, admitted to feeling shattered that he had no real knowledge of how the international banking system actually worked, but the bank was subsequently able to take advantage of his particular talents. Later that year he produced a paper entitled, *Collapse of the Credit Anstalt: economic background to the crisis*, which forms part of a collection of documents relating to the Credit Anstalt that the Trustees of The Rothschild Archive have agreed to release to researchers for the first time.

The collection consists of scores of files. One of the key documents is an edited typescript of the notebooks of Samuel Stephany from 1929-1931, possibly the work of Bonavia. These files were preserved in the papers of the Secretariat Department[2], which yields a total of 61 packets of files, with many of the packets containing more than one file.

Most of the files contain correspondence sent to Lionel de Rothschild relating to the activities of the International Committee, established to look after the interests of the foreign creditor banks as well as to look for a solution to the Credit Anstalt's difficulties. In addition there are some files giving details of shareholdings in the failed bank, copies of the formal agreements drawn up between the creditors, the Credit Anstalt and the Austrian Government and a file of Austrian newspaper cuttings.

Files produced by the Correspondence Department (the 111 series) cover the period from 1929 to 1936, and include substantial information on the question of cross-deposits and the steps that were taken by the international banking community to rescue the Credit Anstalt.

The records are now available for consultation in the Archive's London reading room.[3] Further details about the collection and sources relating to the Credit Anstalt are also available at the Rothschild Research Forum, a 'virtual reading room' that forms part of the Archive's web site at www.rothschildarchive.org. To register for access, simply fill in the on-line application form.

The release of these files underlines the Trustees' commitment to extending access to the collection beyond 1930, and it is particularly pleasing that the Credit Anstalt files are the first to be made available in the year of the 150th anniversary of the bank.

The Rothschild Archive

1 Michael Bonavia's self-published memoirs, *London Before I Forget* (1990)

2 Rothschild Archive, London (RAL) 000/1117: 31/1-61

3 The Archive's usual terms of access apply: researchers must supply two written references in advance of their first visit, and visits are by appointment only. Apply to info@rothschildarchive.org, or write to the Archive at New Court, St Swithin's Lane, London, EC4P 4DU.

**Records selection in banks archives:
proposal for a schedule.**

Last November, the Italian Bankers Association (ABI) published with Editrice Bancaria *Guidelines for the Records' Selection in Banks' Archives,* an instrument of easy and immediate use that aims to supply banks with practical and scientifically cautious indications about how to carry out the necessary operations of selection of records to be preserved indefinitely.

As is widely known, operations of record selection essentially pursue two primary objectives. One is to identify the historical, administrative or legal interest of the records to be preserved indefinitely as bearing witness to the history and activities of the creating agency and the ways in which these activities have been carried out over time. The other regards management, and seeks not only to free space and reduce archival costs but also, and above all, to facilitate the retrieval and use of the records and the information they contain. These objectives are closely linked in that, while the indiscriminate preservation of vast amounts of documentation would safeguard the complete and total integrity of the archives, it would not permit identification and knowledge of the significant series, especially if these are not correctly described and catalogued. Such activities maximise the advantage and value of the archives not only to internal archivists but also, and most importantly, to the external researchers who are becoming evermore present in bank archives. It is now recognized that bank archives constitute one of the most important, lively and diverse sources of history of our country as a whole, and not only in terms of the history of the single institution concerned or the history of the economic and social development.

In the light of these considerations, the Italian Bankers Association initiated the production of a conservation and disposal schedule for banks, a prototype indicating, on the whole, the typology of documents peculiar to banking activity and their times of conservation, which could therefore be a valid aid within the management of banks' current archives. The project, favourably received by the Bank of Italy and the General Directorate for Archives, both of whom have become very much involved, has also attracted the support of Banca CR Firenze, Banca Monte dei Paschi di Siena, Banca Nazionale del Lavoro, Sanpaolo Imi and UniCredit.

