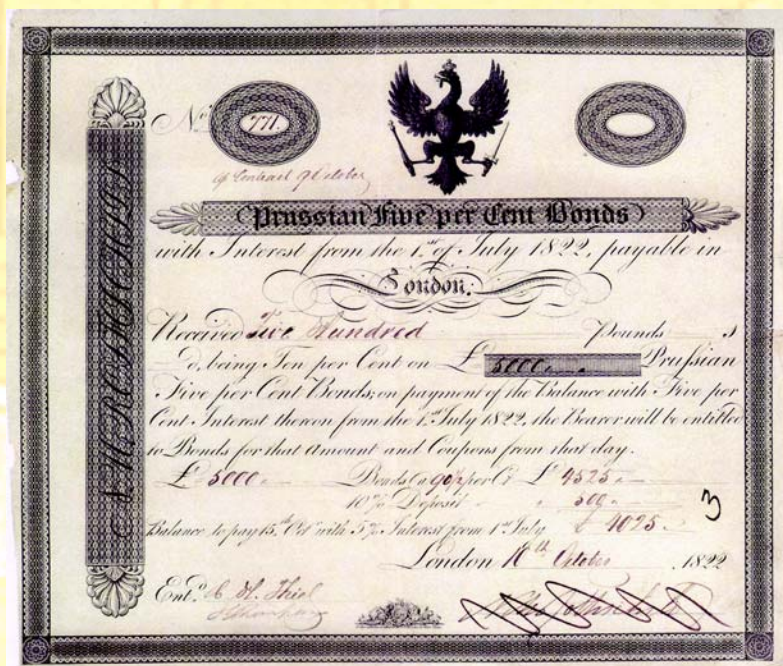


# bulletin



Newsletter from the EABH

2/2006



European Association for  
Banking and Financial  
History e.V.



Dear Colleagues,

Money- everybody's talking about, everybody wants it! In this 18<sup>th</sup> edition of the EABH Bulletin, we examine money and banking in a variety of forms- from the pre-banking world of a Mennonite settler in Russia who struggled to survive without the convenience of modern financial services, to banking in Central Africa in the interwar period; we inspect the creation of savings banks in Tsarist controlled Lithuania and look at the development of economic nationalism in Central East Europe in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. We also examine the magnificently simple financial invention- the bond, which enabled cross-border money-lending, and we take a look at an informative anthology of Greek banknotes which trace the history of modern Greece. We also take a look at the marvellous architectural creations designed by Norman Forster, and dedicated to the housing of money.

Although one normally associates money with a certain coldness and frigidness- it is seen as impersonal and without character- money has a lot to do with identity and belonging. Indeed, money is an essential motivation for people to live together in a social setting. While the basic functions of money are stability, measurement and exchange, money also has a cultural function. The ways people in a small town, city, country or pan-national political system handle (and mishandle) money offers a deep insight into cultural practices.

This cultural character is related to the deep symbolism of money. The symbols that one finds on coins and banknotes say a lot about the identity of people. They are miniature works of art which reflect the financial situation of a country, its political position, its principles, values and ideology. And people need symbols and rituals. Symbols motivate, breathe life into objects and create momentum. The Euro is such a symbol. It tap's into Europe's innermost self-image. It can be seen as a symbol of a peaceful Europe. It is bringing the peoples of Europe together after the crises and wars of the first half of the 20<sup>th</sup> century.

I hope you will enjoy this issue as much as I have and look forward to seeing you at the future events of the EABH in the near future.

**Manfred Pohl**  
Deputy Chairman

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Front page illustration: Script receipt for an instalment payment on £5,000 of the Prussian bond issue of 1882

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## The Historical Association of BNP Paribas

*The “Historical Association of BNP Paribas”<sup>1</sup> was created following the merger of BNP and Paribas. Originally named “Historical Association of Paribas”<sup>2</sup>, it was founded in 1994 by Pierre de Longuemar, longtime Director of International Affairs for Paribas. The Association was created primarily to facilitate use of the bank’s historical archives for academic and research purposes, and to serve as an internal and external communications tool.*

The aims of the Association are fourfold: to gather all those interested in BNP Paribas and its history, to encourage the conservation of the banks’ heritage, to use historical heritage as a point of internal/external communication or as a point of reflection, and to support historical research in general. To accomplish its first goal, the Association serves as an open forum for retired and active members of the Bank, who wish to pursue their interest in its history by deepening their knowledge of the institution. The Association’s annual report is published to inform both its members and the bank’s man-

agement of its activities and is also aimed at sharing initiatives taken concerning further research relevant to its undertakings. This is done through a detailed summary of its activities and points of interest, information on conferences held or attended by its members, data on its archives, library, and any new additions or acquisitions hereto, as well as updates on the researchers seeking access to its archives.

To achieve its second goal of the preservation of the bank’s legacy, the Association of BNP Paribas fosters the notion of collective memory benefiting from, amongst other sources, the donations of personal letters and documents which help shed light on the history of the Institution, its businesses, and its Key Figures. This is enhanced through interviews conducted by the Association with retired and active members of the bank and thus pays tribute to those who have given much time and effort to their institution.

Insofar as its third mission is concerned, the Association is linked with the Corporate Communications Department, and through use of its facilities has concentrated its efforts on providing information regarding its archival and historical activities. Recently, for example, the Association has collaborated with the Public Relations Department to rewrite the historical text which will shortly be accessible through the BNP Paribas website.

The Association accomplishes its last mission by guiding historians in their research, and within the historical archives of the bank, in the hope that they will not only be successful but will share their findings with the Association.

The archives inherited by the Association con-



*The CNEP Head Office built in 1878*

sisted of documents gathered by the former Secretary General of the bank, Jean Cabet, at whose initiative a first attempt to galvanise and appraise the Bank's extensive archives was realised as early as the 1960's. These documents spoke in large part to Paribas' international dealings during the first seventy-odd years of its existence, from 1872 until 1945. Shortly after taking charge of the historical archives in 1990, Pierre de Longuemar spent some time in London meeting with historians, bank archivists and British academics, all of whom excel in the field of business history. He learned just how historical archives can be used to bear witness to a company's history, and was given advice as to how the bank could best manage its own archives.

The bank's management was then convinced to use company history as a tool for furthering public relations, marketing, and management. The newly-formed historical team acknowledged the fact that, in the UK, many Anglo-Saxon companies had shown a keen interest in the preservation of their company's history, and saw their own records and archives as collections very valuable to their own employees, to the public and to researchers. The history of French companies had hitherto been private and carefully-guarded, as the history of a company was often an inextricable part of the history of the founding family; therefore, records and memoirs were not generally accessible to researchers or to the general public.

The Paribas management was then convinced that the reconstitution, upkeep, and public availability of the Bank's archives would be beneficial on an economic and a financial level. Such acquiescence on the part of the Bank proved a tremendous help first to the newly-formed Historical Archives department, and secondly to the Association, founded in 1994, in its goal to lead researchers and archivists in the tasks of investigating, preserving and promoting the bank's history.

The Association then focussed its attentions on

further developing the collection of archives by seeking the personal collections of, and interviews by, members of the bank from the post-World War Two period.

At the same time, on the occasion of its 120<sup>th</sup> anniversary, Paribas published a book concerning its European and international development from its inception in the middle of the nineteenth century. Historian Eric Bussière wrote the book<sup>3</sup> in close collaboration with the historical archives department of the bank, and the support of François Caron, a renowned business historian. This book, which was published in French and English, proved instrumental in furthering interest in the bank's history, particularly among staff, customers of the bank worldwide, academics and, more generally, those interested in economic and business history.

Insofar as its more recent years are concerned, the bank supplemented existing archives with



A 1910 view of Paribas Head Office, rue d'Antin

interviews from former Paribas executives – and, more recently, BNP executives –, primarily those who had held international positions. Notes were taken during the recorded interviews, and each tape was transcribed. The collection of the bank's archives were furthered by the addition of personal insights into the workings of Paribas in the years following the Second World War and proved very helpful to write the history of the bank during that era. In addition, three former Chairmen of the bank, Jacques de Fouchier, Pierre Moussa and Jean-Yves Haberer, were asked to write short memoirs of their actions and achievements at the head of the bank, from the 1960's through the 1980's.

Shortly after the merger of Paribas and BNP in 2000, a second book<sup>4</sup> was published with the support of Félix Torres, this time tracing the history of both institutions to the birth of one of Europe's most important banking groups.

In addition to the historical archives of the bank, those of the Association itself, and the collection of oral archives assembled in the early 1990's, the Historical Association of BNP Paribas is in possession of numerous files and archives inherited from its predecessors and donated by former employees and executives. They relate primarily to the period in the first half

of the Bank's history (from 1872 until the First World War).

As to the Paribas and Compagnie Bancaire historical archives, they are now merged with BNP's archives. Those archives, which are spread over a few linear kilometres, are mostly kept in the suburbs of Orléans, and are open to researchers upon demand made to the Historical Archives department, which acts closely with the association.

A library containing over two thousand volumes on individual banks and banking history, as well as surveys of industrial, commercial or service companies is located in the Association's office. It is open to researchers and to the general public, and permanently updated. Every book and document held by the Association is registered in its data base. This library furthermore allows the Association to cross-reference documentary resources or archives conserved within the association or the bank's historical archives department. Researchers and students frequently consult the Association's documents and library for their own research or theses, and are guided toward the files relevant to their search within the historical archives department or the Association.

The Historical Association of BNP Paribas, acting in close contact with the historical archives department, is extremely active in its pursuit to make known the history of the bank and to further historical research. Thus, articles written by members of the Association appear in such publications as *Entreprises et Histoire*, or the *Financial History Review* published by Cambridge University Press with the support of the European Association for Banking and Financial History (EABH), as well as in *EABH* newsletters. The Association's regular attendance of and contribution to lectures and conferences on banking history, business history, and oral archives (both in France and abroad) has helped it to further develop its collections and to better manage those already existing. Such participation lends it a certain legitimacy and true rec-



"L'Orangerie", reception hall of BNP PARIBAS

ognition; and is essential as such for the valorisation of BNP Paribas image and its public relations. The Association is also an active member of the working group “*Archives et Histoire*” created as part of the French Banking Association (*Fédération Bancaire Française*). It also keeps in close contact with the academic world, notably with the *Ecole Pratique des Hautes Etudes*, the *Ecole des Chartes*, the *Comité pour l’Histoire Economique et Financière de la France (CHEFF)*, an offspring of the French Finance Ministry, as well as the Association of French Archivists of which it is an active member.

Over the past eleven years, the founding members of the Association for the History of BNP Paribas have consecrated a great amount of time and effort to the re-organisation and upkeep of the Bank’s historical archives, to the promotion of the history of the bank itself, and to the encouragement of historical research in general. Their efforts should further historical research on BNP Paribas and its founders, namely the CNEP, BNCI, BNP, Paribas and the Compagnie Bancaire.

**Carolyn Kincade**

The resources of the Historical Association of BNP Paribas:

1. A library dedicated to the history of banks and various industrial enterprises which contains more than 2,200 books, monographs and theses. This source is entirely computerised and is searchable in the Association’s offices by researchers.
2. The “Personnalités” (“key figures”) files, which concern the founders and principal figures of the bank from its founding (letters, notes, press clippings etc.)
3. The oral archives included as of 2005 almost seventy interviews given by past directors of the bank and constitute the (typed or handwritten) archives’ indispensable other half. These interviews offer a more personal vision of the bank’s history.
4. The visual files bring together photographs, portraits, maps, titles, films etc. which date back to the bank’s creation.
5. A certain number of private collections, given by past executives.
6. The documentary funds organised by branch, by country and by area of operational activity containing press cuttings, extracts of certain works and inventories and often, indispensable organisational notes.
7. Events carried out and decisions made during the conferences of different associations and economic historical committees in relation with the Association (for example, the European Association for Banking History or the *Comité pour l’Histoire Economique et Financière de la France*) analysed and entered in the data base.
8. Various documents, such as the annual reports (mostly of Paribas), flow charts, contact information, and newspapers articles are searchable.

#### Footnotes

#### Contact :

<sup>1</sup> In French, ‘*Association pour l’Histoire de BNP Paribas*’.

<sup>2</sup> In French, ‘*Association pour l’Histoire de Paribas*’.

<sup>3</sup> Eric Bussière: *Paribas, 1872-1992, Europe and the World, Fonds Mercator, Antwerp, 1992.*

<sup>4</sup> Félix Torres, *Banquiers d’avenir. Des comptoirs d’escompte à la naissance de BNP PARIBAS.* Albin Michel, Paris, 2001.

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## Economic nationalism in East Central Europe in the nineteenth and twentieth century.

Europa-Universität Viadrina, Frankfurt (Oder), research project 2003-2006

*The wrangle for an independent national economy was a considerable part of the struggle for individual statehood in East Central Europe. It occurred with the industrialisation and nation-building of the nineteenth century, at the same time as the standing societies, which were in a process of demise, became aware of the gap in development and welfare compared to Western Europe. It was a strategy to overcome the backwardness and search for alternative ways of modernisation. Economic nationalism is a long term phenomenon. To explain it we have developed a theory, which has emerged from the East Central European economic culture with values influenced by nationalism and established through institutions and cultural memory.*

Against the backdrop of the cooperative movement, which enjoyed an incomparably strong political role in Eastern Europe compared to the areas of its origin, it can be observed how an institution (Model Schulze-Delitzsch, Raiffeisen), which was transferred from the West, changes in the arena of East Central European economic culture and becomes a pillar of both the national movement and the economic struggle.

The collective and cultural memory confirm the economic national values in terms of speech, such as "national property" and its "sell off" to "foreign capital". It was spread through powerful slogans such as "each to his own". After 1989 a general return to the economic national rhetoric of the inter war years took place. This could be proven particularly in the debate on foreign direct investment.

An important narrative in East Central European economic nationalism is the neglect and even the plundering of national minorities, who lived on the peripheries of the large empires (the Habsburg Monarchy, the German Empire and the Tzardom). However, the comparative investigation showed that intentions for a redistribution in favour of the peripheries were present, although such a regional policy did not fall in with the economic principles of the time.

The formation of a network of cooperation between East Central European researchers and Western East European historians was the ba-

sis of this project. The comparison of states was the most decisive method to carry it out.

### The basics

In close cooperation with researchers in the countries of the region as well as specialists from North and West European countries and further abroad, economic nationalism has been investigated by comparing countries. The main focus of the country comparison is placed on Czechoslovakia, Poland, Hungary and Rumania. The process proved to be fruitful and confirmed the leading theory. The economic history of East Central Europe in the nineteenth and twentieth centuries has to a certain extent been influenced by economic nationalism. The work toward an independent national economy was a substantial part of the struggle for statehood, and due to the dangers to state and economic sovereignty it continued until recently.

Economic nationalism is a universal phenomenon in modern history, which has gained a particular characteristic in the region that the project defines as East Central Europe. This concept of East Central Europe constitutes the whole territory of the old Empire and the areas in the Russian as well as the Ottoman spheres of influence. This region shares catch-up modernisation, the late coming of the nation and the common ethnic mixture, which illustrated the co-residences of different ethnicities with their



particular confessions. At the same time ethnic and religious lines of division coincided with social differences.

The East Central European version of economic nationalism was just as prevalent on the peripheries. For example:

- in the Bohemian lands, which formerly belonged to the Empire, and in its successor state Czechoslovakia even though western areas of Czechoslovakia were classed as one of the most economically developed areas in Europe since time in memoriam.
- in the Baltic states, which during the period of examination found themselves predominantly under Russian rule.
- in the Balkans, which belonged to the Ottoman Empire until the waning of the nineteenth century.

In the course of the project it became clear that the three named conditions; backwardness, foreign rule and ethnic mixture, do not produce the ardour for economic nationalism, which we observed in Eastern Europe. Only the dismantling of social lines of division, the dissolution of the old class society, the concurrence with the delayed modernisation and an equally belated political nation formation lead to this aggressive mobilisation in the economic struggles at the beginning of the twentieth century. Two of these three historical prerequisites are clearly sufficient to generate the essential form of appearance of East European economic nationalism, the delay was the essential mobilising moment.

The people of East Central Europe lived with incomplete social structures as they were farming communities dominated by aristocrats. Often, as with the Baltic people in Lithuania, Belarus, the Ukraine, Slovakia and Transylvania, the ruling class came from a foreign ethnic group. Above all these countries lacked an indigenous middle class. The towns were the domains of foreign ethnic groups, in particular the Jews and the Germans. Therefore, while the ethnic an-

tagonism between the farmers and the lords was respectively nation specific, the contradiction between the town and the country is fundamentally the same in the entire region. It formed the anti-Semitic and anti-German character of Central East European economic nationalism. Economic anti-Semitism is covered as part of the project in the form of a study on Hungary (Ágnes Pogány) and a contribution on East Poland (Cornelius Gröschel). Both cases show large differences; Polish anti-Semitism was clearly more aggressive while the Hungarian model retreated behind a policy of integrative Magyarisation until the Treaty of Trianon.

#### East Central European Economic Culture

Economic nationalism was a part of the modernisation process in the region. It appeared with the industrialisation and nation building of the nineteenth century, at the same time as the standing societies, which were in the process of demise, became aware of the gap in development and wealth to Western Europe. An increasingly stronger reaction was that economic nationalism was holistic. In so far the intentions, which were stated in the application, to deal with the field of internal economic nationalism in contrast to outward protectionism, could not be realised. To explain this we developed the theory of economic nationalism as East Central European economic culture. In contrast to other writers (Helleiner/Pickel 2005) we do not understand economic culture as national. This nationalist economic culture is supranationally spread in East Central Europe, just as the West European social state of Anglo-Saxon capitalism is spread in its respective regions.

We understand the meaning of economic culture in a similar sense to political culture i.e. as the whole of the cognitive, affective and evaluative orientation, i.e. as the values, mentalities and attitudes towards economic structures. The normative orientation finds itself in a shifting relationship to the political, intellectual and religious culture. Likewise constructive learning is

developed and confirmed in a historical process. It is important that "learning" refers to institutions as well as to the development of the collective cultural memory. The learning of the institutions is a central element. With this challenge the choice of the cooperative movement as a component of the project is excellently confirmed. With these institutions it can be seen, how an institution transferred from the West (Schulze-Delitzsch model, Raiffeisen) changed in the arena of East Central Europe economic culture and became a pillar of both the national movement and the economic struggle. The cooperative movement plays an unequally strong political role in Eastern Europe than in its region of origin. Under the influence of agrarianism the cooperative movement developed into a holding institution for an alternative modernisation strategy.

The collective and cultural memories confirmed economic national values in fantastic tales about the theft of national riches by foreign rulers, the exuberant benefits enjoyed by their neighbours from different ethnic backgrounds, the colonial exploitation in the times of the Empire, the economic boom in the self-defined eon and of future wealth on their own ground. These values were anchored in the collective memory through figures of speech, such as "national property" and its "sell-off" by "foreign capital". They were spread by powerful paroles such as "each to his own". East Central European economic nationalism established itself, just as nationalism did, on the essential ethnic understanding of the concept of nation.

These normative patterns of conviction and interpretation of the world steered economic trade and achieved a considerable independence from the economic order. Thus they are a relatively long duration, continuing after the transformation, but in no way unchangeable. While the continuity of the transformation from national movement to statehood and in the process of industrialisation is in the meantime generally recognised and also well researched through-

out the project, the continuity in the change over to Communism and post-Communism must be more closely examined. Economic nationalism in the region certainly did not simply reappear with the fall of the "Iron Curtain". It had also clearly determined the trade of the Communist elites, as the investigation on Poland, the Yugoslavian federal republic and Lithuania during the Soviet period show. The institutions had undoubtedly changed and the cooperative movement was robbed of all its democratic contents. Also the languages and stories, which formed the cultural memory, were sucked into the maelstrom of the propaganda. Although the "middle-class tradition" of the inter-war period was shown in a bad light in all of the Ost-block, after 1989 there was a wide-reaching return to the economic rhetoric of and narrative of the inter-war years. This could be proven, especially in the case of foreign direct investments. The normative characteristics of economic nationalism were independent of the economic situation and a means to an end consideration. This remains to be put on record because in the course of the project there was no way to decide or confirm, whether economic nationalism was beneficial or damaging to the economic growth of the region. The opinion of the researchers is deeply divided (Jan Kofman- Iván T. Berend) and on their part heavily influenced by their values. It is to be maintained that the peoples of the region have until now not had any historical experience, which is favourable to the forgetting of the normative characteristics and the learning of new ones. This is true for the period of the Great Depression, as Czechoslovakia as the only remaining democratic constitutional country with a liberal economic system in the region recovered at a rate far under the average. Even the liberalisation of the economy as part of the system of change in the nineties was not a positive experience for the majority of the losers of the transformation. This remains the task of the future and of the success story of the EU's eastern enlargement.

On the other hand, during the course of the project it occurred that both politics and the trade of the individual economic subjects was not entirely blindly lead by nationalistic values. At the same time the economic policy campaigned with the hindrance of indigenous "foreign capital" for credit and direct investments to friendly foreign countries. And the consumers attempted to withdraw from the boycotts, which were far too limited. The investigation of foreign and other ethnic business actions in the different countries of the region and in various periods were very informative for such pragmatism. They showed precisely in the cultural values that there was an extraordinary high level of continuity from the inter-war period. They enlightened the very ambivalent effects of such activities and investment in the economy of the target land.

#### Alternative Modernisation Strategy

East Central European economic nationalism is a double edged sword. On the one hand, it is bound to the national economic culture of an essential integral nationalism. On the other hand, it is a development strategy. The overcoming of backwardness in contrast to the West of the continent, which was viewed as the norm and goal, becomes the essential matter. Just as farmers, traders and gentlemen of various ethnic backgrounds first became conscious of the social inequality and national injustice, the industrialisation made them competitors on the same market, thus the awareness of the backwardness in comparison to the West was only

awakened with the intensive contact in the era of enlightenment and liberalism. As a result of the adoption of western theories, western criticism of these theories also became evident. East Central European economic nationalism was genuinely anti-Western. Thus, it does not even concern national economic culture, but rather a regional supranational cultural characteristic.

