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Survey: Then and Now

The EABH was established nearly 18 years ago, in response to the threat several archives of banks and financial institutions were under. Following here are the professional opinions on the changes in Banking and Financial Archives in the last 18 years from some of our member banks.

1) Consider external interest in your archives from historians, members of the public etc. and compare the situation of today and 18 years ago.

2) Consider the interest of fellow employees in the archives and compare the situation of today and 18 years ago.

3) When considering the interest of management in the archives compare the situation of today and 18 years ago. Refer to resources available, the position afforded the archives in the organisation, and returns required



The **Historical Archive of the Espírito Santo Bank (AHBES)** in Portugal has been working since January of 1996 (11 years ago). In this year (1996), a project to create a Historical Archive, that until then it did not exist¹ was presented to the Espírito Santo Bank board of management. At the heart of the archive lie the records of banking house “Caza de Cambio”², founded by José Maria do Espírito Santo e Silva in 1869. In other words, the Espírito Santo Bank originated in the currency exchange business undertaken by José Maria do Espírito Santo e Silva, who in 1869 was in charge of the reselling of the Spanish lottery, in tandem with the transaction of national and foreign securities at the “Caza de Cambio”.

1)

Situation of today

The Historical Archive has several funds, all of which are of interest for researchers, scholars, students and other public interest in business history, as well as financial, economic and social history (contemporary epoch 19th and 20th century)³.

The Historical Archive diffuse the values of the Espírito Santo family and the Espírito Santo culture in Portugal. This service promotes the image of the Bank (as an example, by means of marketing, in terms internal and external), by using the historical past. The opening up of the company archives to potential users is a service that the bank renders to the community and part of its social responsibility. The Archive is open access to all peoples between 8:30 and 16:30, Monday to Friday. Whenever users need any kind of help or information concerning the documentation, they should ask for help from the head of this archive.

18 years ago

The Historical Archive was established to preserve and arrange the record of a family business which is recognised throughout Portugal for the contribution it has made to economic, social and financial history since the 19th century. In other words, there was no historical archive within the company.

2)

Situation of Today

Currently, the Historical Archive has 3 employees. The head of Archive (Carlos Alberto Damas) had postgraduation in Documentation Science (Archive). The functions of the employees in this archive are to organise⁴, appraise, acquire, arrange, describe, preserve and make available the records and collections.

Some years ago the Historical Archive started a project in order to digitise and index the records of several funds and photographs of the Espírito Santo family, included José Maria do Espírito Santo e Silva and his descendents throughout more than a century of involvement in Banking.

18 years ago

In the 1996 this archive had 2 employees.

3)

Situation of Today

In terms of the organisation chart, the Historical Archive is integrated into the secretariat of board of management, directly subordinate to one of the family members, José Manuel Espírito Santo Silva.

In relation to the several funds, this Archive benefits the organisation and describes⁵ the documentation that is in the database and available on intranet. The service has guides and inventories of the documentation.

Those wishing to research documentation in the archive should first consult the inventories and guides, available from the service on its intranet.

18 years ago

The Historical Archive had no database and had no instruments of documentary descriptions (IDD's), as for example, inventories or guides. The funds were disorganized and dispersed in some places of the bank.

Ana Margarida Cruz
Centro de Estudos da História

(Footnotes)

¹ DAMAS, Carlos Alberto – The Banco Espírito Santo Historical Archive: A Gate to the Company History. *Archives and Corporate Culture*. Vienna, 27 May 2005. European Association for Banking and Financial History e.V., 2005, pages 89-98.

² House of exchange.

³ The Historical archive served as a starting point and as primary source for the writing of the company history. As an example of publication the book of the company history in 2004, co-written Carlos Alberto Damas and Augusto de Ataíde and entitled *The Espírito Santo Bank: one portuguese financial dynasty (1869-1973)*.

⁴ The employees organise documentation in this Archive second principles of provenance and original order.

⁵ Description according to *Orientation from Archival Description* of the General Direction of Archives in Portugal and the International Rules of Description, as an example: ISAD(G) – *General International Standard Archival Description*; ISAAR(CPF) – *International Standard Archival Authority Record for Corporate Bodies, Persons and Families*; ISDF – *International Standardf*



1) In the last two decades there has been a substantial increase in historian's interest in the archives of Banco Santander, particularly because the institution has grown very fast and has absorbed many other important banks that had large and well preserved historical archives. Banco Santander itself has become more aware of the importance of keeping its records for future generations.