A working group was thus set up to provide an initial response to the need for specific and reliable indications as regards record selection for the purposes of preservation and disposal, making it possible to identify with greater ease and alacrity the records to be preserved indefinitely and those to be disposed of after a set period of time.

The objective was to produce an easy-to-use document capable of suggesting correct criteria of selection for current and non-current records and thus permitting a reduction in both economic resources and space for record storage. At the same time, by identifying the records for indefinite preservation, this process would help safeguard the historical archives of banks in this period of great change.

One subject discussed at great length within the working group was the model of a bank to be taken into consideration. The last ten years have been characterized by radical changes in banking and the panorama of the banking world has been completely transformed. Banks no longer operate under public law, savings banks have been turned into joint stock companies, and some banks with long historical traditions have disappeared as a result of mergers. For this obvious reason, and by virtue of their very nature, these guidelines do not take the shape of a personalized tool for individual banks or

even for the three types of bank identified (joint-stock banks, credit societies and cooperative credit banks).
Instead, the guidelines are aimed at those in charge of the archival services of banks - where such offices have already been established - and at all those responsible for record management. Their purpose is to facilitate disposal operations. Though aware that a classification scheme is the primary and indispensable tool for effective and efficient organization of records, the working group does not in fact intend to propose a plan of record classification. Every bank will in any case have to respect its own tradition of archive retention, especially as regards previous documentation.
In drawing up the guidelines, the group has thus endeavoured to maintain a level of analysis that is both sufficiently general and precise, taking into particular consideration the records produced by head offices, which come to constitute the most important nucleus of the historical archives, and taking into account the many different activities peculiar to the modern bank. In this way, the group attempts to supply banks with an instrument which allows them to overcome, in the best way possible, one of the main problems facing archives, especially non-current ones, namely the huge amounts of records which, instead of being disposed of, are indiscriminately preserved, thus generating high conservation and management costs.
Each bank, hopefully with the support and technical advice of the local archive superintendency, will then be able to use the guidelines to create its own schedule of disposal and preservation, tailored to its requirements and specific situation. The primary concern of the working group was to obtain a useful result for the banks, a user-friendly tool and an aid for those called upon to decide what is to be preserved, taking into consideration the fact that, as pointed out, every enterprise has its own way of managing records and many now make use of the archival outsourcing services of specialized firms. In such cases, the guidelines could serve to provide a common and shared vocabulary for communication with the specialized companies involved.
The volume is divided in three parts: an introduction, which outlines the steps taken during the development of the guidelines, and which provides some basic elements of archive-keeping and critical starting points for consideration; a second section, which comprises the directory of the types of documents, divided according to activity areas; a third section, which proposes a procedure for archiving and also practical indications. In particular, the second part, which contains the indications for the conservation and disposal of the different types of documents of the banks, adopts a modular structure. When considering the methodology to be adopted, it was agreed to characterize the various "areas of activity" of banks before going into more detail. It was not considered appropriate to depict the organizational structure of one single bank, nor to propose a single model to be adopted. Instead it was decided to identify the primary functions of the corporate and banking activities, i.e. the macro-functions, and to describe their operative processes; these generate various categories of records, organised in logical blocks according to the areas of activity, and considered to be the ideal basis for practical classification of records.
Ten "areas of activities" have been identified: 1. Governing boards, 2. General affairs, 3. Organization, 4. Administration and bookkeeping, 5. Controlling (AUDIT), 6. Human resources, 7. Credit activity, 8. Finance, 9. Foreign Activity and 10. Trade department. The ten areas are then divided into more specific sub-areas and, for each of them, the type of documents produced when implementing the specific activity is indicated. For each category of document the period of conservation thought necessary is indicated, regardless of the medium upon which they have been produced.[1] In order to indicate the recommended conservation period, two

codes have been introduced: indefinite (SLT) and periodic disposal. The first code indicates the indefinite conservation of the document and the allocation of the material into the historical archives. The second characterizes those types of documents that should be destroyed periodically, as they are not interesting from a historical point of view.