The national economy, as propounded by Friedrich List, fell on fertile ground in East Central Europe and was further developed by the Romanian structuralists, among which Mihail Manoliescu was outstanding and also influenced the Latin American Dependencia theory. The closeness between economic nationalism and the dependency theory was the focal point in the theoretical debate within the project. The lines of connection to the developing economy can be found here. This complex has by no means been exhaustively treated. In any case the result shows that a one sided negative confrontation of economic nationalism with economic liberalism and neoliberalism has no constancy. Precisely in light of the current debate on globalisation, the opinion that economic nationalism is backward looking and holds the current liberal tendency of opposing values, cannot be upheld. In contrast, economic nationalism appears as the necessary flipside of the coin to the extension of trade and economic activities, which are described as globalisation. However, economic nationalism as a development theory is not fully-round and predominantly directed towards catch-up development on the western path of development. Industrialisation, influenced by Frederic List, was not the only possibility. A powerful mass criticised this model and strove for an alternative modernisation. They advocated an agrarianism, which was essentially fruitful thanks to the Russian popularism emanating from the East. This variation of the East Central European concept of development was directed at the farming cooperative democracy. Collectivism



and the desire for social equality, which in general characterised East Central European economic nationalism in contrast to the Western liberal model, were driven to the extreme in this model of society.

The reasons were structural. East Central European economic nationalism was established on the deficit of social structure, which was set against the belated modernisation and made it worse. The East Central European economic culture thus gained a particular esteem in the farming culture and way of life as the source of national identity. The distance of traditional aristocratic and farming culture from the city led to a hatred of the cities in the extreme agrarianism of the East Balkans and Ruthenian areas. The characteristic of this agrarianism clearly followed the East-West gap of industrialisation and modernisation. In Western Poland it only succeeded clearly thanks to a special variant of economic nationalism, called organic work,

and the development of an indigenous middle class, which after the foundation of the state continued practically non-stop the city culture of the former Prussian provinces.

Within the research on regional politics an interesting insight was gained that economic national concept of development took a bizarre course in the inner peripheries of East Central Europe. Specifically because these inner peripheries were populated by the national minorities one looks more closely at the rulers and the ruled because of their backwardness and position on the edge of society. Uwe Müller comes to the conclusion that these intentions served to aid redistribution from the centre to the peripheries, which otherwise would have never occurred and did not even coincide with the generally accepted pictures of the contemporaries. This appears to be true for both the older imperial states as well as for the young states during the inter-war period.

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Jutta Günther, Dagmara Jajesniak-Quast (ed.): Willkommene Investoren oder nationaler Auskauf? Ausländische Direktinvestitionen in Ostmitteleuropa im 20. Jahrhundert, Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol.11).

Müller, Uwe (ed.) Ausgebeutet oder alimentiert? Regionale Wirtschaftspolitik und nationale Minderheit in Ostmitteleuropa (1867-1939), Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol.13)

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Torsten Lorenz (ed.): Cooperatives in Ethnic Struggles. Eastern Europe from 19<sup>th</sup> until the mid 20<sup>th</sup> Century, Berlin: Berliner Wissenschafts-Verlag (Frankfurter Studien zur Wirtschafts- und Sozialgeschichte Ostmitteleuropas, vol. 15).



## Historical Monetary Statistics of Sweden 1668-2008

*The Riksbank has started a project to construct historical monetary statistics of Sweden from 1668 (the founding year of the Riksbank) to the present. The aim is to publish an online database. Some of the time series will be stretched back to the Middle Ages. The project is partly inspired by a similar project initiated by the Norge bank, which has resulted in a book on historical monetary statistics for Norway 1819-2003.*

The construction of historical statistics is especially problematic, since definitions change over time. Various breaks in the time series occur. At the present, consistent officially produced time series on various monetary statistics often only exist for 1-2 decades back in time. The aim of the project is to construct time series that are consistent over time, adjusted to the definitions applied today. This will greatly facilitate long term analysis of, for example, house prices, the relation between money supply and inflation or the macroeconomic development.

The project involves economists and economic historians from Stockholm, Gothenburg and Lund. The aim of the project is to construct time series in the following areas:

- Price indices of cost of living, wages, private consumption, public consumption, investment, export and import. At the present price data exist back to the Middle Ages. One of the goals of the project is to present a consumer price index stretching back to the 13th century. Price indices based on copper, silver and gold will also be made available.
- Real estate prices. At the present, official consistent data exist back to the 1970s.
- Exchange rates between the currency of Sweden and foreign currencies. For earlier periods exchange rates between different means of payments in Sweden will also be estimated, for example, the exchange rate between riksdaler and daler kopparmynt. Daily data exist back to the 18th century.
- Money supply, monetary base and the velocity of money from 1668 to the present.
- Statistics on the banking and credit sector, for example, assets, liabilities, income and expenses of the private banks and the Riksbank, number of private banks, interest rates and state loans. Data on the Riksbank is available from 1668 onwards.
- Bond markets and bond yields. Both annual and monthly data will be presented.
- Stock prices from the early 1870s to the present.
- The national wealth, divided between real assets and financial assets and liabilities.

The project may also include other areas.

The Executive Board of the Riksbank has also decided to produce a book on the history of the Riksbank, aimed at those interested in society and history. At present there is no general historical account that covers the Riksbank's activities. The Riksbank is the world's oldest central bank, and was founded in 1668. The book will be written by Gunnar Wetterberg. Mr Wetterberg is a historian who has worked at the Swedish Ministry for Foreign Affairs, the Finance Ministry and the Swedish Association of Local Authorities and he is currently Head of the Policy Department at SACO, the Swedish Confederation of Professional Associations. Since the 1960s he has written articles, reports and books on social science and historical issues. The book project will have a reference group of experts in economic history which will include representation from the Royal Coin Cabinet, the National Museum of Economy. The book will be published in Swedish and English and is expected to be ready at the end of 2008.

**Leif Jacobsson**  
Sveriges Riksbank

## Investing in the financial revolution

*During the last decade of the seventeenth century England experienced what has been described by historians as a financial revolution. Dozens of new joint-stock companies were established to fund a range of schemes, some useful, such as the manufacture of paper, textiles and glass, others rather more fanciful, such as the search for sunken treasure ships. The public received these projects with considerable enthusiasm and between 1691 and 1693 the stock market boomed. The flurry of entrepreneurial activity was encouraged by the outbreak of the Nine Years' War (1689-1697), which made overseas trade difficult and dangerous leading many merchants to seek domestic outlets for their capital. At the same time the state, having failed to raise the funds necessary to finance the war through taxation, turned to the financial market to make up the shortfall. Between 1693 and 1698 it floated lottery schemes, sold life annuities, and authorised the incorporation of the Bank of England in 1694 and the New East India Company in 1698 on condition that those companies functioned chiefly as vehicles to provide government funding. These innovations, although initially expensive and inefficient, formed the foundation of a system of public debt that was to serve the British state well in future years.*

Through the work of historians such as P. G. M. Dickson and W. R. Scott much is known about the nature of the early stock market and the structure and management of the English public debt, yet rather less is known about the individuals who chose to engage with the new financial market. For this reason Charles Blunt's surviving ledgers are invaluable. Blunt was quick to take advantage of the opportunities created by London's first stock market boom and later was involved in the South Sea Bubble, the greatest financial scandal of the eighteenth century. Thus, his experiences offer a fascinating insight into the attitudes and actions of one who was at the heart of England's financial revolution.

An extremely prudent man, Blunt kept a careful track of his money, even recording in his accounts the sum of sixpence given as a charitable donation to assist wounded soldiers. But his occupation prior to the financial revolution did not suggest a particular aptitude for high finance. Indeed, until 1691 he ran a successful upholstery business. His ledgers show him to have been charging his customers for supplying all manner of soft furnishings, covering chairs, putting up and taking down curtain hooks, wall hangings and bedsteads, and stuff-

ing feather pillows. Yet in January 1692 Blunt established himself as a financial broker. The precise reasons why he chose to neglect a thriving business to become involved in the financial market are not known. Unfortunately Blunt left no diary or any letters that could reveal his thoughts at this time. However, it is probable that, like many others, he was attracted by the prospect of easy profits. The financial market of the early 1690s was viewed by some contemporaries as a place where fortunes could be made. Indeed, one fictional stock-jobber proclaimed, 'there's more to be got by Stock in a week, or sometimes in a Day, than by any other Business that he ever was acquainted with in a Year'. It is also likely that Charles was influenced in his decision by his cousin John Blunt. John, most famous as the chief architect of the South Sea Bubble, was a scrivener in the early 1690s and already an active speculator. He was to become cousin Charles's best customer. Contemporary opinion held that the early modern financial market was populated by devious men. Daniel Defoe suggested that their trade was 'found in Fraud, born of Deceit, and nourished by Trick, Cheat, Wheedle, Forgeries, Falsehoods and all sorts of Delusions...'. This characterisation fitted John Blunt well, but was

not so appropriate for Charles. As a broker Charles's role was to guide his client through the vagaries of the market, help them find someone with whom to trade, and ensure they traded at the best price. In the market of the early 1690s there was a great need for such a service. Regulation was almost non-existent, accurate financial information was difficult to come by, and the negotiation of share and particularly derivatives prices was complex and time-consuming. Charles was clearly adept in his new role and much trusted by his clients because his business was an immediate success. His clients, including a number of prominent stock-jobbers and speculators, traded regularly and actively in the shares and derivatives of a variety of joint-stocks, from the long-established trading companies like the East India and Hudson's Bay Company, to new enterprises such as the Linen Company, established in 1689, the White Paper Company, set up in 1685, and Estcourt's Lead Mine, which was founded in 1693 by John Blunt among others. In return for his services Charles Blunt was paid 10 shillings per share, or per £100 nominal in Bank of England, East India, Royal African and Hudson's Bay Company stock, on any type of transaction. His total income from this business was considerable and quite beyond what he had earned as an upholsterer. During 1692 Blunt was paid £1,866 in brokerage and in 1693 he received £2,329.

However, when the government stepped up its fund-raising activities in 1694 Blunt's business began to decline. Canny investors moved away from the uncertainties of the early stock market to the higher and less risky yields of the government funds. These much more easily accessible and transparent funds did not necessarily require the services of a financial intermediary and Blunt's brokerage receipts reflected the new environment. In 1694 and 1695 he was paid just £490 and £79 respectively.

By 1694, however, Blunt's brokerage business had already provided him with a reasonable fortune. As shown in the table 1, his accounts for January 1694 listed assets to the value of £4,851 14s. 4d.

Two points of interest emerge from an analysis of Blunt's assets. First, it is notable that Blunt was still engaged in his upholstery business. In this respect he was typical of many of those active in the financial market at this time. Indeed, Ned Ward noted that the broker or stock-jobber 'most commonly keeps a visible trade going, and with whatsoever he gets in his shop he makes himself a domestic merchant upon 'Change by turning stock-adventurer'. Secondly, and rather more surprisingly, Blunt seems to have owned no shares himself at this time. Indeed, the bulk of his available capital was apparently lying idle in the hands of his cousin.

Table 1: Charles Blunt's assets, 4 January 1694

Asset	Value £	s.	d.
Cash left with John Blunt	3		
Goods in the house	400	17	9
Debts owing on upholstery trade	361	15	10
Debts owing on money lending	93	3	6
Debts owing on broking business from 1692	150		
Debts owing on broking business from 1693	750		
Plate in the house	95	17	3
Total	4,851	14	4

Source: *The National Archives, Public Record Office, Papers of Charles Blunt, C114/164.*

Why did Blunt eschew investment in a market that he knew well? Surely his superior knowledge of the investment opportunities on offer must have given him insight into where to place his money? It is, of course, impossible to comprehend fully the reasons why Blunt had not become an active investor. However, his ledgers and other surviving records of the period seem to suggest that he was a rather cautious individual. Unlike his cousin John, Charles was never an active speculator. His brokerage ledgers show him to have been acting almost exclusively as an intermediary during the early 1690s. Indeed, out of nearly 1,500 transactions conducted between 1692 and 1695, Charles appeared as a counterparty in only six. Moreover, Charles's name appears only infrequently in the surviving stock transfer books even of the more secure companies, like the East India Company and the Bank of England. As a constant observer of the stock market of the early 1690s, Blunt would also have clearly understood the risks inherent in share-trading at this time. With no regulatory authority and indeed very little legal sanction against financial fraud, projectors could, and did, set up companies solely with the aim of duping naive investors into paying too much for worthless shares. Charles had first hand knowledge of such schemes. Estcourt's Lead Mine, a joint-stock company established by John Blunt and others, was ultimately used for purely speculative purposes. It is, of course, not reasonable to suggest that

Charles disapproved of his cousin's actions. Charles kept the transfer books for Estcourt's Lead Mine, his brokerage business benefited from the trade in its shares, and he owned shares himself from which he undoubtedly took profit when the share price rose at the end of 1693 as a result of John Blunt's speculations. But perhaps this experience fixed in his mind the need for caution when dealing with other projectors.

Blunt ceased broking in mid-1695 but he does not appear to have returned whole-heartedly to the upholstery business. Indeed, by the late 1690s Blunt was describing himself in official papers as a gentleman rather than an upholsterer or broker. And certainly by the early eighteenth century he was living quietly in the country and taking little active interest in business. According to contemporary opinion this made him quite typical of affluent businessmen in the late seventeenth and early eighteenth century. Indeed B. L. de Muralt commented of English merchants in the 1690s 'No sooner do they acquire wealth, but they quit traffick, and turn country gentlemen'. As can be seen in the following table, the changes in distribution of Blunt's assets between 1698 and 1703 reflect just such a change of lifestyle.

In 1698 Blunt still held nearly half his assets in ready money either in cash kept at home or placed in the hands of goldsmiths or trusted acquaintances. He also still held a considerable proportion of his capital in goods suggesting

Table 2: Distribution of Charles Blunt's assets, as a percentage of total

	1698	1703	1708	1713	1718
Ready money	48.33	0.00	0.00	0.00	0.00
Goods and plate	12.90	3.93	2.75	1.80	1.43
Land and property	16.13	38.50	34.89	20.08	28.79
Rent	0.00	1.32	1.64	2.06	1.08
Private loans	0.06	8.44	5.64	3.60	4.91
Shares and dividends	22.58	34.83	24.81	49.82	38.00
Fixed income - annuities/govt. debt	0.00	12.98	30.27	22.64	25.79
	100.00	100.00	100.00	100.00	100.00

Source: NA, PRO, C114/164



some continuing activity in business. But by 1703 Blunt had made significant changes to his investment portfolio. It is immediately apparent that in the years after 1698 surveyed in table 2 Blunt recorded no idle cash. That situation was not necessarily typical of Blunt's assets. In January 1704 he had around £3,000 in the hands of goldsmiths and in January 1712 he had £720 in cash but, for the most part, after 1703 Blunt put all his capital to good use. Equally, far less of his capital was held in goods. Indeed, the goods and plate recorded after 1703 were always household items, including his wife's jewellery, which totalled £219, and an assortment of silver candlesticks, coffee pots, tankards and cutlery. Ever practical, Blunt did not include in his assessment other things of value such as furniture, tapestries and linen. It is evident, therefore, that in his mind the items of importance were those on which he could raise money if necessary.

The remainder of Blunt's investment portfolio between 1703 and 1718 reflects both his cautious character and his investment aims. Investors whose working life is at an end generally aim to secure a regular and reliable income while preserving the integrity of their capital sum. Blunt was no different. In general, he held between one-half and two-thirds of his capital either in tangible assets like property and land, or fixed income instruments such as annuities or government debt.

Interestingly, private lending formed only a very small proportion of Blunt's investments. This marks him as quite different from others of the middling sort in the eighteenth century. Peter Earle's analysis of the inventories of Londoners between 1660 and 1720 shows that, on average, loans and mortgages comprised more than 40 per cent of their investments. For Blunt, however, private lending made up less than ten per cent of his investment portfolio. Moreover, several of the loans recorded in his accounts were to his family, notably his wife and children. It is perhaps another mark of Blunt's prudence,

some might say parsimony, that he carefully recorded money owed to him by his wife. Other men might have been more charitable in this respect.

Overall Blunt preferred to lend to the state rather than to private individuals. This was a sensible decision. The English government had been rather tardy in their debt payments during the 1690s but the state of the country's finances had improved somewhat during the early eighteenth century. Moreover, higher yields were available on government debt than on loans to private individuals. Interest on the latter was capped by law at 6 per cent until 1714 and 5 per cent thereafter; the government paid between 6.25 and 6.6 per cent on its debt during the early eighteenth century.

Blunt's land and property portfolio did not necessarily yield a significant income. Indeed, Lord Hervey commented in 1707: 'How much better money yields than land, which after taxes and repairs allowed never answers above three per cent'. But for a man like Blunt striving to attain gentlemanly status from more humble beginnings, land and property carried a symbolic importance. It was an outward sign of his newly-found position in society and consequently by 1718 Blunt owned property in Wales, a legacy of his first marriage, Essex, Gloucester, Cambridgeshire and London. His London properties included the freehold of an estate in Lincoln's Inn Fields (valued at £2,500) and the 40-year lease of estates in Petty France and St. James's Park (valued at £5,000).

The stock market was more settled in the early eighteenth century than it had been during the 1690s and by 1703 Blunt had acquired a significant share portfolio. But he was still not an active trader. He preferred to pursue a passive buy and hold strategy and, in general, confined his investment to the larger and safer joint-stock companies – the East India Company and the Bank of England. In 1711 Charles Blunt also invested in the other key monied company of the period, the South Sea Company. For Blunt

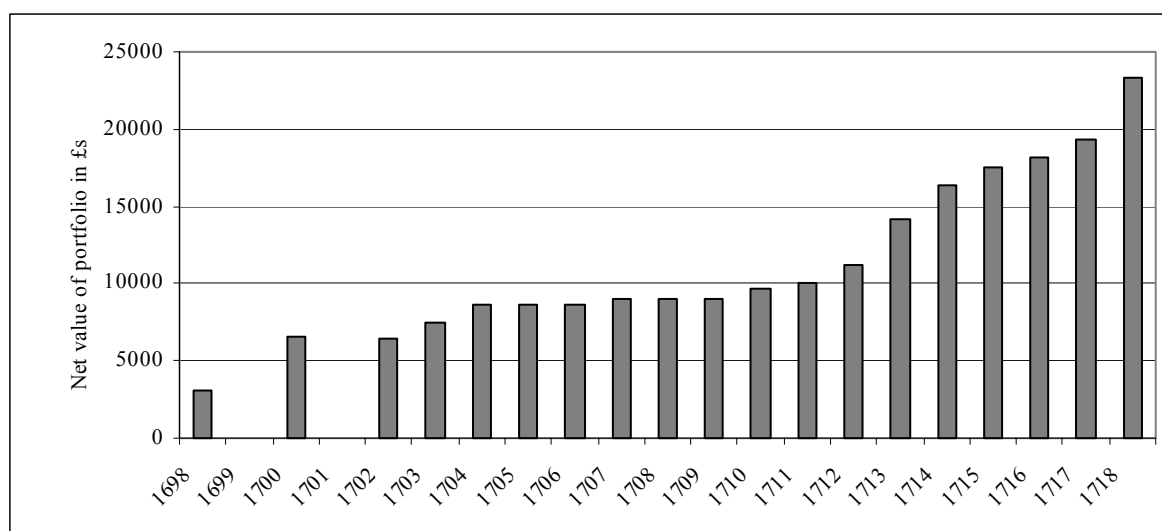
this must have seemed a sensible investment. In essence, he was backing the well-proved, if slightly underhanded, business skills of his cousin John.

John Blunt had been busy since the 1690s. Under his guidance the Sword Blade Company, in which Charles held shares and a directorship, had been transformed from a manufacturer of weaponry to a land corporation and, in effect, a banking operation. By 1710 John's business dealing and ability to turn a profit had caught the eye of Robert Harley, the Chancellor of the Exchequer. Soon John was assisting the government's fund-raising activities by arranging state lottery schemes. By 1711 John's ambitions had grown and in conjunction with Harley he came up with the idea of setting up a trading company that, in a debt-for-equity exchange, would take over a portion of the government's floating debt. Thus the South Sea Company was born. Charles Blunt acted as a receiver of the navy bills and seamen's tickets that were subscribed to the new company, accepted a directorship and received more than £10,000 worth of shares. It is not clear whether he paid full price for those shares, but as the following chart shows, his association with the South Sea Company certainly formed the basis for a significant

increase in his net worth over the next few years. Between 1711 and 1719 the rising value of South Sea Company shares justified Charles's faith in his cousin's business acumen. From a price of around 66 in 1711 the share price rose to highs of around 120 in 1718 and 1719. Charles quite sensibly reduced his holdings after 1716 in consequence realising a quite considerable profit.

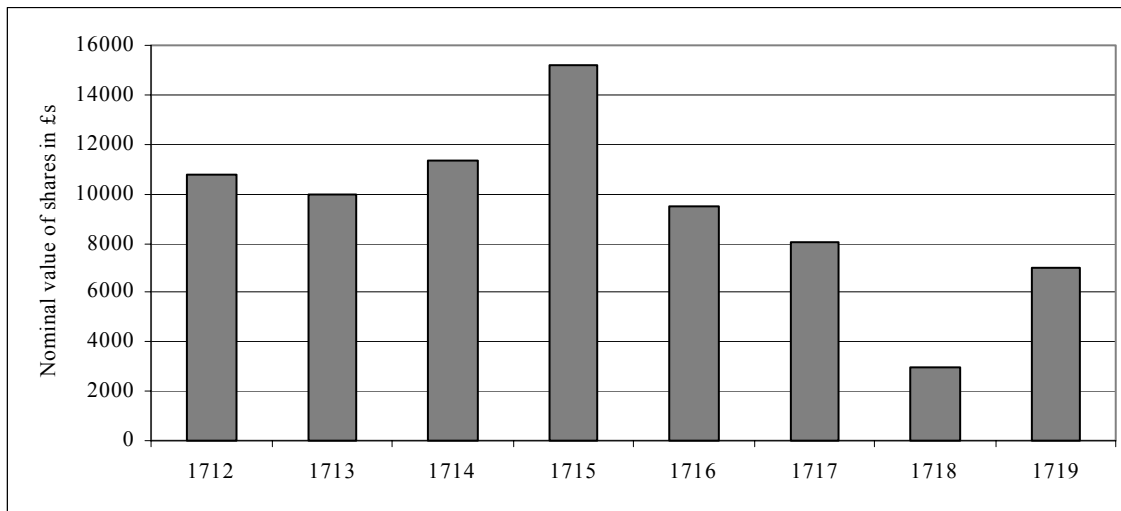
But ultimately John Blunt's ambition overreached itself. In 1719 renewed concerns about the level of government debt and the apparent success of John Law's reorganisation of France's financial system encouraged the South Sea Company to propose a scheme that would allow it to convert the whole of the government debt, excepting those obligations owed to the Bank of England and the East India Company, into shares. The scheme quickly captured the public imagination and, as is well known, share prices rose from just under £100 to around £1,000 in the space of six months. Then, of course, the Bubble collapsed just as quickly as investors recognised the insubstantial nature of the promises made by the Company. By October 1720 the share price had slipped back below £200 leaving many out of pocket and most outraged by their losses and missed opportunities.