2) Because of a recent book to celebrate the 150th anniversary of Banco Santander, executives have developed a new interest in the

archives of the institution. There is a desire to maintain and organize the archives and open them to interested researchers.

3) Two decades ago, the archives of Banco Santander were kept separately by numerous branches and periodically sent to a central archive. At the time, there was no specific historical archive to house the oldest documents.

Today, Banco Santander and the University of Cantabria have collaborated in the Study and Research of the Financial Sector Foundation (UCEIF), organizing a valuable archive that contains more than 4,500 documents from 1861 through 1983, grouped into 20 separate bases for Banco Santander and various other organizations acquired by Santander over time.

In the immediate future, the bank is committed to continue expanding the archive with its increasingly valuable historical documents, using state-of-the-art digital formats and information and communication techniques for its distribution.

BANKA SLOVENIJE

1) Until 1991, the majority of the important documentation and potential archive material created during the work of the then National Bank of Slovenia was regularly sent to Belgrade, to the National Bank of Yugoslavia to be precise, whose archives were rarely accessible. After Slovenia gained independence and the Bank of Slovenia was established, the archive material that remained in storage at the central archive of the former National Bank of Slovenia was transferred to the National Archives, thus becoming accessible to a wider public. As far as Slovenian monetary history is concerned, it should be noted that the numismatics department at the

National Museum of Slovenia has been keeping and expanding a collection of banknotes for the Bank of Slovenia since 1987, the collection having previously been stored at the numismatics department of the National Bank of Slovenia. Today the collection comprises 14,255 specimens (ordinary banknotes, emergency banknotes, specimen banknotes), and is computer-documented in full. This year, in conjunction with the Bank of Slovenia, the numismatics department held an exhibition entitled *From bronze to the euro* showing a brief history of money in Slovenia. It is evident from this description that the majority of banking archive material and exhibits are stored outside Bank of Slovenia premises, and that the bank's central archive mostly stores documentation that is not publicly accessible for reason of secrecy.

2) In Slovenia the realisation that paper transactions and document storage solely in paper form or on microfilm no longer allowed for the smooth, effective transacting required in today's business world led to legislative changes regarding the storage and processing of documentation and archive material. This also saw increasing interest on the part of Bank of Slovenia employees in having and running their own archive. The idea that documentation should be stored in papers crammed onto shelves somewhere in the basement as it was 18 years ago is not yet so old. It is therefore so much more surprising when you realise that the Bank of Slovenia's archiving department has long followed the guidelines for developing archiving with the aim of providing high-quality support to the Bank of Slovenia's entire business. The need to make quick but correct decisions and to ensure a high level of data security and monitoring was thus transformed into a requirement for successful performance.

3) That an orderly archive is required for there to be no disruptions to business and for legitimacy to be proved is no novelty. The novelty is the change in the way that banking business is

done, which has been taking place since the late eighties and in our case is manifesting itself in an increase in the amount of data, and in the forms of data, which is demanding a new approach to management and archiving. This was a powerful reason behind the decision by the Bank of Slovenia's senior management to introduce the EDM system, which will allow for documentation generated in the work of banks to be managed and stored in line with legal requirements and the banks' own needs.

Janez Krevs



Bulgarian National Bank

1) The Bulgarian National Bank does not keep a historical archive. In accordance with the current archival legislation in Bulgaria the BNB historical archive is kept at the Central State Archives which is open to the general public. The documents from the period 1879-1944 have been set up as Archival Fund 285 K, with 18 inventories, and the documents from the period 1944-1989 – as Archival Fund 132, holding 34 inventories. The size of the holdings in the historical archive is approx. 0.3 km.

In 1999 the Bank's historical archives were fully declassified, and shorter terms (up to 20 years depending on the type of document) were adopted for transferring the documents from the current archive to the historical archive.

Since 1998 the BNB, in co-operation with the **State Agency of Archives (SAA)** of the Republic of Bulgaria, has been publishing archive documents in the **Archives Are Speaking** series. So far the following records collections have been issued: Vol.1 – 1879–1900; Vol.2 – 1901–1914; Vol.3 – 1915–1929;

Vol.4 – 1930–1947; Vol.5 (is being compiled) – 1948–1989. These four volumes have altogether 3387 pages and include 1615 archive documents from the period 1879-1947. These volumes are a sufficiently extensive source and give a pretty accurate idea of the Bulgarian National Bank's history and of the development of the banking and monetary system in Bulgaria. The documents are used by a large number of researchers – historians, economic historians, students, etc.