In conclusion, one can say that the guidelines therefore make no claim as to reflecting the structure of any specific bank or to propose any model to be adopted. They instead present the possible individual types of record already organized into logical blocks, these being regarded as the "ideal offices" which carry out the aforementioned areas of activity. Each bank will have to adapt the indications supplied to its own operational situation in the full knowledge that these guidelines represent a departure point and not a final solution to the many and different organizational, scientific and economic problems which characterize the management of modern archives.

Dr. Guido Palamenghi Crispi
Responsible for Cultural Relations, ABI

[1] Intentionally, we did not take into account the specificity of electronic documentation, by now widely present, above all for the operating procedures, and of the wide debate on problems placed by its permanent conservation. Nevertheless, we emphasized how the opportunities of conservation indicated for the various documentary typologies are valid regardless of the medium in which they are produced.

New Members

The EABH is delighted to welcome three new members to the Association, two of which provide overwhelming evidence of the EABH's continued commitment to central banks. We are sure that the Vienna conference will provide the perfect setting in which to welcome these new members and hope that many of our members will also be present to join in welcoming them.

Corporate Members

Central Bank of Cyprus

The Central Bank of Cyprus was established in 1963 by "The Central Bank of Cyprus Law, 1963". With the enactment of "The Central Bank of Cyprus Law of 2002" the Bank became wholly independent in accordance with the relevant provisions of the Treaty establishing the European Community and the Statute of the European System of Central Banks. At the same time, the pertinent constitutional provisions were amended to ensure the Bank's independence as prescribed by the European Union (EU) acquis.
According to "The Central Bank of Cyprus Law of 2002", the primary objective of the Bank is to ensure price stability. Without prejudice to this objective, the Bank supports the general economic policy of the government. The Bank exercises all the functions of modern central banks, including the supervision of banks. Furthermore, the Bank is the Issuing Authority of Cyprus having the exclusive right for the issue of banknotes and coins in the Republic.
The Central Bank of Cyprus' general archives date back to the Bank's establishment. However, the archives have not yet been organised and compiled historically. As such, they are not open to the public or other interested bodies for study or otherwise.
The Bank maintains a good collection of coins and other numismatic items dating back to the 6th century BC. The Bank has recently decided to organise and exhibit this collection in a proper numismatic museum through which visitors will be able to follow the numismatic history of Cyprus through the ages.

Central Bank and Financial Services Authority of Ireland

The Central Bank of Ireland, which came into being in 1943, was re-structured and re-named as the Central Bank and Financial Services Authority of Ireland (CBFSAI) on 1 May 2003. The Bank had been established to replace the Currency Commission, which was set up in 1928 following Ireland's independence from the UK.
Over the years its mission has expanded and it now holds responsibility for monetary policy functions, financial stability, economic analysis, currency and payment systems, and investment of foreign and domestic assets. Following the re-structuring programme in 2003 it has added regulatory and consumer protection operations for the financial services sector to its expanding brief.
The history of the Irish pound spans seventy-five years, from the introduction of the *Saorstát* pound in 1927 to the changeover to euro banknotes and coin in 2002. For most of this period, the Irish pound had a fixed link to sterling. It was only in the 1970s that this link was severed when the Irish pound was joined to the European Monetary System, followed by the European Exchange Rate

Mechanism and the eventually Economic and Monetary Union.
A permanent exhibition, which tells the story of coins and money in Ireland from the 10th century to the present day - ranging from medieval coins and coin-hoards to modern banknotes – is housed in our National Museum.
The paper archives of the organisation date mainly from early 20th Century with a small number of items, mainly books, from earlier years and they are stored in the basement of our main office. None of our archives are currently opened to the public.