Figure 1: Net value in £s of Charles Blunt's investment portfolio, 1698-1719



Source: NA, PRO, C114/164

Figure 2: Nominal value of Charles Blunt's holding of South Sea shares



Source: NA, PRO, C114/164

Charles Blunt undoubtedly profited as share prices rose. It is impossible to know by how much or how deeply embroiled he was in the Company's intrigues but by the end of 1720 one newspaper estimated that he was worth £250,000. If that was true it gave him very little comfort. As the South Sea Bubble collapsed angry investors and a humiliated government began to lay the blame for the fiasco at the door of the Company's directors. Perhaps wishing to spare his family the embarrassment of an investigation or perhaps unable to live with the loss of his hard-won riches and status, Charles Blunt slit his own throat.

Between 1692 and 1720 Charles Blunt's relationship with the financial market progressed from intermediary to investor to insider. For the most part he showed himself to be a cautious man and a smart operator. As a broker he let others take the risks, while he merely took his commission. As an investor he constructed a balanced portfolio of assets that made the most of his knowledge and personal connections. But he was also operating in a dangerous and devious world and ultimately he could not rise above that environment. At his death he, along with all the other directors of the South Sea Company, stood accused of using his knowledge of the financial market to perpetrate a

deception that in many people's eyes amounted to treason.

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## Creation of Savings Banks and State Savings Banks in Lithuania in 1839-1914

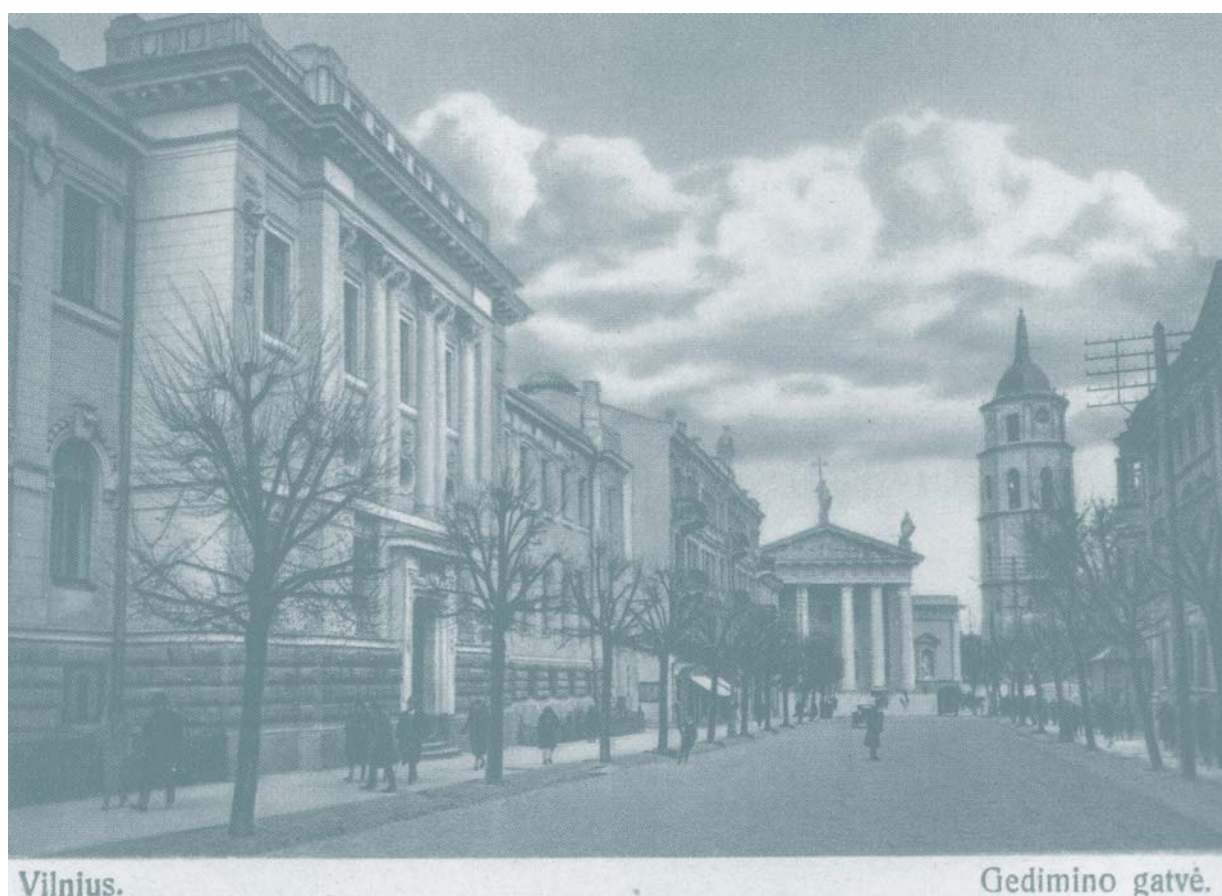
*The main features of the creation and development of savings banks, and the level of deposits in the second half of the 19<sup>th</sup> and in the beginning of the 20<sup>th</sup> century in the Russian occupied territory of nowadays Lithuania – former Vilnius, Kaunas and Suvalkai governorates – are attempted to be systematically described in the article. The materials used survive in The State Historical Archive of Lithuania and are from other information sources.*

### The Circumstances of the Beginning of Savings Banks

The first savings offices in Lithuania appeared in the middle of the 18<sup>th</sup> century. Their aims were charitable and to help poor people. After the heavy wars with Sweden and Russia in the second half of the 18<sup>th</sup> century, economic life in Lithuania began to recover. More advanced noblemen showed efforts of making the life of serfs easier. Savings and credit offices, which borrowed money and grains, were created in the estates.

After the Russian occupation in 1795 Lithuanian territory was divided into governorates, which at first were called Lithuanian governorates, although later the title Lithuania disappeared altogether and they were called the North Western Territory of Russia. Development of the economy of Lithuania became dependent on the economic policy of the Russian administration.

At the beginning of the 19<sup>th</sup> century, when trade-money relations began to develop more quickly, the necessary circumstances appeared to ac-



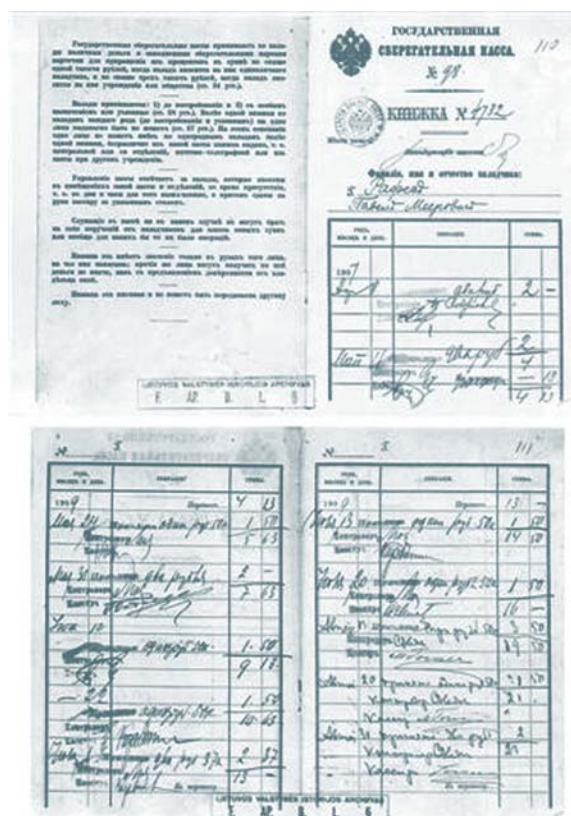
Vilnius. Gedimino Avenue. On the left is the building of a branch of the former State Bank of Russia (1909), which housed the State Savings Bank



accumulate money savings and use them as one of the resources of a credit system, and so attention to saving money also grew in occupied Lithuania.

In the territory of Czarist Russia savings banks appeared at the administrations of districts when the 1839 law for the opening of aid banks and savings banks was passed [15, p. 266]. State estates were forced to create savings banks and aid banks. In 1850 it was decided to open such banks in the western governorates of the Russian Empire also, among them – in the Vilnius and Kaunas governorates. However, the banks mentioned above could not fulfill their tasks because of the conditions of serfdom and the reluctance of peasants to show their savings to the masters of the district among other reasons.

Among other means (accumulation of land by the Russians, colonial policy of taxes and customs) the discriminative credit policies were used for exploitation. The formation of credit resources using the savings of the occupied countries also served the imperial purposes of Russia.



Passbook of State Savings Bank 1909

### Legal Regulation Features of Savings Banks

The opening and activities of savings banks were regulated by special statutes, in which the objective of saving banks was indicated: to make it possible for poor people to accumulate funds in small amounts and receive interest on it.

According to the statute of the year 1841 the first savings banks of cities in the territory of the Russian Empire were created [12, p. 247]. Until the year 1857 4% interest was paid for deposits, and later a 3% interest rate [12, p. 250], and then from 1862 4% again [8, p. 147]. In 1853 directives were added to the statutes regarding the amount of accepted deposits: "...not less than 50 silver kop. from one person and not more than 50 silver rubles at a time; the total amount of the deposit of one person could not be higher than 750 silver rubles" [12, p. 248]. In 1862 the levels of the amounts were raised accordingly: from 25 kop. to 50 rubles and the total amount – up to 1000 rubles [9, p. 145].

The State Bank of Russia was the head of the savings banks [9, p. 145]. However it must be noticed that the operations of savings banks were trivial, as they only managed to accumulate very small money amounts.

In 1885 the new Statute of savings banks was approved and they were called "State Savings Banks". According to this Statute the new order of the opening of new banks was made easier. The spread of the network of savings banks became easier, and deposits increased. It became possible to access the state savings banks and their branches at the State Bank, treasuries, customs, at all governmental and public offices and also private offices and enterprises which had the permission from

the Finance Minister. According to this Statute less limits were imposed for the amount of deposits, i.e. only the amount of the accepted deposit was limited- it could not be higher than 1000 rubles for one person and 3000 rubles for an office or society. The depositor had the right to have one passbook only for the demand deposit and one only for a special deposit (funeral etc.) [13].

We can see the growing attention of the Czarist authority towards the work of savings banks and attraction of small depositors in document No. 25, February 12, 1894, passed by the manager for the affairs of savings banks of the State Bank, in which the concern was expressed to make the operations of savings banks more purposeful and fair and about “spreading them among poor people” [5, p. 2].

According to the Statute 1906 of the State Savings Banks the Finance Minister should fix the interest rate of deposits. Before this, it had been fixed in the Statute. But the real interest rate was lower, because various limitation conditions were fixed in the Statute itself, e.g. “interest is counted for full rubles beginning from the first day of the next month after depositing and only for full months”. The real interest rate was also different from the fixed one because of the fact that the interest rate for the deposits of the offices and companies higher than 1000 rubles was fixed by the Finance Minister according to a special agreement beforehand, but in every case lower than the fixed common interest rate [13, p. 64]. The Statute especially diminished the interest paid for smaller, more movable and the shorter term deposits kept in savings banks,

and contradicted the main objective of the savings banks – to make it possible for poor people to save in small amounts of money.

#### State Savings Banks' Development Features

Analyzing the balance of State Savings Banks of the Russian Empire from January 1, 1898 we can see that the total deposits was 465 706 thousands of rubles and they were mostly invested in bonds (453 304 thousands of rubles) [2, p. 4]. In the Lithuanian governorates on January 1, 1897 there were 14 passbooks for every 1000 inhabitants, and on January 1, 1914 there were 48 passbooks.

The number of savings banks and deposits, their amount, and the average deposit in the period 1899 – 1914 increased significantly.

The largest portion of deposits from the total amount of deposits were in the hands of those who worked in agriculture and rural businesses, the smallest portion in those who worked in industry. It falls into the scheme of things at the then level of economic development and social structure in Lithuania. At the end of the 19<sup>th</sup> and the beginning of 20<sup>th</sup> century the majority of people in the Lithuanian governorates (about 87%) lived in the countryside [7, p. 26-27, 120]. Though industry in the Lithuanian governorates in the 19<sup>th</sup> century grew more quickly than the average of the whole Russian Empire, all the same it was less developed than in the neighbouring governorates. However the trade turnover of the Lithuanian territories with other Russian territories in 1900 was positive – 10,3% more goods were exported to Russia than imported [7, p. 129].

#### Indices of State Savings Banks in Lithuanian Governorates

Date	Number of state savings banks	Number of passbooks	Deposits, in thousands of rubles	Deposit average, in rubles
01. 01. 1899.	196	52,367	9,443.3	180.0
01. 01. 1914.	274	194,565	44,152.4	226.0
Increase, in percentages	139.8	371.5	467.6	125.6

Source: [3, p. 400-404, 533; 10, p. 27-29, 107-111, 249-251; 11, p. 154-155].

After serfdom was abandoned in 1861 economic development is also shown by the growth of the prices of land: during a 35 year period in the Vilnius governorate on average it grew 3,7 times, and in Kaunas governorate – 2,7 times. At that time great changes happened in the industry of Lithuanian territories: 1900 – 1912 the gross industry production according to the prices of 1900 increased by 62,8%, the number of workers by 17%, and the number of enterprises by 8,4% [7, p. 124-125, 308].

At the beginning of the 20<sup>th</sup> century in the Lithuanian governorates the concentration and development of industry increased, the beginning of which was after the year 1908, and it was connected to the mechanization of production. The average annual output of one industrial worker in the Lithuanian governorates in 1900 – 1912 increased by 72%, and when counting according to the prices of 1900 – 39% [6, p. 30, 308]. However payment for the work remained lower than in Russia, and in Russia it was half that in England. The poor economic position of

workers was the reason of the low level of savings.

There are no exact data about imports and exports in the Lithuanian governorates, but we can find it indirectly through the amount of goods which passed through customs and by railway. According to the data of 1912, 1.23 times more agricultural products (by weight) by railway were brought out than in; 1.42 times more of the raw materials and industry production was brought out than in. According to the data of 17 custom points, in 1913 by horse and local water ways grain, food, animals, raw materials and articles were brought out for 11 073 063 rubles, and brought in for 2 001 554 rubles, that is 5.53 times more brought out than brought in [8, p. 78-80].

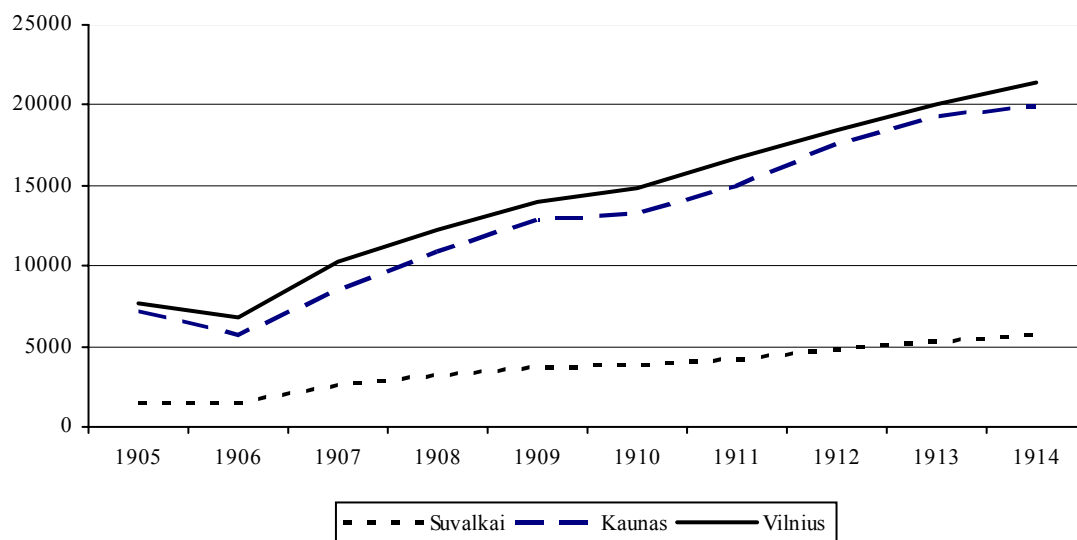
As it is shown in the diagram, deposits in savings banks in the period of time mentioned above increased permanently and rather quickly, except for the year 1906. The reduction of deposits in 1906 happened because of the 1905-1907 revolution in Russia and the fol-



KOWNO. Izba skarbowa.

*Kaunas, Laisves Alley. In the second half of the 19<sup>th</sup> - early 20<sup>th</sup> century the house was rented by the Governorate Treasury. The building also housed a State Savings Bank.*





*The dynamics of deposits in state savings banks of Lithuanian governorates in 1905 – 1914, in thousand of rubles. Source: [11, p. 153].*

lowing disturbances in Lithuania, which began in 1905 and went on through the year 1906. But from the year 1907 withdrawal of the deposits diminished, and, looking for save investments, small deposits were brought in again. Increase of the interest rate in the savings banks from 3.6% to 4% also added to the growing number of deposits.

The network of savings banks also grew up. In 1913 there were 29 central savings banks, 230 savings banks at post and telegraph offices, and 2 savings banks in factories in Lithuanian governorates. The biggest amount of deposits for one savings bank was in Vilnius governorate (157 thousands of rubles), the smallest – in Suvalkai governorate (122 thousands of rubles). The average biggest amount of deposits kept in savings banks for one inhabitant was in Kaunas governorate (10.41 rubles), the smallest - in Suvalkai governorate (7.34 rubles) [11, p. 153; 8, p. 26-27; 10, p. 27-29, 107-111, 249-251].

The average deposit in the Lithuanian governorates per inhabitant was more than 1.5 times higher than in Poland at that time (5.79 rubles) and in the European part of Russia (5.88 rubles) [8, p. 94]. This fact is not so easy to explain. Though the nationality of the depositors is un-



*Ukmerge (Vilnius governorate). The County Treasury and the State Savings bank (1914).*



known, on the one side, Russian colonists, countrymen, and functionaries, brought to Lithuania, were materially supported by the Czarist government (by credits, good salaries, pensions etc.). The other possible reason could be the fact that in Lithuanian governorates the network of the savings banks was denser according to the number of inhabitants and territory.

Deposits were not only kept in savings banks, but also in other credit institutions. The total amount of deposits in the credit institutions in the Lithuanian governorates on January 1, 1915 amounted to 103,160 thousand rubles, the biggest part of which (43.9%) consisted of the deposits in the state savings banks [11, p. 174]. The growth of deposits in the period analyzed

proves the development of money relations, the change of material savings of goods into money savings. But the growth of deposits itself does not show the increase in the welfare of people – it is only the result of the development of a capitalist economic system and market relations. The same contradictions as to the whole credit system of the economic and political “lagging behind” of the Russian Empire were typical in the creation of savings banks [14, p. 16]. The formation of the credit resources of the Empire using the savings of the people of occupied countries was one of the means of realizing the policy of the Empire.

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## French Central African banking during the interwar period

*After the First World War, French Central Africa consisted of the federation of French Equatorial Africa (AEF) and Cameroon. French Equatorial Africa included Central Congo (Congo Brazzaville), Oubangui-Chari (Central African Republic), Gabon and Chad. Cameroon was an old German colony that became a territory under French mandate after the First World War, upon the ousting of the Germans.*



*The attention in this article is on an inexplicable lack of bank branches during the post-war period in this territory. During the interwar period, branching networks grew very slowly and concentrated on selective groups of customers.*

*As what exactly, can these bank branches, which were established in central Africa during the interwar period, be considered? Why did they spread so slowly? Was the real function of the Banque d'Afrique de l'Ouest connected with the established merchant banks, or with those in the process of establishment? Did its actions support an increase in the number of bank branches in central Africa in the period between the two wars? Did the customers of these various bank branches facilitate an expansion of banking activities through massive deposits and the easy access to bank loans? In my research, I tried to provide an answer to some of these questions.*

A very disparate network of branches  
The branches of banks and their establishment.  
We will begin this document with a list of the various branches of banks for the given period, and try to provide an explanation regarding their low rate of establishment. Next, we will see how the Banque d'Afrique de l'Ouest, the issuing bank, exploited its role of banking regulator, and about the impact of its participation in the survival and the expansion of the merchant banks, which committed themselves by establishing bank branches in this part of the French empire.

After the First World War the banking situation in the territories of French Equatorial Africa (AEF) remained almost identical to that which prevailed during the time preceding the conflict. French Equatorial Africa was characterized by an almost complete lack of banking facilities. It was very different from the situation in other French colonies, such as Indo-China, North Africa, Madagascar or even nearby West Africa. Apart from some two or three branches of the Banque Française d'Afrique, which were launched in 1904-1910, no other branches attempted to establish themselves in the area until 1924. Whereas, during the same time, the

Banque d'Afrique de l'Ouest, an issuing bank, had opened several branches in various urban and rural centres of French Western Africa, simultaneously to other categories of banks.

Astonishingly, in 1922, the Banque d'Afrique de l'Ouest - being resentful towards French Equatorial Africa, which they considered to be the "Cinderella of the Empire" - had just one simple correspondent in Libreville and Port-Nice. It was the Company of High Ogooué, a commercial firm which was also its client.

Neither Cameroon nor French Equatorial Africa had experienced any particular banking "boom" as a result of the new statute of territory under French mandate. On the contrary, the premature departure of the Germans gave way to various difficulties, most of which were related to the question of the exchange rate between the Austrian shilling of the German period, which continued to have legal tender, the British sterling, whose circulation had always been tolerated in this old German territory, and the French franc, whose official status made it legitimate. If it was not for the Bank of British West Africa, which had opened a branch in Douala in 1915, during the war, no other branch would have attempted to settle there until 1921. Indeed, in

spite of the decree of December 17<sup>th</sup>, 1919, which hastily granted the privilege to issue banknotes for this territory to the Banque d'Afrique de l'Ouest, the bank did not consider the launch of any branches in the immediate future.