Individual Members

Nicholaos Melias

Nikos Melios graduated from the University of Athens, Faculty of Economics and carried out post-graduate studies in the Open University of Athens with Specialization in the Open and Distant Education. He is now preparing a PHD in Economic History, at the University of Athens, Faculty of Politics. He has realized a number of researching projects as a partner of the Historical Archive of the University of Athens and other historical projects, regarding the Business History, the Local History, Athletic and Cultural History, Industrial Archaeology. He is president of the Institute for the Study of the Local and Business History.

Non-EABH Announcements and Forthcoming Events

The **Global Economic History Network (GEHN)**'s forthcoming workshop *The rise, organization, and institutional framework of factor markets* will take place in Utrecht, The Netherlands between 23 – 25 June 2005. GEHN is an international network of some 42 academics active in the promotion of research, teaching and co-operation in global economic history and is sponsored by the Leverhulme Trust. For more details please contact: Jan Luiten van Zanden, Utrecht University, Department of History, Kromme Nieuwgracht 66, 3512 HL Utrecht, The Netherlands, email: janluiten.vanzanden@let.uu.nl or visit www.lse.ac.uk/collections/economicHistory/GEHN/GEHN.htm

With support from the **Centre de Recerca en Economia Internacional (CREI)** at UPF, Barcelona, and the **CEPR's Economic History Initiative**, the workshop *The War and the Macroeconomy* aims to bring together economists, economic historians and political scientists working on the economic consequences of warfare. It will provide a forum for discussion of recent research about war's impact on macroeconomic performance, including topics such as how wars distort patterns of international trade, their impact on financial markets and monetary arrangements and the implications of war for fiscal policy and public debt.
Organised by Alan M. Taylor and Hans-Joachim Voth, the workshop will take place on 29 June 2005 at Universitat Pompeu Fabra, Barcelona, Catalunya. Travel and accommodation expenses will be covered for all although please note that it may not be possible to accept all applications to attend this conference. For further information please contact Hans-Joachim Voth at voth@mit.edu

The **European Business History Conference 2005** will take place in Germany from September 1 to 3 at the Johann Wolfgang Goethe-Universität Frankfurt am Main hosted by the chair for Economic and Social History of the University of Frankfurt am Main, the Arbeitskreis für kritische Unternehmens- und Industriegeschichte (AKKU) and the Gesellschaft für Unternehmensgeschichte (GUG). Under the theme „Corporate Images – Images of the Corporation" participants will approach topics such as public relations of enterprises, marketing, advertising and corporate culture. The internal communication processes of companies may also be tackled such as how do enterprises communicate with their employees and how do the employees talk about their enterprise? Also of interest will be how the images employed by corporations represent them in the public domain. A registration form and the full conference programme will be available in spring 2005.

The Historical Center of the former Imperial Ottoman Bank located in Istanbul will host the **Sixth European Historical Economics Society Conference** on 9 – 10 September 2005. The Conference Program aspect of European or global economic history covering a wide range of periods, countries and regions. More information is available at www.obarchive.com.

The **2005 Conference of the Spanish Economic History Association** will take place in Galicia (Santiago de Compostela, La Coruña and Vigo) from 13 to 16 September. Entitled Between the Mediterranean and the Atlantic: Spain in the making of a European economic region (XVth to XVIIIth centuries), the conference focuses on the important role played by Spain in the making of a European economic region. In particular, the sessions aim to look deeper into the growth of the intraeuropean trade, the factors affecting the integration of the European economy, the influence that trade had on the economic changes witnessed across Europe, and the capital and labour movements. Further details can be found at www.aehe.net/