In general, both for Cameroon and French Equatorial Africa, it was not until after the 1920s that an unquestionable dynamic, although moderate, was raised in the process of the establishment of branches in these central African territories. The first branch of the Banque d'Afrique de l'Ouest in Douala (Cameroon) was launched in 1921; but thereafter, no banking expansion was undertaken on the remainder of the territory until after the second world war.

It was not until 1925 that the Banque d'Afrique de l'Ouest undertook to open branches in French Equatorial Africa, undoubtedly after negotiations with the government. This was a result of its West African members gaining a foothold there, sometimes by purchasing certain French Equatorial African companies such as the "Commercial Company of the African West", which had purchased the credit of the failing "French Company of Sangha Oubangui"; just as the "French Company of West Africa" which purchased Hatton & Cookson (based in Gabon and Cameroon); and the same applies to Unilever, which purchased the commercial Company of Kouilou Niari.

The three branches, which were launched for the purpose of serving these members, were the branches of Brazzaville, Libreville and Port-Nice. This network of Banque d'Afrique de l'Ouest branches remained unchanged until 1936, when a new branch was launched in Pointe Noire. It was only after the Second World War that the territories of Chad and Oubangui-Chari (on account of the previous period) profited from the opening of Banque d'Afrique de l'Ouest branches: in Bangui (Oubangui-Chari) in 1945 and in Fort-Lamy (Chad) in 1949.

However, beginning in 1924, a forthright bank undertook a more considerable establishment in central Africa: the Banque Commerciale

d'Afrique. This bank was launched in 1924<sup>1</sup> in the French Congo, with French and Belgian funds, sponsored by the bank of the Parisian Union and the Transatlantic bank<sup>2</sup>.

The Banque Commerciale d'Afrique immediately established two branches in Brazzaville and Port-Gentil at the onset of its foundation. One year later, in 1925, a branch was established in Bangui- an area which wasn't serviced by any banks thus far. That same year, it also opened a branch in Douala.<sup>3</sup> 1926 saw the opening of a Banque Commerciale d'Afrique branch in Libreville, while Point-Noire experienced the same a year later. In Cameroon, in addition to the two branches of the Banque d'Afrique de l'Ouest and the Banque Commerciale d'Afrique established in Douala, the Building and Loan Association of West Africa settled in the same city in 1928.<sup>4</sup>

However, it was the economic crisis of the 1930s that facilitated an expansion of the network of banking branches in central Africa. Quite simply since the State undertook broad agricultural measures in order to suppress the crisis, the territories of central Africa, which were considered poor, gradually used a process of true agricultural development, which thus enabled them to achieve better agricultural performances, which attracted new tradesmen, Western farmers and industrialists, and the beginning of a relative profit-sharing of certain banks. However, it is not true that this lightly improved economy hurried the immersion of great French capitalism into central Africa; quite the opposite, this was yet to happen.

Nevertheless, against this difficult background of the progress of French banks, the foreign banks, and the Belgian banks in particular, benefited from these circumstances and settled in those territories of French Equatorial Africa that were close to the Belgian Congo. Among these banking branches of the Belgian Congo, there was the General Company of Belgium and the Bank of Brussels, which had opened their branches in Brazzaville and Point-Noire in 1931, and in Bangui in 1933.<sup>5</sup> The Belgian Bank of

Africa, whose seat was in Leopoldville, opened three branches in French Equatorial Africa at the same time: in Brazzaville in 1931, in Point-Noire in 1932 and finally in Bangui in 1934.<sup>6</sup>

Of all the banking branches (most of which were French) that existed in French Equatorial Africa and in Cameroon before this crisis, the Banque Commerciale d'Afrique, strongly shaken by the crisis, undertook to diversify their activities after the state managed to stop the inflation, thanks to the introduction of three types of discount. Thus it created the Société Immobilière et Financière Africaine in 1932. The Société Immobilière et Financière Africaine was located in Banque Commerciale d'Afrique branches and was represented throughout the central African territories.<sup>7</sup> The Société Immobilière et Financière Africaine, established as a subsidiary of the Banque Commerciale d'Afrique, grew into a branch of the Banque Commerciale d'Afrique business. While the Banque Commerciale d'Afrique was confined to its role of commercial bank, of discounts or advances, it yielded good business opportunities to its subsidiary, which offered loans exceeding six months.<sup>8</sup>

Dismayed to see the prominent lack of French banks in the territories, and prompted by the public, the state launched public banking branches, which were specialized for these territories with a view to mitigating the effects of the crisis. Thus, agricultural *mutual credit funds* were launched in 1931 in Cameroon and in French Equatorial Africa.

In Cameroon, the new establishment was based in Douala; while in French Equatorial Africa its seat was based in Brazzaville with a branch in each of the four territories. Once these funds were launched, they were managed by a director, who was to be named by the Governor in the case of the French Equatorial Africa, and by the high commissioner in the case of Cameroon.<sup>9</sup>

These funds had the task of agreeing on the advances of the territory, short-term loans on harvests, medium-term loans for purchase of

material and the maintenance of the plantations, long-term loans (15 years and more, except for the loans to the forestry companies, which could be up to 30 years) for the financing of constructions and exploitations.<sup>10</sup>

Eager to continue, the state, through a decree of September 22, 1938, established savings banks in French Equatorial Africa and in Cameroon. The savings bank of Cameroon was located in Douala, while that of the French Equatorial Africa was based in Brazzaville; in addition, branches were established in all the other territories. The savings banks were managed by the postal service.<sup>11</sup>

The slow rate of progress, notable in the process of the establishment of banking branches in French Equatorial Africa and in Cameroon, more closely resembled the sum of several small factors acting in synergy. All had commenced with great French capitalism, which until then, had not appeared fond of this part of the French empire; consequently, the banks did not want to take any risks with hazardous investments, being established in an area supposed to be a grey mark on the great industry and commerce of France.

Furthermore, most of the territories of French Equatorial Africa- Congo, Oubangui-Chari, Chad, the southern part of Gabon belonged to the common basin of Congo, which enjoyed economic equality according to the 1885 Berlin Accord.<sup>12</sup> However, this very liberal statute was not to the liking of the French tradesmen of Bordeaux and Marseilles, inter alia, who were based in West Africa, close to French Equatorial Africa, nor of that of certain banks on which they were dependent. Worse still, concessionary companies of French Equatorial Africa displayed extreme poverty figures. Simultaneously, the concessionary companies that received vast commercial monopolies fought any commercial or banking competitor, which could support the emergence of a free trade through the granting of the loans.

In Cameroon, with the hasty departure of the



former colonial power, the situation was rather confusing. However, it is a fact that Germany, in spite of good intentions, had not gone very far in the process of economic development, which it had initiated following a long-lasting pacification of the territory; and just a few years later, the First World War started and became an obstacle. Aside from the fact that the Cameroonian monetary system was almost integrated into the German monetary system, and that the official currency of this colony was the Mark (Austrian shilling), with a certain tolerance level toward the British sterling, which was also used as a local currency, we do not know anything about the existence of any specific banking branch.

However, after the First World War was over, and in spite of the resembling economies and the status of a trust territory, Cameroon did not experience the same fate as French Equatorial Africa, where the convention of the basin of Congo, *inter alia*, discouraged certain large French commercial firms and banks who were associated with them from business with West Africa.

However, the establishment of the banking branches was just as slow as in French Equatorial Africa. It is thus possible that the status of a trust territory, which was almost in its experimental phase, was sowing doubt, confusion and a “wait-and-see” policy in financial circles. There is no explanation for the fact that there was only one banking branch in Cameroon until 1921; especially since there was no awkward specific monopoly, as was the case with the concessionary companies in French Equatorial Africa.

However, from 1929, with the extension of the right of note issue of the Banque d’Afrique de l’Ouest in French Equatorial Africa and in Cameroon, and the liquidation of the concessionary mode in French Equatorial Africa, as well as the purchase of the affiliated companies by the members of the Banque d’Afrique de l’Ouest, the noted delay could be explained in a different way.

Quite simply, it could have been because the

Banque d’Afrique de l’Ouest, the “issuing monopolist”, endeavoured to acquire or preserve the monopoly of the distribution of the credit, while discouraging, if possible, transfers of capital in the colony. As a result of these transfers, by increasing the autonomy of the treasuries of the banking or commercial companies, rediscounting operations were decreased.<sup>13</sup>

However, it is through rediscount that this issuing bank could get rid of the concurrent companies in places where they were established, as well as of the competitors of the commercial firm’s members, because this policy would enable it to reduce the overheads, in order to compensate for all the losses relating to the convention of 1927 ratified by the laws of January 29, 1929.<sup>14</sup>

Moreover, these acts not only allowed the public to take a share in the management of the Banque d’Afrique de l’Ouest from that moment on, with the participation of the public bodies in the board of directors of the bank, but also obliged the bank, in one way or another, to allow competition by supporting the setting up of bank branches.

But this didn’t take into account the real intention of this bank, monopolized to cooperate, strictly speaking, with the State, insofar as the issuing house sought to reduce the broad profits of the previous period and, naturally, sought to find, through less beneficial operations within the community, the advantages which ceased through their usual activities. This situation, naturally, contributed to limiting the establishment of new banking branches, and to restricting the expansion of those that were already established there.

In extension, this banking deficiency, which was notable in central Africa, can partly also be explained by the fact that, beginning in the 1920s, the Metropolis itself had entered a phase of instability and alarming monetary crisis. From 1920 to 1926, cumulated problems of budgetary imbalance, of debt increases, the descent of the Franc’s value and the increase of the prices were recurrent.

Given that such an economic context was hardly reassuring to bankers, there is the possibility that certain great French banking houses chose to avoid dubious adventures in this part of the Empire which, among other things, offered limited economic perspectives. Let us now examine what the relationship between the bank of issue and the banking houses established in central Africa was like.

Relations between the Banque d'Afrique de l'Ouest and the merchant banks of French Equatorial Africa and Cameroon

Putting the Banque d'Afrique de l'Ouest, in its context, into perspective, allows us to see the impact of its prerogatives, as a bank of issue, on the operation of the existing merchant banks. To this end, it appears paramount to recall the evolution of the Banque d'Afrique de l'Ouest in its activities as a bank of issue.

Indeed, it was by a decree, from June 29th 1901, that the Banque d'Afrique de l'Ouest succeeded the bank of Senegal, and that it was awarded the right of issue of banknotes for the next 20 years.<sup>15</sup> In other words, the Banque d'Afrique de l'Ouest received the exceptional right to print banknotes for the territories of French Western Africa in 1901.

However at the termination of this decree in 1921, no final decision concerning the issue of the notes could be made. Thus, the effects of this privilege were extended each six months, through successive decrees between 1921 and 1929. On January 29th, 1929, a new law appeared, in order to renew the Banque d'Afrique de l'Ouest's privilege of issue for another twenty years, which affected the whole of French Black Africa- i.e. French Western Africa, French Equatorial Africa, Cameroon, Togo.<sup>16</sup>

However, before 1927, the Banque d'Afrique de l'Ouest remained subjugated to a more or less rigorous control of the "Commission of monitoring of the colonial banks", established at the Colonial ministry by a decree from December 17, 1919.<sup>17</sup> Although the commission returned the results of its various missions to the Presi-

dent of the Republic; since it wasn't a member of the board of directors of the Banque d'Afrique de l'Ouest, the commission had no access to viable information, which would allow the public to have insight into the faults of this privileged bank and to have control in it.

It is thus in 1927, with the convention signed between the State and the Banque d'Afrique de l'Ouest, that progress, however insignificant, was initiated. Since then, the state was progressively involved in the management of the bank. Little by little, the Banque d'Afrique de l'Ouest got closer to becoming a mixed investment company. Unfortunately, this co-education remained partial and hardly allowed the state to have broader control of the predominant trends, and especially of the strategies of the bank. Even if it had the power, and in spite of its participation in the management of the bank (representative nomination to the board of directors and participation in the capital), it always remained a minority in the council and capital.<sup>18</sup>

Throughout this development, private interests were able to preserve the capacity. In other words, the search for profit, sometimes encouraged by the elimination of the competitors, continued to inspire the management of this monopolized bank. It was precisely on this level where all the complexity of the relations between the Banque d'Afrique de l'Ouest and the merchant banks became obvious, because the issuing bank had immense capacities, whereas the level of the control of its actions and intentions remained ridiculous. On all levels, the Banque d'Afrique de l'Ouest had a variety of means which enabled it to beat its competitors. For example, the Banque d'Afrique de l'Ouest entrusted the transfer of funds towards the metropolis and, conversely, into its zone of emission, to the postal administration and the banks located in this zone. But as far as the balance of these transfers towards French Africa is concerned, and the delivery of bank notes of exchange,<sup>19</sup> the recourse to the issuing bank became obligatory for other credit institutions, which were subjugated to the Banque d'Afrique

de l'Ouest; especially since their savings were insufficient to ensure their financial independence.

In addition, the Banque d'Afrique de l'Ouest was, at the same time, the issuing bank, the deposit bank, and also the business bank.<sup>20</sup> Unable to be both a judge and a concerned party, their impartiality was questionable. In other words, while this was the issuing bank, all other establishments depended on it for the rediscount of their loans, without the genuine guarantee of neutrality. This is all the more serious as the Banque d'Afrique de l'Ouest itself mainly remained at the disposal of private groups, which were its shareholders, and dependent on a variety of businesses in which it participated directly, or through its personnel and its subsidiaries.<sup>21</sup>

As a deposit and discount bank, the Banque d'Afrique de l'Ouest remained an active competitor of the other banks in the race for deposits and operations of short-term credit. However, if we take into account the prerogatives, which were conferred to it through its monopoly of issue, this competition was far from being fair.

As a business bank, the Banque d'Afrique de l'Ouest operated by itself and through its subsidiary companies. Because, although the maximum duration of its operations were theoretically limited to six months, the authorities had tolerated its participation in the financing of investments by granting them long-term credits.<sup>22</sup> However before the Second World War, the only threat which could possibly have an impact on the Banque d'Afrique de l'Ouest was the state itself, which, through the institution of the Franc zone in 1929, and its reinforcement in 1939 through the institution of the control of exchange, gradually created other means of controlling the savings in its colonies by using monetary levers. Naturally, the Banque d'Afrique de l'Ouest did not accept this.

On the other hand, on the level of local merchant banks, there were almost no true competitors: the Banque Française d'Afrique, which supported the Société commerciale de l'Ouest

africain (SCOA),<sup>23</sup> a competitor of the Compagnie française d'Afrique de l'Ouest (CFAO)- a member of the board of directors of the Banque d'Afrique de l'Ouest, was liquidated in 1930; after an attempt by the Banque d'Afrique de l'Ouest to oust them on the request of the Government.<sup>24</sup>

The Banque Commerciale d'Afrique, which had their share of problems during this same crisis, had to yield to the Banque d'Afrique de l'Ouest and other donors, at the request of the State. But this operation systematically placed the Banque Commerciale d'Afrique under the influence of the Banque d'Afrique de l'Ouest. In addition, various credit funds established by the State, and the presence of some banking branches from Belgian Congo in French Equatorial Africa, didn't have a particularly significant impact on the Banque d'Afrique de l'Ouest.

#### Bank customers

Bank credits in French Equatorial Africa and in Cameroon: the "hunting ground" of the large commercial firms

Encouraging the initiatives of the colonists, helping to improve agriculture and industry through advances, and getting commercial credits to develop competition and production,<sup>25</sup> are the fundamental reasons behind the Banque d'Afrique de l'Ouest's privilege of note issue. However this mission is not the only prerogative of the Banque d'Afrique de l'Ouest. Since the economies of the central African colonies, for example, were dominated by the cultivation of products which were limited to a very precise time of the year, all possible means of financing were to be effective from the very start of the cultivation period. In other words, the role of the issuing bank and the credit institutions established in overseas colonies was mainly to support and ensure the financing of the cultivation of local products and their exports, as well as the import of complementary food products and industrial products.

It is obvious that all the branches of banks es-

established in French Equatorial Africa and in Cameroon had the role of financing all trade activities throughout the countryside, crediting the cultivation. These short-term credits were stretched over a period of 180 days, instead of the usual 90 days in the Metropolis.<sup>26</sup>

However, because of the weak position of the other banks, the Banque d'Afrique de l'Ouest held nearly the total of the deposits in the current accounts, although the importance of these deposits remained low, oscillating between 3% and 7% of the total of the issued notes.<sup>27</sup>

Among the principal recipients of these credits from the local banks, the large trade companies were, on one hand, the CFAO, the SCOA, King, Paterson and Zochonis, Company of High Ogooué, the John Holt house in Cameroon; in addition, the French Company of upper and lower Congo (CFBHC) of the Tréchet brothers, the United Africa company (U.A.C), a subsidiary company of Unilever, Interfina (Belgian company) and others.

These companies mostly resorted to the advance payments of local banks to finance their purchases, which were necessary for cultivation, from the European producers.<sup>28</sup> It was the same for importers, industrialists and farmers who received mortgages for the onset of their work.<sup>29</sup>

Naturally, these vast credit flows in favour of these categories of people and companies were based on the fact that they had good mortgage assurances. As, to acquire a credit, one needed a certain number of assurances and mortgages for the loan. This was best for the banks, insofar as they could ensure that, whatever happens, they would be able to compensate their expenses and benefit from them.<sup>30</sup>

This was especially the case, as these companies, having their headquarters in Europe, profited from assurances provided by metropolitan banks. What was very important, as far as the statutes of the Banque d'Afrique de l'Ouest were concerned, as Hubert Bonin underlines, was a second signature for each annual campaign, either from Paris or the localities where the

country banks were active.<sup>31</sup>

However, it is important to note that the best customers of the banks were not the commercial companies, which had their seats and their services in Europe, but independent traders.<sup>32</sup> Unfortunately, in comparison with the companies, the latter were disregarded, as were the intermediary traders. In this particular case, it is not easy to affirm that the assurance was the element which determined the credit from the banks, and it would be interesting to know the real reason behind this inaccessibility, or even the exclusion of a certain population category from bank credits.

The African class: a category excluded from the banking structure

Far from being excluded from the economic circuit, the natives tried to assert themselves in various activities. That's how they were able, with lots of difficulties, to infiltrate the commercial network which was at the heart of the colonial exploitation.<sup>33</sup> In addition, many African tradesmen, or retailers, to be strictly accurate, constituted an important relay of the colonial trade on a rural scale. It is, however, true that in certain centres many African tradesmen had opened small shops in the most frequented places, and they had even crossed the threshold towards European-type trade.<sup>34</sup>

In Cameroon, these dynamics were even stronger; there were Cameroonians who headed small indigenous companies, because this was an issue which was stressed since the times of German colonialism. Given the "trust" system from German times, which consisted in delivering goods to Cameroonian intermediary traders,<sup>35</sup> they were allowed to familiarize themselves with commercial activities.

Thus, it is important to recognize that the native was an essential link of the colonial commercial chain, insofar as he provided labour needed for the production and cultivation, and the sale of imported products.

In addition, the large commercial houses addressed the indigenous customers, because



they were familiar with their needs.<sup>36</sup> It is an issue that has to be taken very seriously, because the indigenous people were by far the most numerous. For example, in French Equatorial Africa, according to the 1926 census, of a total of 3 130 000 inhabitants, there were 2466 Europeans and 3 127 534 Africans<sup>37</sup>; and the situation was no different in Cameroon.

However in spite of these obvious economic implications, the local banks felt no need to keep a separate account and to register this population category in their customer lists, since the natives had no assurances like the large companies did. In other words, neither the peasant, nor the workman, not even the African small shopkeeper had access to the bank loans.<sup>38</sup>

It is true, however, that this situation was common in all of Black Africa, even though in West Africa, and particularly Senegal, the bank of Senegal and, later, the Banque d'Afrique de l'Ouest made advances on gold assurances to the Senegalese natives, and to women who offered their jewels as guarantees, which some did to devote themselves to artisan activities.<sup>39</sup> In central Africa, one was very far from having an account, because it was practically impossible for a native to establish a relatively close relation to the bank or the large houses, because of the existence of intermediaries, which mostly belonged to minority groups. These groups (made up of Greeks in Cameroon, and of Portuguese and French in French Equatorial Africa) were by far preferred to black Africans.<sup>40</sup> Thus they profited from the loans of the banks, thanks to the assurances brought by the local commercial firms.

On the other hand, French North Africa profited from the structures of banking, as far as the small local social categories are concerned. For example, in Algeria there existed, amongst other things, people's banks built on the model of the metropolitan people's banks which had been created by the law of March 13th, 1917.<sup>41</sup> In Tunisia, the Beylical decree of December 10th, 1919 had taken the principal provision of this French law, for the organization of credit coop-

eratives for small and average trade and small and average industry, through the creation of companies of mutual assurance and people's banks. Thus, the publication of this text had caused the creation of two credit institutions: the French popular bank of Tunisia in 1921, intended to help the small and average traders and French industrialists, and the Tunisian credit cooperative in 1922, reserved for small and average Tunisian traders.<sup>42</sup>

However, in Africa, south of the Sahara, nothing of this kind was considered, except for the savings bank created in 1938, which accepted the deposits of the natives. However, the result was that the Africans, contractors or private individuals, resorted to specific forms of credit (draft credit, setting in pledge of people or goods etc.), at rates that were often excessive. The European traders granted draft credits to Africans; whereas the peasant was constrained to ask for advances on future harvests.<sup>43</sup> It was only in 1937, when a decree allowed for indigenous precautionary companies (publicly-owned establishments), charged to modernize the harvest and storage conditions, to supervise the marketing of the products and to agree with the members to loans in nature and in cash,<sup>44</sup> when the Banque d'Afrique de l'Ouest started to open credit limits for these indigenous institutions.

All in all, during the interwar period, the banking activities held by the private sector remained within the service of the Western private companies for a variety of reasons; this prevented the development of the territories and the formation of an African capitalist class during the time considered.

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Footnotes:

- <sup>1</sup> Hubert Bonin "l'Outre-mer, marché pour la banque commerciale de 1875 à 1957?", *op. cit.*
- <sup>2</sup> Lettre de l'administrateur de 1<sup>ère</sup> classe des services civils de l'Indochine, Mr Vally, à Mr le Ministre des colonies. *Ministry archives, economical affairs, carton 335. Centre des archives d'Outre-mer, Aix-En-Provence (C.A.O.M).*
- <sup>3</sup> Note sur la situation du Cameroun à la fin du 1<sup>er</sup> semestre 1950. *Boîte DEEF 73182/1 CCFOM, service des études générales. Archives du Crédit Lyonnais.*
- <sup>4</sup> Note économique du 25 avril 1951. *Boîte DEEF 61141. Archives du Crédit Lyonnais.*
- <sup>5</sup> Hubert Bonin "l'Outre-mer, marché pour la banque commerciale de 1875 à 1957?", *op. cit.*
- <sup>6</sup> Cf. note 7.
- <sup>7</sup> Lettre de l'administrateur de 1<sup>ère</sup> classe des services civils de l'Indochine, Mr Vally, à Mr le Ministre des colonies *Fonds ministériel, affaires économiques, carton 335. C.A.O.M.*
- <sup>8</sup> Lettre de l'administrateur de 1<sup>ère</sup> classe des services civils de l'Indochine, Mr Vally, à Mr le Ministre des colonies *Fonds ministériel, affaires économiques, carton 335. C.A.O.M.*
- <sup>9</sup> Note économique du 25 avril 1951. *Boîte DEEF 61141. Archives du Crédit Lyonnais.*
- <sup>10</sup> Idem.
- <sup>11</sup> Note mécanique de l'émission opération de banque. *Versement 1037196/01 les banques coloniales 1929-1951. Archives de la BDF.*
- <sup>12</sup> Les articles 1 et 2 de l'acte général de Berlin du 26 février 1885, stipulaient que toutes les nations jouiront d'une égalité économique complète dans leurs relations avec les territoires compris dans la zone du bassin conventionnel du Congo. Cf. régime fiscal et douanier de l'AEF. *Carton 2858 dossier 9. C.A.O.M.*
- <sup>13</sup> Extrait d'un exposé des motifs du 27 février 1946. *Carton B 681 Etats d'Afrique noire et territoires d'Outre mer. Archives du Ministère des Finances, Région parisienne (Savigny-Le-Temple).*
- <sup>14</sup> Idem.
- <sup>15</sup> Lettre du Gouverneur de la Banque de France 0 Mr le Président de la BCEAEC. *Versement 1397/99404/50 banques d'émission coloniale. Archives de la Banque de France.*
- <sup>16</sup> Idem.
- <sup>17</sup> Journal officiel du 19 décembre 1919. *Versement 1037/96/01 banques coloniales 1919-1951. Archives de la Banque de France.*
- <sup>18</sup> Exposé des motifs du 27 février 1946. *Carton B 681 Etats d'Afrique noire et territoires d'Outre-mer 1946-1949. Archives du Ministère des finances.*
- <sup>19</sup> Note sur les mécanismes d'émission et les opérations de banque. *Versement 1037196/01 les banques coloniales 1929-1951. Archives de la Banque de France.*
- <sup>20</sup> Remarque du Sénateur Godin lors des discussions portant sur le renouvellement du privilège d'émission de la BAO au lendemain de la deuxième guerre mondiale. *Carton B 48021 régime de l'émission en Afrique 1948-1954. Archives du Ministère des finances.*
- <sup>21</sup> Note sur la réforme du régime de l'émission monétaire en Afrique en Afrique noire. *Carton B48022. Archives du Ministère des finances.*
- <sup>22</sup> Idem.
- <sup>23</sup> Amadou Aly Dieng, Le rôle du système bancaire dans la mise en valeur de l'Afrique de l'Ouest, *Dakar, les Nouvelles éditions africaines, 1982, pp. 73-77.*
- <sup>24</sup> Assemblée générale extraordinaire du 15 novembre 1934. *Versement 1037196/01. Archives de la Banque de France.*
- <sup>25</sup> Note sur les attributions de la banque d'émission sur son "fief". *Versement 1069/99703/5 banques coloniales. Archives de la Banque de France.*
- <sup>26</sup> Note sur les opérations de la BAO. *Versement 1069/99703/20 emprunts coloniaux. Archives de la Banque de France.*
- <sup>27</sup> Note sur les mécanismes d'émission et les opérations de banque. *Versement 1037196/01 les banques coloniales 1929-1951. Archives de la Banque de France.*
- <sup>28</sup> Hubert Bonin, "l'Outre mer, marché pour la banque commerciale...op. cit.
- <sup>29</sup> Hubert Bonin, "l'Outre mer, marché pour la banque commerciale...op. cit.
- <sup>30</sup> Walter Rodney, Et l'Europe sous-développa l'Afrique, Paris, Editions caribéennes, 1972, p. 165.
- <sup>31</sup> Hubert Bonin, *op. cit.*, p. 447.
- <sup>32</sup> Raymond Vacquier, *op. cit.*, p. 242.
- <sup>33</sup> Jean Suret-Canale, *Afrique noire l'ère coloniale 1900-1945*, Paris, Editions sociales, 1962, p. 91.
- <sup>34</sup> Note économique de l'AEF. *Boîte DEEF 73182/1. Archives du Crédit Lyonnais.*
- <sup>35</sup> Verkijika G. Fanzo "commerce et hégémonie sur la côte du Cameroun 1879-1887" in *Histoire du Cameroun (XIX<sup>ème</sup> siècle début XX<sup>ème</sup>), under the direction of M. Z. Njeuma*, Harmattan, 1989, p. 109.
- <sup>36</sup> Note économique de l'AEF en septembre 1929. *Boîte DEEF 73479/2. Archives du Crédit Lyonnais.*
- <sup>37</sup> Idem.
- <sup>38</sup> Walter Rodney, *op. cit.*, p. 65.
- <sup>39</sup> Amadou Aly Dieng, *op. cit.*, pp. 125-126.
- <sup>40</sup> Walter Rodney, *op. cit.*, p. 212.
- <sup>41</sup> The letter of Mr. Volzard (the French ambassador in Tunis) to his excellency, the minister of foreign affairs in Paris. *Carton B 696 la caisse centrale de la France d'Outre mer. Archives du Ministère des finances*
- <sup>42</sup> Idem.
- <sup>43</sup> Jean Suret-Canale, *op. cit.*
- <sup>44</sup> Raymond Vacquier, *op. cit.*, p. 151.

## Norman Foster and Banking Architecture Between Creativity and a Now-Fashionable Style

Like French architect Jean Nouvel, Norman Foster (born in 1935) emerged in the 1980s-1990s as a "star" of large and tall buildings symbolising a move towards the presence of art, creativity and imagination among day to day mass culture, transit and business life. In banking architecture, buildings had to contribute to the assertion of some pride to be taken on or retained by large globalised finance companies, the power and the legitimacy of which were propped up by such architectural impetus. Emerging from the basic "neutrality" or even mediocrity of numerous buildings packed together in commonplace business centres, such initiatives were intended to pick out the banking corporation from anonymous dullness.

### Norman Foster's architecture philosophy

It is well admitted that this British architect who trained in Manchester and abroad in Yale, reached his creative profile because his company constituted a team of imaginative architects (Richard and Sue Rogers, Wendy Foster, and Buckminster Fuller) which achieved an actual competitive edge from the end of the 1960s to the 1980s. Foster & Partners (created in 1967 and established in London, now with more than 600 architects gathered from all over the world) drew its "corporate brand image" owing to schemes which took into account both architecture and urbanism, people's moves and adaptation to space. Norman Foster considered "*the services that allow [a building] to work, the ecology of the building – whether it is naturally ventilated, whether you can open a window, the quality of natural light, the material used – their mass or their lightness, the character of spaces, the symbolism of the form*" [N. Foster, 2000], summed up to "connecting people". "*We use technology, but not just for its own sake*" – Foster's untold rule favouring a flexible but a sustainable business city.

N. Foster's aims were an internal functionality and an openness to city life, and in some part given to a few doses of utopia, which helped him move away from "minimalist" architectural trends of the 1970s (William Rogers, for instance) and rehabilitating the "curved lines" – this being crowned by the recent London Swiss

Re tower. The originality of N. Foster's studio was its attachment to a global scope of design: "*The central concern of the practice is design excellence, achieved through active collaboration with clients and specialists – from structural and environmental engineers to cost consultants [...]. A wide range of supporting skills underpins the work of the practice, including model making, materials research, specialist computer modelling, visualisation, as well as in-house communications, photographic and printing systems*" [N. Foster website].

These aims led to a renewed approach to "urban projects", instead of just sticking an extra building in a business area. N. Foster's cabinet has thus piled up contracts with institutions where buildings had to mix working locations for employees and people's flows, for example a part of the British Library or of the British Museum (both in 2001). Libraries and museums (the Prado in Madrid, the *Carré d'art* in Nîmes, etc.) have been surpassed, among the ranks of the best-known buildings, by a few airports (London-Stansted in 1981, Hong Kong in 1998) or the Canary Wharf station of the Jubilee Line extension (2000), all being perhaps crowned by the rebuilding of the dome of the *Reichstag* in Berlin for the *Bundestag* (1992-1999).

Beyond his very talents and his balance between imagination and techniques, which are supposed to be the basis of architects' know-how, N. Foster succeeded in building his own reputation through the informal weaving of

some kind of a “philosophy” for his studio and thanks to a worldwide “circuit” of lecturing in universities and arts schools. This enabled him to appear as a “guru” of forms able to handle materials to produce useful *chefs-d’oeuvre* (like the London Millennium bridge or moreover the recent Millau bridge in France) [see the studio website <http://fosterandpartners.com>]. The message did lose its previous originality indeed, but it carried an uncompromising desire for the exploration of high-tech innovations and forms in general whilst giving much attention to the heritage of craftsmanship to provide perfect achievements in detailing parts of each project – even if industrialised and modular building-parts are often used to put a ceiling on cost drifts, so common everywhere in big architectural projects –, or to reach a much more efficient occupation of space. A website dedicated to design ([designboom.com](http://designboom.com)) summed up this “philosophy position”: “*The key to Foster’s ap-*

*proach is that he seems always to be aspiring to an elsewhere, another world, partly that of a long-gone age – the world of industrial pioneers, the mystical and fascinating world of Jules Verne, a world too of contemporary futurism, space conquest, science fiction and cartoon strips, a world of suprahuman places. Foster’s single minded individualism is exceptional, he refuses to be lumped in with the ‘high-tech’ style, he recognized no professional peers.*” This explains the way of life of his studio, with one large open space, free of subdivisions to encourage good communication between the teams, with its own model workshop, graphics department and photographic studio.

A pragmatic historian’s point of view has to take into account this way of setting up some “legend” of a living guru of architecture, but clarity imposes the suggestion that N. Foster joined some “chic” trend in the 1990s and therefore drew orders from companies aspiring to still more recognition and legitimacy through a token architectural gesture [See: Daniel Threiber, *Norman Foster*, Hazan, 1998; Norman Foster & M. Pawley, *Norman Foster. A Global Architecture*, Universe Publications, 1999; David Jenkins, *On Foster-Foster On*, Prestel Verlag, 2000; Hashim Sarkis, *Norman Foster Works*, Prestel, 2003; and the series of books published by the studio: *Norman Foster. Works*].

Norman Foster and a few key banking buildings

N. Foster’s studio was called upon for half-a-dozen buildings dedicated to finance. The first bank to recruit it was the **Hong Kong & Shanghai Bank** with its headquarters in Hong Kong. A continuing process had led to the construction of a first building as soon as 1869, to its destruction in 1933 and the construction of a new building in 1935. But the bank had overgrown its headquarters and it decided to regroup all its scattered departments within a single new tower in 1978. From its conception in 1979 to its completion in 1986 (for us\$668),



HSBC group Hong Kong tower



the N. Foster studio used 30,000 tonnes of steel and 4,500 tonnes of aluminium to erect a modular construction, which symbolised somewhat the renaissance of Hong Kong as the bridge-head to an emerging, new market-oriented China – even if all the components were imported from abroad (essentially from the UK and US). The building was innovative because it lacked any internal supporting structure thanks to eight groups of four aluminium-clad steel columns which ascend from the foundations up through the core structure, and the five levels of triangular suspension trusses which are locked into these masts – which allows the building to profit from natural sunlight all over its levels. Since the HSBC group is now located in London, this building became the centre of its activities throughout Asia [hsbc.com.hk] [See Norman Foster, C. Seddon, J. Zunz, M. Glover, T. Fitzpatrick, D. Sudjic, K. Sugimura, *Foster Associates: Hong Kong Bank*, in *A+U: extra* edition, 5/1988, pp. 1-150. T. Ho, N. Matsuda, Norman Foster, C. Seddon, *et alii*, *Foster*

*Tower: Hong Kong Bank: A Re-evaluation of Tall Buildings*, in *Process: Architecture*, 1986, 70, pp. 1-203; Ian Lambot & Gillian Chambers, *One Queen's Road Central. The Headquarters of Hongkong Bank since 1864*, 1986].

The **Commerzbank** tower was erected among the harsh competition between German banks to brighten up the Frankfurt *Innenstadt* business area, and it did indeed succeed in overcoming its rivals because it remained the tallest European construction from 1997 to 2004, with a height of 259 meters and 56 stories. Large space is available because a triangular plan has pushed the core areas to the corners. Four-storey gardens are interspersed as the building rises and provide green oasis for office workers [See Colin Davis, *Commerzbank Frankfurt: Prototype for an Ecological High-Rise*, Birkhauser Verlag, 1997; Volker Fischer, Norman Foster, H. Gruneis, R. Richter, *Norman Foster and Partners, Commerzbank, Frankfurt-am-Main*, Edition Axel Menges, 1998].

Opened in April 2004, the London **Swiss Re**



*The Commerzbank tower in Frankfurt*

headquarters became notorious because of the design of their Pinnacle Gherkin 41 storeys tower, which broke off with the straight design of numerous London skyscrapers – those denounced by Prince Charles. – and was endowed therefore with the “gherkin” nickname because it looks like a plump green pickle – or one might think of a cucumber with upward spiralling strips – in face of the Aviva classical parallelepipedal tower. This rethinking of the conception of buildings in business areas paved the way for a few other experiences (recently in Barcelona, for instance, by his competitor Jean Nouvel for the Agbar tower). But N. Foster’s building keeps its originality; owing to its steel trusswork and a system of diagonal braces, the structural envelop allows to freedom of space from columns. The building also contains a spiral of indoor gardens that admit light into interior spaces: “*Those become the lungs of the building. They allow fresh air, light and views into the interiors*” (N. Foster).

A key case study will focus on the now-well known project of the HSBC group to duplicate its **Hong Kong tower** by a new one which was to proclaim the new globalised dimension of the bank. At 8 Canada Square in London, thus in the business district developed from the 1980s in the ancient dockyards of London harbour, Canary Wharf, work began in May 1999 for 45 storey project, designed by N. Foster’s studio. It became the second tallest building in London (210 m) after the Canary Wharf Tower, stability against the wind being provided by the use of a central (34m x 30m) concrete core weighing 150,000 tonnes, with a curtain walling developed by Simon Webster from Arup Façade Engineering. The 110,000 m<sup>2</sup> of space welcomed the staff from September 2002 before an official inauguration in April 2003: about 8,500 employees were then gathered in the building instead of throughout twelve locations in the City. Three of the largest trading floors in the City (with 900 dealers) are active there. Thus, once more, the Norman Foster studio reached

its aims to balance architectural originality, cost control and speed for the construction itself, cost-consciousness for economies in energy, and adaptation to the needs of the users (with a maximum structural flexibility). The HSBC tower could therefore sum up Norman Foster’s “philosophy”, which mixes modernity in design and architecture, and managerial modernity in project development [See HSBC: *A Proud Heritage. Images from the History Wall at HSBC Group Head Office 8 Canada Square, London*, 2002; hsbc website; [www.arup.com](http://www.arup.com)].

More recently, N. Foster’s studio was recruited in Australia to deliver its first tower there, **Deutsche Bank Place** in Sydney, in December 2005: “*The building explores new strategies of adaptable, column-free office space, and is firmly connected at ground level to the context and the spirit of the city*” [N. Foster], owing to a large busy square. A mega-grid of aluminium structures clads the thirty-one storey tower every three floors, and it is extended above the occupied building to create a roof feature which seems to pull the tower upwards alongside a vertical trapezium like some raised business flag.

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## A window to the pre-banking world

### A Mennonite in Russia: The Diaries of Jacob D. Epp, (Toronto-London, 1991)

*In the long-term process of development of a marketised world economy, there were numerous innovations, which came as a result of the development needs of this economic system. In the second half of the nineteenth century the idea developed that with the concentration of savings one can provide working or investment capital and in a way resolve some burning problems of society or support development. It was an important financial innovation, which might be slightly undervalued compared to the other elements that contributed to modern economic growth. During the second half of the nineteenth century and first decades of the twentieth century, we are witnesses to the formation of tens and hundreds of thousands of different financial institutions in Europe, but also all around the world. The main result of this innovation was the democratisation of credit and the wide spreading of financial services, which has an important impact on economic development. It is hard for us, living in developed market economies, to understand what the world looked like before the development of a modern financial system with numerous financial services offered to resolve most of our problems. To illustrate this we can present a few fragments of economic and financial life in the pre-banking world.*

Jacob Epp was a German settler in the Dnepr River region in Czarist Russia, and a member of a small Mennonite community, which mostly produced grain and ran agriculture in a very capitalistic way. They produced grain and other agriculture products for the market, hired labour, leased land, purchased not only tools for manufacture but also food.

Jacob Epp's main mission was to be Mennonite minister, but his income came from the land, where he worked with his family. He undertook many different jobs parallel to this, so he used to work as teacher, public auctioneer, window glazer and so on.

Apart from struggling with his personal religious problems and dealing with the everyday spiritual problems of the Mennonite community, there were numerous economic difficulties he and his community had to deal with. The everyday problems of Jacob Epp were fires; cattle plague; bad or too abundant crops; seasonal income in agriculture; floating of prices; bad weather; illness; high level of mortality (he buried his first wife, some of his children and a grandchild); theft. His diary (1851-1880) was a witness to a struggling people living in a highly marketised world, but without the financial services to which we are so inured.

*May 12, 1851 – Last night's hailstorm has seriously damaged grain fields in Schonwiese.*

*May 23, 1851 – The storm of May 11 caused terrible destruction in Schonhorst, where more than 30 houses were badly damaged or destroyed, a windmill was overturned, a second had its roof blown off, a third was badly damaged, and a number of grain fields were flattened. It was so bad that the storm even carried the brick top of a chimney for some distance in one piece. The poor people have suffered a terrible loss.*

*October 15, 1860 – Sunday evening. The Lord is punishing us with the cattle plague. Of our four milk cows, one heifer due to calf this winter, one steer, and three calves we had, the cow and the heifer are dead, the steer has recovered, and the three calves are still sick. We have no milk, which is very difficult for a large family like ours. May the Lord's rod serve to make us better.*

- October 17, 1860 – *Our last two calves died today, and so we have lost all of our livestock, with the exception of the steer, which has recovered. The Lord hath given and the Lord hath taken away, blessed be the name of the Lord.*
- December 31, 1863 – *This has been for me a year of tribulation. In His wisdom our Lord God has decided to burden my soul with many temptations.... There was also much illness in our family. Katharina and Heinrich were sick for some time, but the most serious case is that of my dear wife. She has not recovered from her illness since spring, and has been downhill since our return from Krons Garten. Although she has been bedridden for 11 weeks, we still hope for recovery.*
- May 9, 1864 – *There was considerable frost again today, and nature suffers. The potatoes were frozen for the second time, the onion devastated, the mulberries brown, the grain drops, and the leaves of the ash trees are frozen. Yet it is trifle for the Lord to give us his blessing again, if that is his will.*
- December 31, 1866 – *Our Dear Lord has put us to a hard test this year, sending first the cholera and then a cattle plague.... The cholera, however, devastated us, tearing huge gaps in our ranks. My colleague and cousin David Classen and our overseer P. v Kampfen fell victim to the cholera, along with their wives and many others.*
- February 22, 1867 – *We further decided to keep watch at night in pairs of two. This is much after the fact, since two horses have been stolen from the Neusteters. Where the owner does not watch over his house, the watchman stands guard in vain.*
- August 28, 1870 – *Since returning [from Khortitsa] my wife has been in severe pain from a boil at a very awkward spot. She was in bed all day yesterday. I knew lancing would help, but was afraid to do so. Last night she begged me to do something. Calling on the Lord for help, and with a steady hand, I did operation with a millinery knife.*
- March 18, 1871 – *The ground is again snow-cowered and all the cattle are inside being fed. Fodder is scarce, and people have been buying it for some time. I hope to get by until after seed-time. To date I have only had to buy a little horse-feed, but will probably have to buy some flour.*
- December 31, 1871 – *During this year the Lord also sent us much illness, but I have the sure hope that this will work to our betterment. Mother, Jacob, and Heinrich became ill late in summer, which caused problems in the threshing and carting the grain.*
- March 6, 1873 – *Late at night. The ways of Lord are not our ways, and his thoughts are not our thoughts. Our darling son Johann has died and his early death is unspeakably painful.... Our beloved son reached the age of 4 years, 3 months, 7 days, and 23 minutes. His life on earth was brief, but God will give him a better life in heaven.*

Jacob Epp had to survive everyday economic life and all those problems without the support of modern financial services. Here are two examples of the financial services very common for us but lacking for him: mortgage credit and commercial overdraft credit.

The first story is about his difficulty in financing moving to another village where he got a position as school teacher. In the case of bigger investments such as the building of a house, he was unable to rely on a long term mortgage, which is part of our everyday housing. What he could eventually expect was a loan from some of his relatives or merchant credit, but as we can see from the following text, he was not successful in obtaining them. He could only rely on himself, what in his religious spirit meant on God alone.



*July 2, 1851 - German settlers [of village Kampens in Novovitebsk] had gathered to hire me on as the teacher for their children. We finally reached an agreement that I would build a house, furnishing one room in it for the school, and teach the children in the winter, receiving in return 8 desiatinas of plough-land, enough pasture and hay-land for 12 head of mature cattle, one load of fuel straw from each of the 8 land-owners, and 20 silver R. in cash. We will move a year from now in spring, when the construction will also be done. Lord give me thy blessing. [Note that it was winter job, which was mostly paid in use of land. 20 silver Rubbles was not very much money.]*

*September 22, 1851 - I asked my uncle for a loan to build my house, but got an evasive answer. It is naturally preferable to lend money to people who are sure to repay the capital and the interest than to poor people who are having difficulties. I hoped that he might help in some way, even perhaps lending me money for a few years at no interest. Yet it is better to count on the Lord than on people, for blessed is the man who depends on the Lord and has his trust in him.*

*October 12, 1851 - Heinrich refused to sell me the timber on credit [for building the house], however, saying he did not know me, even though I promised to repay him by fall. Since the Lord supports those in need, I asked Him for his help and his counsel, and he heard my prayer. My wife suggested that we sell our small flock of sheep and use the money to pay the outstanding building costs. Meanwhile Johan Peters has offered to buy the sheep, and so our greatest problem has been solved for the time being. We praise and thank thee, O Lord.*

During his life Jacob Epp had to undertake many small entrepreneurship, one of which was window glazing. Glazing windows is not a very difficult or complicated job. It seems that it was also quite profitable. However, it was not easy to get material. Jacob Epp had to make a few days trip to get two half cases of glass.