The overriding theme of the **Economic History Association 2005 Meeting**, to be held in Westin Harbour Castle, Toronto, Canada, 16-18 September 2005, is "War and Economic Growth: Causes, Costs, and Consequences". Historical or interdisciplinary perspectives on the ways in which warfare has affected economies throughout history in various parts of the world will be focussed upon including issues such as the role of economic factors in causing (or preventing) wars; the immediate and long-term costs of warfare on economic growth and welfare of societies; the benefits of warfare (technological change, factor reallocation or institutional innovation); the economic legacies of wars, including pensions, indemnities, taxes, and debt.
Graduate students are encouraged to attend. Travel, hotel subsidies, meal discounts, and the possibility of scintillating conversations are all offered as enticements. Interested persons should contact Carolyn Tuttle at tuttle@ehameeting.com or visit www.eh.net/EHA/

The **VI Brazilian Congress of Economic History** and **7th International Conference of the History of Business** will meet in Conservatória, RJ from 4 - 7 of September 2005. Supported by the Brasilian Association of Researchers in Economic History (Associação Brasileira de Pesquisadores em História Econômica) (ABPHE), the congress will take the same structure as previous congresses using round table discussions and conferences to explore the following themes: 1. Brasil Colônia (BC); 2. Brasil Império (BI); 3. Brasil República (BR); 4. História Econômica Geral e Economia Internacional (HEG); 5. Metodologia, Historiografia e Pensamento Econômico (MHPE); 6. História de Empresas (HE). For more information, please contact the Secretariat of ABPHE on abphe@abphe.org.br or visit www.abphe.org.br.

The first meeting of the series **Past, Present and Policy: Lessons from Economic History** will be held in Vienna on September 30 and October 1, 2005. The series aims at fostering the dissemination and discussion of policy relevant research results from the expanding field of Economic History, providing for the missing link between the policy community and the economic history community. The series is structured as an annual panel meeting where 3-6 very focused papers, commissioned from leading academics, and raising important policy issues, are discussed. The annual events will be run by CEPR and receives funding from partner institutions on an ad-hoc basis, with the first meeting to be supported by the Österreicheische Nationalbank. More information can be found at www.eh.net

Medieval Global Economies is the topic of a conference to be held by the University of Western Ontario on 11 – 12 November 2005. The goal of this conference is to bring international researchers together, permitting a comparative analysis of wealth and economic development, globally, in the middle ages, c. 300-c.1500. What were the foundations of medieval growth? How was growth characterized? Who forged ahead in wealth, who fell behind, and of course, when and why? In making these comparisons, the conference organisers seek to achieve a greater understanding of the intersection and exchange between countries, the character of global economies, during these centuries. What were the legacies of medieval development and globalization? For further information, please visit or contact Eona Karakacili (eona@ uwo.ca), Department of History, University of Western Ontario at or Nathan Sussman (nsussma@uwo.ca), Department of Economics, University of Western Ontario.

The University of East Anglia, Norwich, UK, will be the setting for the **Society of Archivists**' Conference to be held 6 – 9 September 2005. The conference, entitled 'From Parchment to Pictures to Pixels', will look at many aspects of archival preservation and access in this electronic age and will be opened with a keynote speech by Sarah Tyacke, Chief Executive of The National Archives. The conference will begin by tackling issues concerning managing information and the 'big issues' affecting the archive and conservation world, continuing the following day with a look at disaster planning and recovery from disasters, using, as the main (but not the only) example, the experience of the Norfolk Record Office and its recovery from the disastrous Norwich Central Library fire of 1994. After discussing electronic records, film, sound and photographs, the conference will conclude by addressing ethics and tensions, taking into consideration issues as diverse as performance measurement, funding and sponsorship.

The **International Economic History Association (IEHA)** will hold its fourteenth International Congress in Helsinki, Finland, in August 2006. The local Organizing Institutions are the Department of Social Science History and the Department of History at the University of Helsinki, in collaboration with the Finnish Economic History Association. The scientific programme of the congress will comprise approximately 100 sessions over a five day conference period. The scope of subjects to be discussed is broad including the history of economics, demographic history, social history, urban history, cultural history, gender studies, methodological aspects of historical research, and related fields. Special attention will also be given to the period before 1800 and for countries other than those of Western Europe and North America. For more information visit www.neha.nl/ieha/.