*August 28, 1872 - Peter, Gerhard, and I left for Ekaterinoslav at 5 a.m. to cart another load of glass.*

*August 29, 1872 - This afternoon I purchased a half-case of clear glass, number one, for 23 R. and a half case of semi-clear glass, number one, for 18 R. 50 C.*

Of course, sometimes it became even more complicated if the weather was not very pleasant.

*October 22, 1876 - Jacob Wiebe and I left for Ekaterinoslav this morning. We stopped for the night at the Kumitzki Inn, where the owner, a Jew by the name of David Michel, received us warmly,... there was a heavy snowfall from the north on the afternoon of the second day, obscuring the road and making travel difficult for horses. We reached Ekaterinoslav in the evening.*

*October 25, 1876 - This morning we made our purchase,..., we loaded the half case of number-one opaque glass, which we purchased from the merchant Alekievka for 14 R, and started for home. We did not reach the Engelhard Inn until late in the night, There was a little snow on the ground when we arrived, but it snowed heavily after midnight.*

*October 26, 1876 - At four in the morning we left in a snowstorm, but travelling with the wind was pleasant. We reached Nicolaifeld at 8:30 a.m., stopping there for a day.*

*October 27, 1876 - We resumed our burdensome journey after breakfast. Along the post road, where other travellers had broken through the snow, the going was tolerable, but it became very difficult for the horses in the deep snow away from the post road.*

*October 28, 1876 - We reached home Thursday after a strenuous journey. The snow is here as well, and we thank our dear Saviour for his protection and care.*

In a developed financial system he would send a check to the merchant instead of bringing cash personally as Jacob Epp did. If he were short of cash he would just use his overdraft in a bank. Goods would be transported by a specialised firm, and would surely be covered with insurance against damage. Another few pages from his diary bear witness to how difficult and complicated it was to organise the financing of that operation for Jacob Epp.

*May 22, 1874 - My son Diedrich and I left for Ekaterinoslav this morning to buy glass. We went via Khortitsa.*

*May 23, 1874 - My brother Heinrich, ..., lent me 50 R. to purchase glass.*

*May, 24, 1874 - We started out for Ekaterinoslav at six in the morning. We bought a half case of number- one glass for 22 R. 50 C. and half-case of number-one opaque glass for 15 R. 50 C....We spent night in Simporovich.*

In another occasion he was able to get support from people which were not family members.

*June 27, 1872 - Jakob and I left at 6 a.m. for Ekaterinoslav to buy glass, stopping in Heinr. Olfert's place in Novovitebsk to see poor Siemens on his sick-bed. The latter kindly lent me 35 R., which got me out of a predicament.*

*June 28, 1872 - Jakob and I went to Malzov's store after breakfast and bought half-case of clear glass, number one, for 23 R and two half-cases of opaque glass 14 R. each. I could only manage the 51 R. by borrowing 20 R. from my cousin Johann Thiessen.*

Seasonal income and the insecurity of agriculture earnings (coupled with some other troubles such as illness, death in the family, cattle plague or similar) caused Jacob Epp to sometimes be short of cash.

*January 22, 1863 - There are great problems in my household, with shortages everywhere. We continue to make debts, and that worries me. Wait always on the Lord, and he will care for you. These words are a great comfort for the poor people.*

When short of cash, he was not able to use modern credit instruments like credit cards, current account credit or a short term loan from the bank. For short term credit he could eventually depend on merchants, relatives, neighbours and friends.

*January 8, 1864 - Since I was short of fuel and money, I asked Franz Redekoop of Novopodolsk to give me dung fuel on credit, which he agreed to do out of love. The winter is cold and fuel is dear.*

Merchant credit was the most common type of credit, as for merchants it was a necessary instrument for selling. Also, merchants used to collect debts buying agriculture products, of course making some small extra profit.

*June 1, 1866 Wednesday - I paid down 2 silver R. on my account at the store in Schonhorst, where I still owe 14 silver R. [Marginal note: I sent these 14 R. With my neighbour Heh. Olfert a little later].*

*We drove to Neuosterwick to see my brother in law Dick and our parents, there we sold our butter to the storekeeper Jacob Klassen in Rosenthal, whom I still owed 23 silver R. 44 C. He was not overly friendly, and this made me dejected all day. Dear Jesus, only thy peace, which we need, can make us happy. Klassen paid 12 silver C per funt of butter, 1 silver C. less than other storekeepers. We delivered 2 puds 13 funt, for a total of 11 silver R. 16 C., leaving a debt of 12 silver R. 28 C. Help me to pay off this sum, Lord, for thou art generous and hast bountiful resources [Marginal note:] Thank God, this was fully paid off one year later by brother-in-law D. Dyck]*

Anyway, because of low monetisation of the financial system, bargaining was a very common way of trade.

*May 31, 1876 - Monday Morning. Maria, Gerhard and I went to Golitsin's store where we sold 22,5 funt of butter for 15 C. per funt taking in exchange a pair of shoes for Maria for 2,5 R. and other small items.*

*February 1, 1876 - I went along to Sofievka with my brother-in-law Gerhard Dyck to exchange a chetvrt of potatoes for a bottle of petroleum. But as the merchant Israelshon was willing to pay me only 3 R. for potatoes and demanded 4 R. 25C. for the oil, we returned home without making a deal.*

Merchant usually also bought with delayed payment, which made seasonal income problems even more difficult.

*May 31, 1871 - Gerhard, Johann and I left our wheat on consignment with David Mishnik in Novovitebsk (a total of 5 pud 18 funt).*

Seasonal income affected not only peasants but the merchants as well.

*February 14, 1869 - Desperately short of cash today, I tried to collect the 110 silver R. from Joseph Mishnik for the wheat. He was out, so I borrowed 3 silver R. from Coprn. Krause, who can collect it from Mishnik.*

*May 23, 1869 - Martens and Olfert accompanied me to collect the silver R. 30C. from Joske [Mishnik] that he still owes me for the wheat. He still did not have the money, but signed a promissory note for it on stamped [eagle] paper, which I had along.*

*September 19, 1869 - We again failed to collect the money from Joske Mishnik.*

On the level of the Mennonite community there was an institute for borrowing grain free of charge, without interest, which was a sort of urgent credit facility.

*October 18, 1866 – Thursday at 8 a.m., Jacob and I carted a load of rye to the Khortitsa colonies, returning what we had borrowed earlier from the emergency granary [in Khortitsa] [footnote 30 - Mennonite settlements maintained emergency granaries that were kept stocked by the landowners. It was excepted that grain borrowed in time of need would be replaced by the recipient at the earliest opportunity.]*

Typically for agricultural communities, there was a very high level of cooperation amongst community members. In cases of death in the family, fire and similar it was very common that the village would help the family in trouble.

*February 15, 1868 – Thursday. I sent around a letter to our villages announcing a collection of seed grain for Peter Loven's widow.*

Mennonites often tried to keep their business in their circles if possible.

*July 27, 1868 – I was at Jacob Friesen's blacksmith shop at noon today when the Jew Motke came in. He swore at Friesen and caused a terrible row. I gather that Friesen owes Motke 25 R. and refused to pay him. I asked Motke, "Are you allowed to quarrel and make such a scene on the Sabbath". Motke looked at me, muttered something about Friesen being a bad man, and stomped out, all the while still shouting insults. After he had left, I advised Friesen to borrow money from a German and pay off the Jew, which he promised to do.*

Relatives were more interested in helping a member of the family to get out from the difficult situation. For a very short credit and urgent situation one could rely on neighbours and friends

*March 25, 1866 - Good Friday. We visited my brother Dietrich this afternoon, who gave me money that my brother Heinrich and brother-in-law Schellenberg had sent as a gift.*

*February 16, 1867 – Towards evening, David and I drove to Novopodolsk to see my brother Dietrich about our fodder shortage. Winter has turned bitterly cold and my supplies are dangerously low. We are right out of straw and chaff and there is little hay left in the barn. My brother gladly helped us out. May God reward him.*

There were also people who lent money on interest, and they were the last door to knock on. Of course, it was not easy to borrow from them if there was no security that the debt would be paid of.

*February 19, 1871 – Friday. This afternoon, my wife and I drove to Novovitebsk to borrow money from the Jew Jericho Hillbauer, who would gladly have given me a loan, but he was out of money himself. He promised to have some cash on Sunday, but I wonder if he will keep his word.*

*February 22, 1871 – Towards evening, Jacob and I went to see Jericho Hillbauer about the money, but he had left for the synagogue. I therefore looked up Wilhelm Martens, who lent me 25 R. For an indefinite term. This helps me over the immediate crisis, but where will I get the money to pay of my debt?*



There were some cases of usury, but usually in all communities there were some legal or social limits to usury.

*August 28, 1873 – For some years, contrary to God’s Word, Peter v Niessen has been involved in lawsuits against Jews, most of them of a highly questionable nature. In one case he sold sheep to a Jew named Mark, taking back a promissory note at high interest rates. A few years ago he asked me to calculate what Mark still owed him. I computed that v Niessen already had more than 200 R. still owing. As he had already received more than his fair share, I urged him to let matters be. But he insisted on the full sum, arguing that he, too, had to pay interest.*

*Some time ago v Niessen told my brother that the Jew had asked to pay of his debt in instalments. Instead, a year ago, v Niessen had launched a lawsuit against him in Kherson, which v Niessen had now lost. In fact, the court had rejected interest rates of more than 6 percent and ordered v Niessen to repay Mark more than 60 R. This he had in the meantime failed to do. When Mark appeared to-day with a court official, and v Niessen again refused to make restitution (the sum had now grown to 83 R. 73 C.), the official ordered them that a team of v Niessen’s horses be seized. After five days, if v Niessen persist in his refusal, the horses will be sold at public auction.*

It seems that the bigger problem was the lack of financial services than the actual price of them. One has to consider time consumption Jakob Epp had while trying to get credit and pay off debts.

*March 23, 1871 – I walked to Novovitebsk to repay Wilhelm Martens his 25 R. loan.*

It seems that the lack of financial services left a great gap in the economic life of many people before the development of modern, widespread retail banking. A lack of financial services make all financial transactions very complicated, difficult and seriously time consuming. Also, a developed financial system is able to offer support in cases of economic irregularity. Pre-banking communities could only find support from themselves and from God.

*April 19, 1865 – We finished seeding at noon, ...God, give us again our daily bread this year.*

Most of the mentioned problems and many others were relieved or resolved with the democratisation of the financial system that occurred during the second part of nineteenth century and early decades of the twentieth century all across Europe. During that period we can observe mushrooming of financial institutes, which were a response to the need for financial services. Usually we call that movement “credit cooperative movement”.

If living somewhere else, Jacob Epp would probably have joined the credit cooperative movement of his time. We can imagine him standing in front of the members of his church, explaining new saving banks he intended to establish, and pray:

*“Lord,...grant me neither riches nor poverty, but only my modest share.”*

**Damir Jelic**

## Workshop Report

### Banking and Financial Archives: Priorities for the Future

Caixa Geral de Depósitos

Lisbon, 25 May 2006

*This archive workshop, attended by fifty-five bankers, archivists and historians, examined two types of priorities in the work of archivists of banks and financial institutions:*

1. *The need to make the archivist's work better known and better understood in banks and financial institutions;*
2. *The balancing of priorities in day-to-day archives work and in the longer-term planning of objectives.*

Archivists need models which they can present to their managements to create, to defend or to develop the archives function. In answer to this need, the EABH compiled a web-based questionnaire in which archivists of banks and financial institutions were invited to describe the situation of their own archives and to give examples of the benefits of the archives function in a banking environment. Answers to these questions were sought from central banks, pri-

vate banks, national banks and financial services, and multinational banks and financial services.

The results of this questionnaire were presented in the first session of the workshop chaired by Dr. Luís Nunes of Banco de Portugal.

The first paper in this session was given by Maria Teresa Tortella, of Banco de España who examined the Central Banks' Survey Results. Ms. Tortella received seventeen answers to the sur-



*The first session focused on Archivists' Profiles*

vey, which provided her with enough information to describe the present state of European central banks' archives. She gave an overview of archivists trying to make their work better known and understood in central banks, and what their priorities for the future could be. This is a very sensitive matter for bank archivists in general, as they need to justify their work within the bank - and even central banks have to think in terms of efficiency and productivity. She argued that the archivist of the future will have to be proactive and deal with many matters other than just historical ones.

The Survey Results of Private Banks was then examined by Melanie Aspey of The Rothschild Archive in London. However, the sample consisted of returns from just five institutions, including the Rothschild Archive. The degree of relative stability and continuity enjoyed by the five institutions reflects an intense family involvement with the business for much if not all of their histories. For example, the Rothschild businesses were essentially partnerships from

the date of their creation until circumstances made it prudent to adapt the business structure. The most recently established archives service in this group is itself over a decade old, and the archives have clearly evolved over a period of time. That they are sustained and have developed is surely a measure of their success and an indication that the path they have followed is the right one for the future in this case.

Dr. Francesca Pino of Banca Intesa in Milan examined the Survey Results of National Banks and Financial Services in the third paper. The eight cases in these results were not homogeneous. Three archives (Banca di Roma, Banca Intesa and National Bank of Greece have strong traditions and services dating back more than 20 years). Two of them (Ottoman Bank and Svenska Handelsbanken) are managed by research or business archives centres outside the banks. Finally, three are examples of one-person or part-time operations which are particularly praiseworthy. She noted how the ownership of banks and therefore ultimate responsibility



*Speakers of the second session on How do Archivists Prioritise their Work*

for archives have radically changed in the last two decades. Fortunately, however, the general awareness of the value of memory has increased tremendously, thanks to the explosion of historical communication, movies and exhibitions: everyone believes in the duty and relevance of keeping track of the past.

The last paper in the first session was given by Edwin Green, archivist of HSBC Holdings plc, London who looked at the Survey Results of Multinational Banks and Financial Services. Eight responses were received for this section of the survey, sufficient to offer some measurements and generalizations about the archives of these large players on the European banking scene. Edwin Green outlined how it must be safe to assume that the benefits to the business influence the priorities of the archivist. It would be foolhardy of any archivist – or any other professional – to ignore work which is clearly an asset to his or her employer. Conversely the archivist's choice of priorities will influence the type of benefits which can feed through to the

business. The conclusion Mr. Green reached was that, in multinational banking and finance, there is no obvious or predictable relationship between the contents of the archives and the archive's functions and benefits to the business. In other words, there is no set pattern of 'belongings' which enables the archives to settle on its priorities. The contents of each archive are as much a matter of accident as of choice. But archivists can bring consistency to the way in which they prioritise their work and make it useful to their parent businesses.

These absorbing presentations were followed by an open discussion of the profiles and the different advantages offered by archives in the banking world.

The second session of the workshop *How do Archivists Prioritise their Work* was chaired by Piet Clement of the Bank for International Settlements and provided papers on decision-making in business archives, followed by open discussion.

The first paper of the second session *Planning*,



*Participants attending the archive workshop*



*Budgeting and Outsourcing* was given by Fabio Del Giudice of Banca di Roma. Dr. Del Giudice focussed on the organisational and managerial life of a banking archive, as it is characterised by the planning of activities, budget forecasting and the outsourcing of some functions.

Anders Perlinge of The Foundation for Economic History Research in Stockholm then offered a very informative and entertaining paper on *Day-to-Day Priorities. Standing up to Fragmentation*. In this paper, he showed how archivists are expected to deal with professional and management duties, and with different categories of internal and external users, while balancing the need to catch up on backlogs of cataloguing, capturing new collections of old or modern records and also making efforts to identify gaps in collections of records. He stressed the long-term historical learning and expertise of people who spend many decades in this work: it is really a valuable asset for the parent company or business.

In the last paper of this session *Business Ar-*

*chives in the Electronic Future*, Rudolf Frei of Swiss Re in Zurich took a look at how the advent of electronic document management has had an impact on records management for many years. A main challenge to archivists is the handling of electronic records in a way that fulfils all the requirements “legal, business, and historical” that are expected from paper records. While no universal solution for the overall handling and long term storage of electronic data has been found, the current dual strategy using paper and electronic files makes it possible to secure electronic records beyond systems updates and comply both with business and legal requirements. He explained how at the same time all the advantages of electronic document management, especially the dissemination of data, can be exploited.

This full and interesting programme offered debate and practical solutions for the modern archivist. The workshop was a great success and we await the publication of the proceedings with great expectation.



Dr. Piet Clement of BIS and Mr. Roger Nougaret of Crédit Agricole

## Workshop report

### Art and Cultural Activities in Financial Institutions Caixa Geral de Depósitos, Lisbon, 26-27 May 2006

*As part of the 2006 EABH Annual Conference kindly hosted by Caixa Geral de Depósitos on the occasion of its 130th anniversary, CGD also hosted the first EABH Art and Cultural Activities Workshop in Lisbon. The Lisbon workshop Art and Cultural Activities in Financial Institutions brought together approximately 50 participants from 37 different institutions and professions including banks, insurance companies, universities and independent consultants.*

The workshop was opened with a welcoming address by Margarida Ferraz, Caixa Geral de Depósitos, followed by Manfred Pohl, the EABH Deputy Chairman.

The workshop programme consisted of two sessions. The first session focused on *How to Set up an Art Collection in a Financial Institution* and was moderated by Prof. Manfred Stumpf, Art Academy Offenbach. The speakers in this session showed how and why their banks have set up an art collection, the underlying philosophy behind this, and the goals and objectives pursued with an art collection in a bank. The ques-

tion of the accessibility of the art collection was also touched upon. In total 4 papers were presented in the first session.

Miquel Wandschneider, Curator of the Visual Arts Programme at Culturgest, Lisbon opened the session with the first practical case study introducing Culturgest, which is part of the Caixa Geral de Depósitos group. The purpose of Culturgest is to manage cultural activities and organise artistic and scientific events, namely exhibitions, dance and theatre performances and conferences. Miquel Wandschneider is in charge of the programme for contemporary art



Mr Miguel Wandschneider, Culturgest and Dr. Petra Arends, UBS

at Culturgest which has two galleries running a continuous programme of contemporary art exhibitions.

Petra Arends, Collection Executive of the UBS Art Collection followed with an introduction to her company's art collection, which is a unique branding asset that UBS leverages to establish and build connections with its various audiences. The huge UBS art collection consists of 40 000 pieces, amongst them 900 high quality key pieces. UBS is interested in a dialogue with the public. Selected works of art of the collection were shown in a temporary exhibition in the MoMa (Museum of Modern Art), New York, in Museo de Arte de Puerto Rico and Fondation Beyeler, Riehen/ Basel. A Partnership with the Tate Modern in London was also established in 2006. As well as all this UBS has generously been supporting contemporary art for many years.

The third case study focused likewise on contemporary art. Nimfa Bisbe, Director of the Contemporary Art Collection of *Fundació la Caixa*, reported about her bank's collections in Spain.

The La Caixa Foundation's commitment to art is part of its programme of promoting culture for people. From its beginnings the main aim of the Collection has been to reflect current art developments with truly significant works by international artists. Today the collection consists of 900 works of art. To date the Foundation has organised over 80 exhibitions of the collection in Spain and Europe. The Foundation also constantly lends works from the collection to museums in Spain and all over the world.

Heike Sütter, consultant for cultural activities at the European Central Bank reported on the art collection and the art exhibitions, organized by the European Central Bank. The art collection consists of 40 historical maps from the 15<sup>th</sup> century to the beginning of the 18<sup>th</sup> century reflecting the historical and geographical background of Europe. Aside from its historical interests the ECB collects contemporary art from the Member States of the European Union. 13 countries have already been featured in exhibitions. The works of art are showcased at all three ECB venues and the collection can also be viewed



Ms. Nimfa Bisbe of La Caixa, Ms. Heike Sütter of the ECB and Prof. Manfred Stumpf of the Art Academy of Offenbach

in the ECB's intranet.

The second session of this fascinating workshop was dedicated to *How Financial Institutions May Contribute to Improve Culture in the Communities They Work for*. In this session emphasis was put on the underlying philosophy of the banks to serve society with their activities, the kind of activities they undertake and involvement in cultural activities outside of the bank. This session was also moderated by Manfred Stumpf, Art Academy Offenbach.

Fatima Terzo, Cultural Assets Manager for Banca Intesa presented the bank's numerous activities in the cultural sector, including projects for safeguarding and valorizing public cultural heritage; scientific cataloguing and valorization of the art collection belonging to the bank; and management of the cultural programmes at the Galleries of Palazzo Leoni Montanari, which exhibit 18<sup>th</sup> century Venetian Paintings and antique Russian icons. More than five hundred art works, many of extraordinary quality, have been restored on Banca Intesa's initiative. The collection of XV-XVII century paintings and sculp-

tures includes around one hundred works and comprises several masterpieces, including Caravaggio's *Martydom of Saint Ursula*. Apart from this, Banca Intesa is also famous for its collection of Twentieth Century Italian works, which consists of more than two thousand five hundred pieces.

Pierre de Longuemar and Maryvonne Vejux from the Association pour l'Histoire de BNP Paribas explained the Vision of BNP Paribas regarding art and culture in the second case study of this session. Nowadays, BNP is widely-recognized for its longstanding support of museums. To date, some fifty books on museums in France and other countries have been published, and a further sixty works have been restored for the greater enjoyment of a broad public. The principal areas of activity of BNP Paribas in which they improve the culture in the community they serve are through cultural patronage; medical research; and commitment within the field of solidarity.

Finally, in the last case study of the workshop, Emin Mahir Balcioglu, Museum Consultant illus-



Ms. Laura Feliciotti who read a paper on behalf of Ms. Fatima Terzo, Banca Intesa



trated the financial institutions in Turkey and their role in the cultural domain. The private sector in Turkey has taken over some of the missions that were formerly monopolised by the Turkish state. In this regard, a considerable amount of resources, in particular of financial institutions, have been contributed to cultural activities, whether in the form of sponsoring third party entities or by directly creating their own cultural and artistic institutions. In this context Emin Mahir Balcioglu looked closely at three significant examples: Isbank; Akbank; and Yapi Kredi Bank. Isbank which owns a publishing house, has supported a vast array of cultural activities throughout the years and has built a remarkable collection of Turkish masters, primarily paintings. It also has a new and vast gallery in Istanbul where it also stages temporary exhibitions. Akbank has been investing considerably in the arts. The bank features a collection of 1955 works of Ottoman and Turkish

artists. Akbank is associated to the Sabanci Group which has its own foundation and University. Akbank also sponsors world class artistic events such as “Ottoman Calligraphy” at the Metropolitan Museum of Art in New York and other venues in the United States and in the Louvre in Paris. Finally, Yapi Kredi has a considerable record of supporting culture. In addition to its various collections of paintings, ancient coins, and stamps among others, the Bank has one of the most successful galleries in Istanbul and also owns a publishing house. This was the first EABH workshop in the series *Art and Cultural Activities* and proved a great success. The workshop provided the chance to discuss on a European Level the reasons underlying the cultural activities of banks and financial institutions and gave an overview of the assets a bank can bring to the *outside* world thus proving itself to be an incorporated part of the society in which it operates.



*Speakers of the Second Session on How Financial Institutions May Contribute to Improve Culture in the Communities They Work For.*

***Die Dresdner Bank und die deutschen Juden***

(Munich: R. Oldenbourg, 2006)

Dieter Ziegler with assistance from Maren Janetzko, Ingo Köhler, and Jörg Osterloh

**Volume 2 of the four-volume work*****Die Dresdner Bank im Dritten Reich***

edited by Klaus-Dietmar Henke

In this second volume of the extensive four-volume study of the Dresdner Bank in the Third Reich (coordinated by Klaus-Dietmar Henke), Dieter Ziegler and his colleagues focus on the bank's treatment of the German Jews as employees, businessmen and customers. With unrestricted access to the available archives of the Dresdner Bank and other relevant state archives, including some in Moscow, the work examines in detail the key questions surrounding the bank's dismissal of its Jewish employees, its role in the "Aryanization" of Jewish businesses, and also in the state confiscation of Jewish property, exploring case studies in each section. The

work incorporates and consolidates many of the findings of other recent projects on the Deutsche Bank and the Commerzbank, and enhances in many respects our understanding of the role played by the banks under National Socialism.

The treatment of its Jewish employees by the Dresdner Bank does not appear to have differed dramatically from that of the other major German banks, as the big three agreed to release even their initially "protected non-Aryans" by the end of January 1937. However, while occasional examples of sympathetic treatment of former Jewish employees can be found in the files, by late 1938 the Dresdner Bank had begun to cut back on their pensions in a systematic manner that was clearly discriminatory. The fate of individual Jewish employees in the Holocaust is documented in more than one hundred cases: those dismissed soon after the Nazi seizure of power (mostly younger, less well-qualified staff) were more likely to emigrate, and those who received pensions (generally those who were older and more experienced) were more likely to be deported to their deaths.

The examples of Aryanization examined in detail by Ingo Köhler, Maren Janetzko, and Dieter Ziegler confirm the argument put forward by the authors that there was no typical Aryanization profile. In several cases, most notably that of the Scala-Variétékonzern, the firms to be Aryanized were heavily indebted to the Dresdner Bank, such that the bank's main aim was rather to limit its already extensive losses rather than to make a great profit. Nevertheless, in some of the documented studies the Jewish owners were treated rather shabbily. For ex-



ample, Hilarius Giebel, working on behalf of the Dresdner Bank together with Nazi Party officials, applied even gangster-like methods to force out Ignaz Nacher (the Jewish owner) from the Engelhardt Brewery Company. A prominent theme in the interpretation of Ziegler and his colleagues is that the Dresdner Bank generally made only marginal profits from Aryanization in terms of commissions, and that it was not particularly interested in owning companies outright, but rather was intent primarily on retaining and expanding its business clientele. This confirms and elaborates on the thesis, proposed by Bernhard Lorentz and others, that competition between the banks encouraged them all to pursue Aryanization aggressively, in order to defend their market share.

Given the volume's primary focus on business history, perhaps the weakest section is that concerning the confiscation of Jewish private property. This issue receives considerably more attention than the few pages devoted to it in Harold James's recent work on the Deutsche Bank, but the only detailed case study is the atypical one of Jakob Goldschmidt, who due to misplaced investments prior to the Great Crash became indebted to the Dresdner Bank on a large scale. The volume provides a reasonable overview of most of the major confiscation instruments applied by the Reich, although the shift to the large-scale expropriation of Jewish emigrants using denaturalization in 1940, even prior to the Eleventh Decree, is not mentioned by the authors. However, the narrative seems to reflect rather the viewpoint of the bank, based

on the records it chose to preserve, rather more than that of the Jewish victims. For German Jews suddenly deprived of access to their savings by the blocking of bank accounts in 1939-1940, this was a financial catastrophe of major proportions. That the currency offices (*Devisenstellen*) delegated much of the day-to-day application of these blocking orders (*Sicherungsanordnungen*) to the banks, for which they also charged higher fees to their Jewish clients, is played down by the authors, who describe this merely as the routine implementation of a law, which the banks had no chance to influence. Missing here is a more sympathetic description of the impact these measures had on the lives of the bank's Jewish clients, which can be found in the files of the currency offices (preserved, for example, for Münster or Thüringen).

Overall Dieter Ziegler and his team have provided a useful service in piecing together much of the complex history of the Dresdner Bank's involvement in anti-Jewish policy during the Nazi period. While noting that sufficient documentation is only available to describe some cases of Aryanization, employee dismissal, or confiscation, these narratives based primarily on internal bank documentation now give us a more detailed and nuanced picture of the processes involved. The weaknesses lie perhaps in those areas where business history intersects most directly with the events of the Holocaust, where an assessment of the financial gains and losses, and also the probable motives on the part of the bank, remain only half of the story.

**Martin Dean**

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*The assertions, arguments and conclusions in this book review are those of the author. They do not necessarily reflect the opinions of the United States Holocaust Memorial Museum or the United States Holocaust Memorial Council.*

## The Bank of Valletta Review

The Bank of Valletta Review is a bi-annual publication, issued and circulated by the Bank of Valletta. The BOV review was first published in 1990, in collaboration with the Economics Department of the University of Malta. Professor Lino Briguglio has since been the editor of the review, with economists E P Delia and the Gordon Cordina acting as assistant editors.

The first issue of the BOV Review, featured four varied and interesting articles related to Malta's EU application, the EU directive on banks and financial institutions, human resource development and international debt and policy implications.

The BOV Review covers mainly topical subjects related to the Maltese economy, the European Union and the local industry sectors such as tourism, financial services, agriculture, building and construction and manufacturing amongst others.

Throughout the years, articles published focused also on regulatory issues such as capital adequacy for banks, financial deregulation, trust legislation, and money laundering. It also tackled labour issues such as female participation in the workforce, training, trade unions and industrial relations. However, it also features articles focused on economic and industry developments taking place in foreign countries, particularly islands and small states. Thus, the BOV Review is also known as providing both theoretical and practical aspects of policies and strategies in an international context. Past editions of the BOV Review also contain diverse studies ranging from waste management, housing and poverty to the role of the public sector.

Most of the contributors to this publication are Maltese and foreign economists, graduates, professors, practitioners and researchers. The journal is peer-reviewed and is indexed in the Journal of Economic Literature.

The BOV Review has become an important point of reference for students and a must-have periodical for practitioners in the area of economics and finance. This is evidenced by the ever increasing number of subscribers. Circulation is mostly local, however our list now also includes a number of foreign subscribers namely universities, libraries, banks and other reputable institutions abroad. In line with the Bank's commitment towards Corporate Social Responsibility, especially in projects related to education and information to the public, the Review is a complimentary publication distributed to subscribers, both locally and abroad. Furthermore, articles from Issue 23 onwards are readily available online and can be downloaded from the BOV website [www.bov.com/bovreview](http://www.bov.com/bovreview)

The latest issue, Issue 33 discusses the following topics: consumer policy and competition policy; female labour market participation in Malta; the stock index distributions and social pacts in Europe.



**Victoria Azzopardi**  
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## The Necessary Security: An Illustrated History of Rothschild Bonds

London: The Rothschild Archive, October 2006. 48pp. £15

*The Necessary Security: an illustrated history of Rothschild bonds* is the latest publication from The Rothschild Archive. It draws on the Archive's extensive collection of bond certificates and associated documentation covering more than one and a half centuries of the Rothschild banks' participation in the international bond market. The volume is highly illustrated, in full colour, in order to do justice to the striking – and indeed often astonishing – design of these remarkable documents. The book takes ten bond issues as its focus: Prussia (1818), Russia (1822), Spain (1870), Egypt (1879), South Africa (1892), Chile (1900), Japan (1905), Brazil (1922), French railways (1922) and Hungary (1926). The circumstances and particular features of these bond issues are examined to reveal the stories behind the certificates.

### Bonds and the Rothschild banks

The bond was a wonderfully simple financial instrument which enabled investors, both small and large, to lend money across borders, initially to governments but later to businesses as well. The particular twist which Nathan Rothschild (1777-1836) gave to the business of issuing bonds was to denominate the bonds and their interest payments in sterling, thus making investing in overseas securities attractive to British investors for the first time. Nathan Rothschild is often said to be the creator of the international market in bonds, the moment defined as 1818 when he issued the £5,000,000 five per cent Prussian bond.

NM Rothschild & Sons in London and de Rothschild frères in Paris were the most active of the Rothschild banks in the bond market, but SM von Rothschild in Vienna, MA Rothschild &

Söhne in Frankfurt and CM de Rothschild & Figli in Naples were all participants. The allure and aura of financial success carried by the Rothschild name was perhaps the most important marketing tool at the family's disposal, attracting investors and borrowers from all over the world.

### Bond certificates

Bond certificates – which were bearer documents and therefore vulnerable to forgery – took a distinctive form. The principal articles of the agreement between the bank and the borrowing entity were reproduced on the certificate and each bond carried the signatures of representatives of the two parties. Around this text would be a variety of design elements. Vignettes might illustrate aspects of the particular loan, such as trains and railways, the Brazilian cof-



Coupon from the 1905 bond. These coupons could be presented every six months for receipt of interest payments on the loan.

fee harvest, or South African gold mining. Other themes might be national symbols – for example Mount Fuji in Japan or an Egyptian pyramid – or more general economic virtues such as industry or agriculture. The certificate would also carry decorative borders and, as designs developed during the nineteenth century, versos of increasing complexity. The comparison with bank notes is inevitable, but the bond certificates are a great deal bigger.

Another distinctive feature of the bond certificates are the attached coupon sheets. Most of the bond certificates in the Archive's collections are specimens and thus still retain their coupon sheets: 'working' bonds will usually have had the coupons removed for redemption. Each coupon would represent an instalment of the interest due on the bond and would often carry some element of the design used in the main bond certificate.

The lifecycle of a bond

Although every bond issue is unique there are certain generalities about the lifecycle of a pre-second world war bond that tend to operate. The process would begin with negotiations between borrower and issuing institution about duration of the loan, commission, rate of interest and price of issue. The expertise of the issuing institution would lie in large part in its understanding of market conditions. The cost of borrowing for a nation was intimately linked to market perceptions of its creditworthiness, and the Rothschild name could do much to enhance that perception. Nevertheless, particularly in France, the bank might from time to time choose to be active in its marketing of a bond issue.

The trend for bond issues to be underwritten by other financial institutions gradually developed and the Rothschild banks would also invite fam-



Bond issued for the 1922 six percent £2,000,000 Paris a Orleans railway company loan.



Bond issued for the 1922 six percent £3,000,000 Chemin de Fer du Nord railway company loan.

ily members and friends to participate in the underwriting. Notices would then be placed in newspapers, prospectuses circulated, subscriptions taken, and before the bond certificates were issued the loan was often sold in instalments as 'scrip'. This would be a hectic period for bank staff who would be rewarded by substantial bonuses, often in the form of the bonds themselves.

The endless routine work – perhaps foreshadowed by the hours spent signing the bond certificates – would come with the administration of dividend payments. By the interwar years half of the staff of NM Rothschild & Sons was involved in processing coupons from bonds: receiving coupons from the public in exchange for interest payments; recording the serial number of the coupon in leather bound ledgers; punching holes to prevent their fraudulent re-use; and sorting them into bundles. The bank not only processed the coupons from their own bond issues but acted as paying agents for many other bond issues, just as banks in other cities acted as paying agents for Rothschild issues. In theory, when the last coupon had been presented, the capital investment in the bond would be repaid at par to the bondholder regardless of what the price of issue had been. However, not every bond came to such a natural end. A distinctive feature of the first Rothschild bonds, later widely used, was the creation of sinking funds to gradually repay the capital before the final deadline. The sinking fund would be used to buy up its bonds during the life of the loan so that few would be outstanding at the end of the term. When the sinking fund could not purchase bonds in the market at a price below par then lots would be drawn and unlucky bondhold-

ers would have their bonds compulsorily purchased at par.

However, in times of trouble sinking fund payments were often suspended by borrowers, and borrowers in this situation often found that they could not repay the capital at the end of the initial term. One solution was to defer repayment and issue another sheet of coupons and extend the life of the loan. Other bonds might come to an early end if the borrower could negotiate a conversion package whereby bondholders exchanged their old bonds for a new bond issue. This might happen if the borrower's creditworthiness had significantly improved; alternatively it might happen at the point of actual or threatened default. All of these situations would create intense activity for the bank, both in terms of negotiation and administration.

#### Research value

Whilst the bond certificates celebrated in this new publication now have value to scripphily collectors, and indeed as decorative items for the walls of the bank, the supporting documentation held in The Rothschild Archive is of immense value to researchers. Every bond issue reveals something about the Rothschild way of doing business, the state of the bond market, the process of economic development, and the international and domestic crises which bring governments to talk to bankers. The bonds, as a contract between the bank and the borrower, create an alliance between the worlds of government and finance which says much about both.

The Rothschild Archive hopes that this book will bring these wonderful documents to a wider audience.

**Caroline Shaw**

Archivist

The Rothschild Archive

New Court

St. Swithin's Lane

London EC4P 4DU



## Greek Banknotes: A Journey, 1822 – 2002

The exhibition *Greek Banknotes 1822-2002*, which was opened to the public on the 1 February 2006, is comprised of banknotes and related material from the collections of the Welfare Foundation for Social and Cultural Affairs (KIKPE) and the National Bank of Greece.

The KIKPE collection contains the largest and most complete record in existence of Greek banknotes. The collection of the National Bank of Greece is more limited, but of considerable significance. Together, the two collections make an impressive anthology of Greek banking history. The exhibition covers the period 1822 to 2002.



Illustration containing the title 'National Bank of Greece' used to decorate NBG cheques during the reign of King Otto. NBG Historical Archives.

The first bonds, initially issued to financially support revolutionaries setting up an independent Greek state, appeared in the year 1822. One can think of these bonds as the first form of paper money in the new Greek state. The Euro was introduced in 2002, and marked the withdrawal of the national currency of Greece—the drachma.

*Government Bonds from the Provisional Government of Greece, 1822-1828*



By following the spread of note-issuing privileges in this 180-year period, we can track the emergence of modern Greece. Indeed, the Greek banknotes also offer a wonderful example of a pre-European Union multi-national economic union in the form of the Latin Monetary Union, which existed in the 19<sup>th</sup> century. Evidence of this union is on the reverse side of the National Bank of Greece's banknotes which are printed in French.



Front and Reverse of the 25-drachma note printed after 1870



Banknotes are miniature works of art which reflect the financial situation of a country, its political position, its principles, values and ideology. It is also fascinating to track the artistic trends, manufacturing practices and, indeed, forgery skills, in this collection. There is a wealth of information hidden in these valuable slips of papers.



*A example of a forged banknote*

The result of this exhibition was the production of book. This wonderful history of Greek banknotes is obviously a labour of love. The time and dedication required to produce such an impressive volume permeates the pages of this magnificent publication. Produced by the National Bank of Greece and the Welfare Foundation for Social and Cultural Affairs, this book offers a unique insight into the history of Greek banknotes, and subsequently into the history and development of the Greek state. Banknotes reflect the financial situation of a country, its political position, its principles, values and ideology.

Beginning with the earliest Greek banknotes-those of the National Bank of Greece- which were produced abroad in the early 1840s, this book chronologically and comprehensively details the history of Greek banknotes up to the withdrawal of the Drachma and the introduction of the Euro. Congratulations should be given to National Bank of Greece for this publication. Under the erudite guidance of Gerassimos Notaras, this book has achieved an impeccable standard of historical and aesthetic completeness. I found it a most pleasurable and informative read.

**Prof. Manfred Pohl**

Deputy Chairman of the EABH e.V.



*National Bank of Greece, 1841-1928. 10-drachma note, 3rd issue*



*National Bank of Greece, 1841-1928. 25-drachma note, 4th issue*

**Beneficenza e Risparmio. I documenti preunitari della Cassa di Risparmio delle Province Lombarde.**

**Maria Canella – Elena Puccinelli,  
Milano, Banca Intesa-Sivana Editoriale, 2005, 256 pp.**

The Historical Archives of Banca Intesa have the responsibility of managing the documentary legacy of three pre-existing banking groups: Cassa di Risparmio delle Province Lombarde (CARIPLO), Banca Commerciale Italiana (BCI) and Banco Ambrosiano Veneto (BAV), relating to a time span from 1823 up to 2000. Among all the rich and various suggestions which stem from such a cultural heritage some special programmes are undertaken, while not neglecting the basic duties of expanding physical and intellectual control of the overall collections. Gleaning among our treasures, are the records referring to the most ancient root of the Banca Intesa Group which have been chosen for a records guide to be published: they deal with the establishment and successful development of the well known Cassa di Risparmio delle Province Lombarde, founded by the Government of the Regno Lombardo Veneto (part of the Habsburg Monarchy) in 1823.

One of the models was the Erste Oesterreichische Sparkasse in Wien, but historians have argued that the Lombardy model was jealous of its autonomy and assumed a regional basis right since the beginning, with main branches in each province. As Jean Bouvier taught to economic historians half a century ago, in each credit institution foundation years deserve a careful analysis, since business strategies, as well as organizational know-how and structures, are built with rare consciousness and have long lasting value.

The CARIPLO was initially a sort of charity institution with the tasks of preventing unemployment and of educating working-classes about saving. Since the beginning, Lombardy offered a fertile ground for economic development and for collecting deposits. Some researches have already explored the important and original role of Cariplo in the social intervention sector as well, like health care and early welfare services. The book *Beneficenza e Risparmio* has an innovative structure: the authors Maria Canella and Elena Puccinelli, have combined:



- a complete archival description of the pre-1860 records.

*Records are structured by Atti di Governo ("administrative topics", and not by departments), according to the archival methods applied in that period by Public Archives. It is of note that the most ancient items concern Real Estate and deal with a church (San Giuseppe), which is still owned by Banca Intesa.*

- a records survey on complementary archives of the region (State and local Archives, charities, private archives)

- a parallel, rich iconographic apparatus, with an elegant selection of records, pictures, coins and medals.

- thematic readings upon society and institutions of times.

Since Banca Intesa is willing to divulge the story of its roots, an exhibition online has been set up ([www.bancaintesa.it](http://www.bancaintesa.it)) with more unpublished records and images. By this means the Historical Archives have fulfilled an improvement in outreach.

**Francesca Pino**  
Head archivist

**Barbara Costa**  
Curator of Cariplo archives

## Financial History Review

**Volume 13, Issue 02**

**October 2006**

Published in October, the second issue of Volume 13 of the Financial History Review contains a fascinating and informative collection of articles and reviews.

### Research Articles

Peter Temin and Hans-Joachim Voth, 'Banking as an emerging technology: Hoare's Bank, 1702–1742'

Michael Schiltz, 'An 'ideal bank of issue': the Banque Nationale de Belgique as a model for the Bank of Japan'

Michael R. Adamson, 'Debating sovereign bankruptcy: postrevolutionary Mexico, 1919–1931'

Per Hortlund, 'Is the law of reflux valid? Sweden, 1880–1913'

### Bibliography

Publications on financial history 2004

Serge Noiret

### Book Reviews

Edwin Green, John Lampe and Franjo Stiblar (eds.), *Crisis and Renewal in Twentieth Century Banking: Exploring the History and Archives of Banking at Times of Political and Social Stress* (Reviewer: Pierre de Longuemar)

Ross E. Catterall and Derek Aldcroft (eds.), *Exchange Rates and Economic Policy in the Twentieth Century* (Reviewer: Frances M. B. Lynch)

Jacqueline Best, *The Limits of Transparency: Ambiguity and the History of International Finance* (Reviewer: Stefano Battilossi)

Youssef Cassis and Eric Bussière (eds.), *London and Paris as International Financial Centres in the Twentieth Century* (Reviewer: François Crouzet)

F. Tristram, *Une fiscalité pour la croissance: La Direction Générale des Impôts et la politique fiscale en France de 1948 à la fin des années 1960* (Reviewer: Albert Broder)

We hope that you enjoy reading this issue.

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## Forthcoming Events

### International Summer School

The EABH and the Lusófona University of Humanities and Technologies Lisbon invite Archivists and Record Managers to join the:

International Summer School on Archives and Records Management in Banking and Finance

This special crash course will take place on the premises of the *Lusófona University of Humanities and Technologies*, one of the major private institutions of higher education in Portugal during the universities summer vacation from **16 - 29 July 2007**.

This two-week long summer crash course will consist of an 8 hour working day including breaks. There will be approximately 25 students per class. The teachers of this Summer School are international Archivists and Academics, who are experts in the field of banking and financial history. The organisational committee consists of:

- Dr. Giselia Felicio, Universidade Lusófona, Portugal
- Dr. Teresa do Rosário Damásio, Universidade Lusófona, Portugal
- Dr. Roger Nougaret, Crédit Agricole, France
- Dr. Luís Abreu de Nunes, Bank of Portugal, Portugal
- Mrs. Clotilde Wang, Deutsche Bank London, United Kingdom

All teaching material will be provided for the students. This course is suitable for Archivists and Record Managers, who are starting their professional careers or who want to sharpen their practical skills and would like to learn more about the following subjects:

- Introduction to Banking History
- Lifecycle
- Classification
- Appraisal
- Regulation Standards
- Governance and Compliance
- Users
- IT /Digital and Microfilm
- Record Management
- Communication Solutions
- Disasters

Each participant will receive an **Official Certificate of Attendance** at the end of the Summer School. Please note that this is not an official University qualification.