Changes within the Academic Advisory Council

On the occasion of the 7th Board of Management Meeting, which took place on 14th December at the kind hospitality of Banco de Portugal, a number of changes took place within the AAC. Six members resigned from their positions while five new members were elected to represent the EABH for a term of two years. One re-election also took place. The EABH would like to offer its sincere gratitude for the efforts and support of those members who resigned form their positions and extend a very warm welcome to their successors, some of whom may already be familiar to you.

New AAC Members

Mr. Rudolf Frei - Swiss Re, Zurich
Prof. Michel Lescure - University of Paris X, Nanterre
Prof. Ranald Michie - University of Durham
Dr. Joke Mooij - De Nederlandsche Bank, Amsterdam
Prof. Gerassimos Notaras - National Bank of Greece, Athens

Former member, Dr. Juan Carlos Martinez Oliva, - Banca d'Italia, Rome – was also re-elected onto the AAC.

Former Members

Prof. Youssef Cassis* - University of Geneva
Mr. Victor Gray - The Rothschild Archive, London
Prof. Even Lange - University of Oslo
Prof. Alain Plessis - University of Paris X, Nanterre
Dr. Duncan M. Ross* - University of Glasgow
Dr. Willem F.V. Vanthoor - De Nederlandsche Bank, Amsterdam

*Prof. Youssef Cassis and Dr. Duncan Ross will remain within the Board in their capacity as Editors of the Financial History Review, their position within the AAC therefore taking on the new status of "in attendance".

In the ensuing meeting of the Academic Advisory Council, a further change took place. Former Chairman, Professor Philip L. Cottrell resigned after a term of two years and subsequently welcomed former Deputy Chairman Professor Gerald D. Feldman as his successor. Filling the vacant position of Deputy Chairman left by Professor Feldman's appointment, Professor Peter Hertner of the University of Halle was unanimously elected for a term of two years, while Dr. Luis Abreu Nunes was also re-elected in his capacity of Deputy Chairman for a further two years. The EABH expresses its gratitude to Professor Cottrell for his relentless support of the EABH and for making possible the significant progress witnessed under his leadership. Likewise, the efforts and commitment of Professor Feldman are well acknowledged throughout the EABH and the Association trusts in a productive and originative two years under his direction. We are sure that the support of deputy chairmen Professor Hertner and Dr. Abreu Nunes will only increase the success of the projects undertaken during this time.

The Financial History Review, Volume 12, Part 1

Published in April, the first part of Volume 12 of the Financial History Review once again offers readers a choice mix of regional, national and international focused research complemented by a substantial review section.

Articles:

* Brian A'Hearn, *Finance-led divergence in the regions of Italy*
* Luca Fantacci, *Complementary currencies: a prospect on money from a retrospect on premodern practices*
* Laure Quennouëlle-Corre, *The state, banks and financing of investments from World War II to the 1970s*
* Milja van Tielhof, *The predecessors of ABN AMRO and the expropriation of Jewish assets in the Netherlands*

Book reviews:

* Paul Langley, *World Financial Orders: An Historical International Political Economy* (reviewer: Michel Fior)
* Maria Angeles Pons Brias, *Regulating Spanish Banking, 1939-1975* (reviewer: Angela Moya Luna)
* Jon Cohen and Giovanni Federico, *The Growth of the Italian Economy, 1820-1960* (reviewer: Howard Bodenhorn)
* Manfred Pohl, Teresa Tortella and Herman van der Wee (eds.), *A Century of Banking Consolidation in Europe: the History and Archives of Mergers and Acquisitions* (reviewer: Lawrence H. Officer)
* Stefano Battilossi and Youssef Cassis (eds.), *European Banks and the American Challenge: Competition and Cooperation in International Banking under Bretton Woods* (reviewer: Gerhard Kling)

We hope that you enjoy reading this issue.

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