**Malta Conference**  
**Banking and Finance in the Mediterranean: A Historical Perspective**  
**1 & 2 June 2007**  
**Bank of Valletta and Central Bank of Malta**

**Draft Programme**

**Friday 1 June 2007**

**Welcome Address**

Michael Bonello, Governor, Central Bank of Malta, Valletta  
 Roderick Chalmers, Chairman, Bank of Valletta plc  
 EABH Representative, Frankfurt am Main

*An overview of the Maltese Economy*

Michael Bonello, Central Bank of Malta

*Outlines of Malta's Numismatic History*

Joseph C. Sammut K.M., Central Bank of Malta, Valletta

*The History of the Banking System in Malta*

John Consiglio, University of Malta, Valletta

**The Rise of Modern Banking and Finance in the Mediterranean**

Chair: Margarita Dritsas, Hellenic Open University

*The Banking System in the Mediterranean*

Riccardo De Bonis & Massimiliano Affinito, Bank of Italy, Rome

*The Rise of Modern Banking in Algeria*

Abderrahmane Chenini, Centre Universitaire de Mascara

*Stability against all Odds: The Imperial Ottoman Bank, 1875-1914*

Ethem Eldem, Bogazici University, Istanbul

**Finance and Intramediterranean Economic Relations**

Chair: Juan Carlos Martinez Oliva, Bank of Italy, Rome

*The Greek Diaspora. Banking in the Mediterranean*

Ioanna Minoglou, Economic University of Athens  
*Regulation and Competitive Edge, Spanish Banks and Savings -banks in the Mediterranean*

Carles Maixé-Altés, University of La Coruña  
*Banking Expansion, Success and Failure in the British Mediterranean; the Ionian Bank, 1840s – 1920s*

Alex Apostolides, London School of Economics  
 and Athanasios Gekas, European University Institute, Florence.

**Saturday 2 June 2007**

**Money and Currency. Developments in the Mediterranean**

Chair: Alfred Demarco, Central Bank of Malta, Valletta

*National States and Central Banks in the Mediterranean World in the Inter-War Period*  
 Nuno Valério, ISEG - Technical University of Lisbon

*Central Banks in the Mediterranean basin: Greece, Italy, Portugal and Spain. A comparison*  
 Pablo Martin-Aceña, University of Alcalá, Madrid  
*Title to be specified*

Gérard Chastagnaret, Maison des Sciences de l'Homme, University of Aix-Marseille

**Banking and Finance Archives**

Chair: Luís de Abreu Nunes, Bank of Portugal, Lisbon

*Bank Archives and Development*

Moncef Fakhfakh, The National Archives of the Sultanate of Oman

*How French Banking Archives Document Mediterranean History*

Catherine Dardignac, Société Générale, and Roger Nougaret, Crédit Agricole SA, Paris  
*The Historical Archive of the Banco di Napoli*  
 Paola Avallone, Institute of Studies on Societies of Mediterranean at the CNR, Naples

**Final Talk**

*Bankers and Pashas*

David Landes, Harvard University, Cambridge

## Workshops

The EABH will hold a workshop on

### **Company Journals in Banks and Insurance Companies: History and Recent Developments**

The workshop will be held in Malta, on the 31 May 2007, prior to the EABH's main conference. The academic committee responsible for this workshop is composed of Professor Hubert Bonin, Institut d'Études Politiques de Bordeaux and Ms. Lorans Tanatar Baruh, Garanti Bank - Ottoman Bank Archives and Research Center.

We trust this workshop will be most interesting and will offer an insight into the history of company journals in banks, central banks and insurance companies, the purposes and concept of these journals, as well as the topics they deal with and subsequently the issue of censorship.

## New Members

### **Corporate Members**

#### **Metzler**

The heart of the Metzler group is the Frankfurt-based bank B. Metzler seel. Sohn & Co. KGaA, the oldest private bank in Germany with an unbroken tradition of family ownership. Founded in 1674, Metzler's history includes periods as a trading company and as an international full-service bank. It is now an Anglo-Saxon-style investment bank focused on providing individual advice to institutional customers and demanding private clients in its five core business areas: Asset Management, Corporate Finance, Equities, Financial Markets and Private Banking.

Metzler has approximately 650 employees at its head office in Frankfurt/Main, Germany, and at its offices in Munich, Stuttgart, Cologne/Duesseldorf, Atlanta, Los Angeles, New York, Seattle, Tokyo and Dublin.

### **Individual Members**

**Carlos Marichal**, who received his Ph D in History from Harvard University (1977) is professor of Latin American economic history at El Colegio de Mexico, a leading research and postgraduate institute. He is author and editor of numerous books in Spanish on the history of banking and financial history in Mexico. He is also author of *A Century of Debt Crises in Latin America: From Independence to the Great Depression, 1920-1930*, Princeton, Princeton University Press, 1989; 283 pages. He has been visiting professor at Stanford University (1998-1999), the Universidad Carlos III at Madrid (1996), Ecole des Hautes Etudes en Sciences Sociales in Paris (1994), among other academic centers.

## Non-EABH announcements and forthcoming events

The **Institute for Corporate Culture Affairs (ICCA)** will be holding a workshop on *The History of Brands* to take place at the Leon Kozminski Academy in Warsaw 19 – 20 March 2007. This event will be aimed both at academics as well as management and opinion formers working in this field. Companies and brands to be presented and discussed will include those from luxury goods such as Champagne to industry and will include larger global companies such as Siemens and Philips to small highly specialised Niche brands. ICCA welcomes those interested in attending, participating or holding presentations at this event to contact Nick Tolhurst at [n.tolhurst@cca-institute.org](mailto:n.tolhurst@cca-institute.org) for further information or to regularly consult ICCA's website at [www.cca-institute.org](http://www.cca-institute.org) for information updates.

The **Economic History Society** Annual Conference will be held in the Peter Chalk Centre on the Streatham Campus at the University of Exeter, from 30 March to 1 April 2007. The conference will be co-located with that of the Social History Society. For more information see <http://www.ehs.org.uk/>

**Hong Kong Institute for Monetary Research** in association with the **Hong Kong Monetary Authority** will host a congress on *Banking & Monetary History: Hong Kong's Current Challenges in Historical Perspective* from 16-17 April 2007. This congress will bring together scholars from Hong Kong and the international academic community. For more information contact Professor Catherine R. Schenk at [c.schenk@socsci.gla.ac.uk](mailto:c.schenk@socsci.gla.ac.uk)

The **Economic & Business Historical Society** welcomes proposals for presentations on all aspects of business and economic history at its 32nd annual conference at Providence, Rhode Island, April 26-28, 2007. The Society seeks proposals for both individual papers and panel sessions. The deadline for submission is January 7th, 2007. Additional information regarding the conference and Society can be found at: <http://www.ebhsoc.org>

The 2007 annual meeting of the **Business History Conference (BHC)** will take place Friday and Saturday June 1-2 in Cleveland, Ohio, at the Weatherhead School of Management of Case Western Reserve University. The theme of the Conference is *Entrepreneurial Communities*. For full conference information, please visit: <http://www.thebhc.org/annmeet/index.html>

The **Society for the Advancement of Socio-Economics** Conference will host its 19th Annual Meeting on Socio-Economics at CBS, International Center for Business and Politics in Copenhagen, Denmark, from June 28-30, 2007. The theme of the conference is *Changing Political Economies: Macro Trends and Micro Experiments*. For more information see <http://uk.cbs.dk/cbp/>

The **Association of Business Historians** and the **Centre for the History of Retailing and Distribution** invite proposals for a joint conference on *Business Links: Trade, Distribution and Networks* to explore the history of trade, distribution, business networks and retailing. All historical periods, geographical areas and methodological approaches are welcome. The conference will take place on 29 - 30 June 2007 at the History and Governance Research Institute, University of Wolverhampton. Proposals should be received by end of January 2007. More information is available at <http://www.busman.qmul.ac.uk/abh/>

**The Society of Archivists** has issued a Call for Papers for its 2007 Conference on *Differing Directions: Challenging Communities* to be held at The Queen's University of Belfast, Northern Ireland from 28 - 31 August 2007. This conference offers an exciting format with joint plenary sessions to open and close, and three parallel sessions on Archives and Community, Records Management and Preservation. The Call for Papers and more information is available at <http://www.archives.org.uk/>

The **European Business History Association** has issued a Call for Papers for its eleventh annual conference to be held at the University of Geneva, September 13-15, 2007. The theme of the Conference is *International Business, International Organizations and the Wealth of Nations*. The deadline for the Call for Papers is January 15, 2006. For more information see <http://www.ebha.org/>

### Forthcoming Publications

#### **European Central Banks and Monetary Cooperation after 1945 Workshop Proceedings**

The EABH is delighted to announce the publication of the proceedings' of the workshop **European Central Banks and Monetary Cooperation after 1945** hosted by the Bank for International Settlements to celebrate its 75<sup>th</sup> anniversary (1930-2005). The workshop was a great success and we trust the workshops' proceedings' will make for very interesting reading. The editors of this publication are Dr. Piet Clement, Bank for International Settlements and Dr. Juan Carlos Martinez Oliva, Banca d'Italia.

### Book Releases

Hubert Bonin, *Histoire de la Société générale. I. 1864-1890. La naissance d'une banque moderne*, Geneva, Droz, to appear in 2006.

John A. Consiglio, *A History of Maltese Banking*, Progress Press Co. Ltd., Valetta 2006.

Paul Erker, *Externalisierungsmaschine« oder »Lizenznehmer der Gesellschaft? Trends, Themen und Theorien in der jüngsten Unternehmens- Geschichtsschreibung*, Archiv für Sozialgeschichte 46, 2006

Gerald D. Feldman, Oliver Rathkolb, Theodor Venus, Ulrike Zimmerl, *Österreichische Bank und Sparkassen im Nationalsozialismus und in der Nachkriegszeit*, 2 Bd., C.H. Beck Verlag, München 2006.

Christopher Kopper, Hjalmar Schacht. *Aufstieg und Fall von Hitlers mächtigstem Bankier*, Hanser Verlag, München 2006 .

Gerassimos Notaras, *Greek Banknotes: A Journey, 1822 -2002*, Athens 2005

The ICCA Handbook on Corporate Social Responsibility, ed. Judith Hennigfeld, Manfred Pohl and Nick Tolhurst, Chichester 2006



**Jean-Claude Trichet awarded the French-German Culture Prize by Pro-Europa**  
**4 September 2006**  
**Bundeskanzleramt, Berlin**

Mr. Jean-Claude Trichet has been awarded the French-German Culture Prize by Pro Europa - the European Foundation for Culture. The award ceremony took place in the new Bundeskanzleramt in Berlin, with a *laudatio* given by the German Minister of Finance, Peer Steinbrück on 4 September, 2006.

The ceremony of the European cultural award was established in 1986 when the President of the Council of Europe, Senator Louis Jung, and President of the European Parliamentary Assembly, Pierre Pflimlin, made an award to young artists from 10 European states in the parliamentary hall in Strasbourg.

A cultural council was at first responsible for the event, which had evolved out of the integration of cultural groups in Switzerland, Alsace and Baden Württemberg. This union represents the basis for today's European Cultural Foundation "Pro Europa", situated in Basel. "Pro Europa" aims to increase dialogue between European regions and to contribute to a cultural exchange based on trust and communication, which is also able to complement political integration. The central belief of the foundation is promoting the importance of cultural diversity and the creative self-reliance of European regions while strengthening the awareness of our common European identity.

The German-French Cultural Prize is awarded to outstanding personalities, institutions and initiatives that have rendered outstanding services to the relationship of both countries. It was presented to Mr. Jean-Claude Trichet by Dr. Ernst Seidel, President of Pro-Europa. With this award Pro Europa expressed the indivisibility of the roles which political, economic, financial as well as cultural aspects play in this age of globalisation.



*Mr. Trichet's acceptance speech*



*Left to right: Dr. Ernst Seidel, Mr. Peer Steinbrück, Mr. Jean-Claude Trichet, Prof. Manfred Pohl.*

In his acceptance speech Mr. Trichet said it was a great honour to receive the award. He agreed with Mr. Steinbrück that Culture and Monetary policy are not far apart and that the Euro, the homogeneous and stable currency of 12 and soon 13 European countries, with which every single citizen can buy, sell, invest and travel, contributes to the promotion of lively dialogue between the different European cultures. Mr. Trichet said that the relationship between economy and culture is very old and intimate; and he went on to share two observations he has always found personally fascinating.

The first concerns the birth of script. Mr. Trichet observed how 6000 years ago the first ideograms were invented. They descended directly from the clay coins that the Sumerian administrators used to establish the accountability of agricultural production and therefore the exchanges which followed with the first towns. The first scribes were also the first administrators and the first accountants!

The second observation Mr. Trichet made concerned a common factor, which always fascinated him, between poetry and money. The fundamental function of money is stability, the preservation of value, inalterability, as well as the two other central functions which are measurement and exchange. The same principal of stability, of preservation, is the trademark of poetry which was invented- after script- to assure the inalterability of the word. A poem, like a piece of precious metal, was constructed, was cast to be inalterable.

Europe itself, the Europe of peace, of unity and friendship, is built and must continue to be built on cultural enrichment, on the inter-crossed fertilisation of cultures, on the admiration of mutual cultures.

We congratulate Mr. Trichet on receiving this prestigious award.

Mr. Trichet's speech is available on [www.ecb.int](http://www.ecb.int)

*Continued from last cover page*

Napier, Leonardo, Schickard, Pascal, and Leibniz are the most well known historical personalities who contributed to the development of these tools. You may see their imprints within the dust collected on these machines.

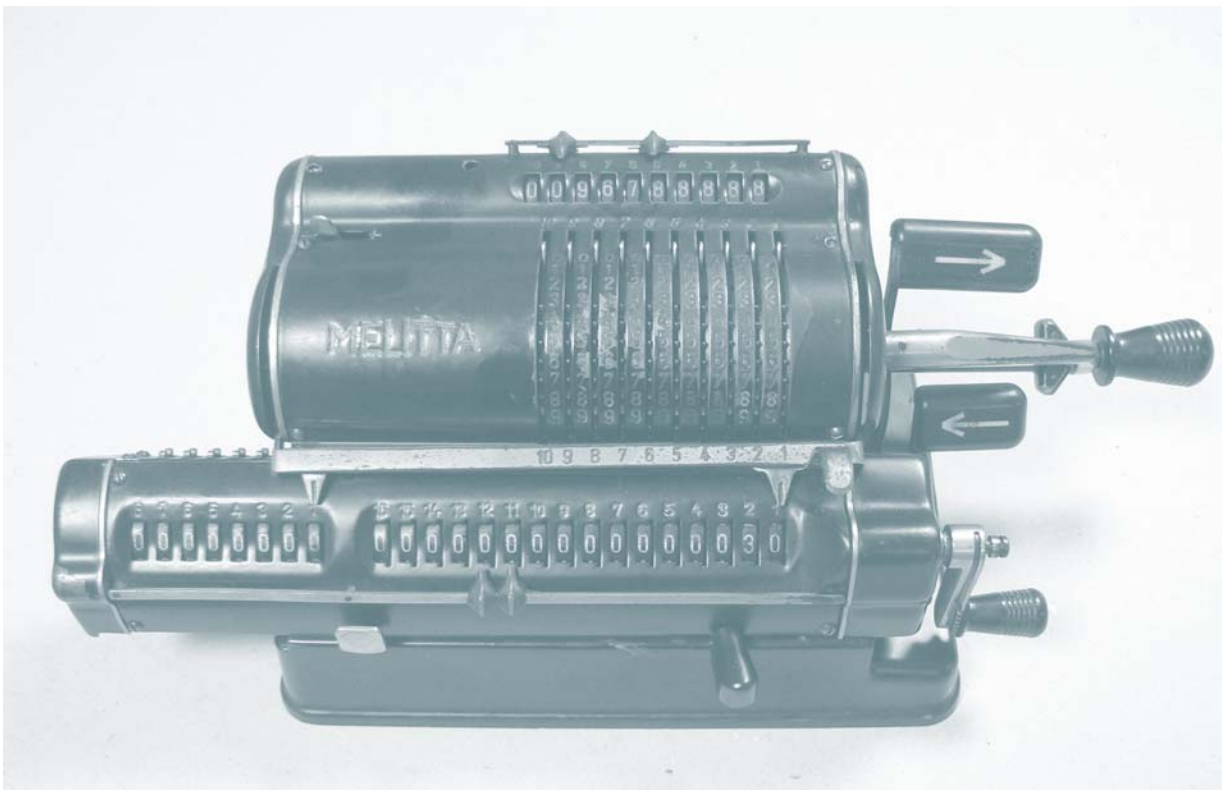
Because of our increasing habit of using calculators, we may not be able to calculate the four operations without using a tool or on paper as quickly as we did before; however, with the help of today's digital calculators we have to admit that we can calculate much greater figures in a correct, controllable and rapid way. Due to digital calculators which became an important part of our lives because of their smaller sizes and higher speeds, it is a reality that the enthusiasm caused by the hugeness and mechanic structures of the early calculators decreased sharply. It is now time for digital calculators and modern computers to cause excitement through their tiny sizes and incredible speeds.

The calculators of the past were not readily available tools for every bank official as they are now. They were of limited numbers according to the size of the bank branch. Their most privileged users were primarily cashiers and accountants. To be able to use these tools which were the technology wonders of their era, other officials needed both talent and permission. Although they are not used any more, by virtue of their unique standing, these machines are seen by lovers of mechanics as aesthetic design wonders to be admired and promoted to the status of indispensable art objects. The mechanic operating systems in their external designs which overflows from the cases in which they are hidden, reflect extraordinary aesthetics.

If you also have such unique objects at your fingertips, be sure to remove the dust, polish them and display them where they will be observed with admiration.

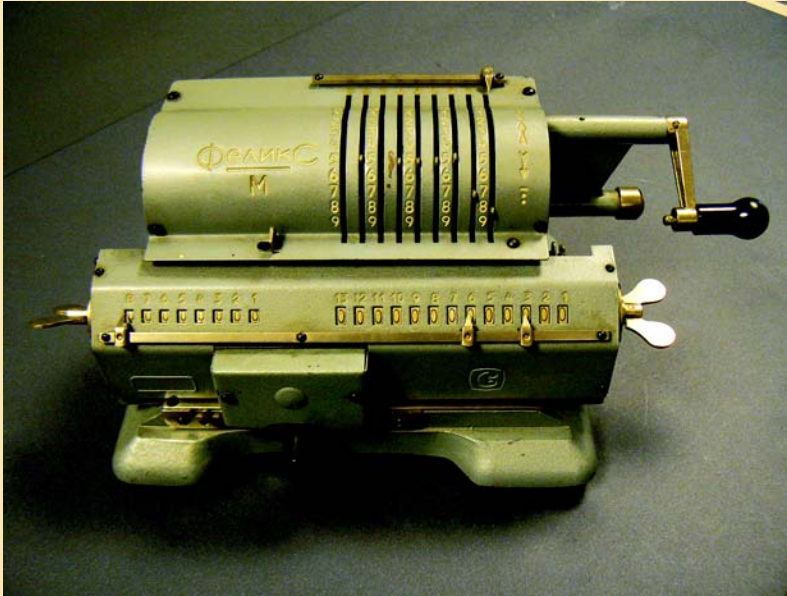
**Necdet Tanrikulu**

Isbank Corporate Museum Project Coordinator



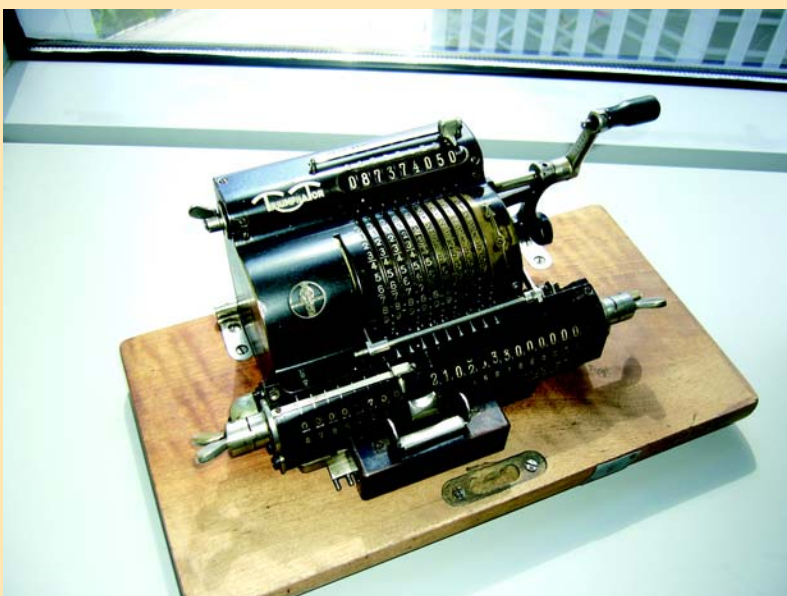
## Bankers' mechanical toys

*On August 26, 2007, the 83rd year of its establishment, Isbank will be opening the doors of its Corporate Museum. Founded only 10 months after the proclamation of the Turkish Republic, Isbank plans to enlighten on its own history along with the history of Turkey. There will be many papers, photographs, books and mechanical devices of their times displayed at the museum. The article below is a tribute to the mechanical calculators to be exhibited at the Isbank Corporate Museum, which is located at the historic building of Isbank's first branch in Istanbul.*



What comes to mind when we say “interest”? Even though lots of things can be said for this concept, it is, at the same time, one of the most commonly used and fundamental concepts of banking business. Additionally, it requires being calculated by four arithmetical transactions by means of a certain interest rate. Calculation on the other hand, along with interest, involves many other transactions and implies calculators to bankers.

Mechanical calculators have gone through a long and adventurous historical process starting from the Abacus until they were replaced by modern digital calculators and computers. Such an evolution is also a part of the history of science, mathematics and mechanical thought and practice. While initially calculation seemed to be only an intellectual exercise, later it was transformed into engineering and design work.



The first emergence of devices for mathematical calculation goes back to the Abacus which was an instrument used 2500 years ago. Consequently, calculators have permanently remained as essential tools for mathematics and for the actors of financial markets who have come into existence as a result of developing commerce, one of humankind's most ancient occupations.

*Continued on previous page*