Other important forms of cooperation between the BNB and the **State Agency of Archives (SAA) and the Central State Archives were the exhibitions of documents from the BNB historical archive organized in 1999 and 2004** to mark the Bank's 120th and 125th anniversaries of its foundation. Also, an Almanac was prepared on the basis of the BNB historical archive documents and published in 1999, and this Almanac presents the Bank's historical development.

In May 2006 a specialized collective body was set up at the BNB, i.e. the so-called Programme Council for researches and publications on banking and financial history, and its main task is to promote, discuss and approve research papers and publications on the history of the Bulgarian banking, financial and monetary system – a book has been published with Marko Ryazkov's memories, one of the most prominent Bulgarian bankers of the early 20th century, which also contains archive documents throwing more light on his life and activities; another book on the history of Bulgaria's foreign debts in the period 1879-1989 is being prepared for print; and a collection of documents in memory of the renowned Bulgarian economist of the 1930s and 1940s, Prof. Assen Hristoforov.

2) In accordance with the Bulgarian law and the established rules the BNB archivists answer reference inquiries, check up information, and provide copies of documents at the request of other institutions and members of the public.

In the period 1989-2006 nearly 6000 reference inquiries and checks were made for the needs of the BNB units, and other institutions and members of the public.

3) The rules governing the contemporary management of the BNB archive documents are defined in Decision N 74/June 23rd 2005 of the BNB Governing Council.

The BNB documents subject to registration are managed on a centralised basis according to the different stages in their life cycle, as follows:

- each department/division is responsible for managing its current documents, i.e. its registered documents that are used on a daily/regular basis,
 - the Archives is responsible for managing documents (registered documents required from BNB departments/divisions after the end of each year). These documents are inactive, unclassified, i.e. documents qualifying either for long-term preservation or destruction. The types of documents and the terms of preservation for each document type are defined in the Institutional List of Types of Documents and Terms of Preservation adopted by the BNB Governing Council (Decision N 42/March 23rd 2006).
- At the beginning of each calendar year all staff members of the BNB transfer the required archive documents. The BNB Archives is an organizational unit in the General Secretariat Division, Administrative Directorate. Archive liaison specialists (archivists) ensure the reliability, authenticity, integrity, usability of documents throughout their life cycle. The archives liaison specialists give guidance to the business areas on how to prepare files for transfer to the Archives. The BNB Archive is maintained by 5 archivists.

The BNB keeps, in special repositories, a current archive of paper-based unclassified documents. The documents in the current archive are for mid-term, long-term preservation or destruction. Documents which are determined by the Evaluation Committee as historically valuable

are forwarded to the Central State Archives after a period of 10-20 years, depending on their contents. The size of the current archive is approx. 3.2 km.

For the performance of the tasks specified in the BNB Strategy (2004-2009), projects are being developed for the establishment of a computerized system for managing paper-based archive documents, and a digital archive of electronic documents. Technical plans have been prepared for the expansion of the archives storage area.

Bulgarian National Bank

Marta Ivanova

Head of General Secretariat Division



Central Bank of Malta

The Archives of the Central Bank of Malta go back 40 years but they are not open to the public. Members of the staff frequently carry out research work using archive material as part of their job and these are given access on a 'need-to-know' basis.

Awareness of Management regarding the importance of good archival practices has resulted in a lot of progress being manifested in the Archives in the last 18 years.

In 1995, on the recommendation of the Archives Working Committee, the Executive Management Committee of the CBM agreed to appoint an Archives Standing Committee to update and purge the Archives. Office Managers were asked to submit revised office retention schedules which were implemented after being vetted by the Committee. Records Officers were appointed in each office to act as a liaison between their

offices and the Archives. As a result of this concerted effort, a substantial quantity of duplicate and other useless documents were destroyed. In a normal scenario, a destruction exercise is held once a year. Authority to go ahead with the destruction is sought from the various Office Managers and a destruction certificate is issued in each case. An inventory of the contents of the Archives is updated following each destruction exercise.

Management has also invested in safeguarding the physical locations of the archive sites and in making these secure. Monitoring of temperature levels and disinfestation exercises are carried out on a regular basis.

The Archives Standing Committee was also responsible for carrying out a 'Vital Records Programme' wherein all vital records within the Bank were identified and copied. This is an ongoing exercise and duplicates are stored off-site whenever possible.

All policy records pertaining to the last 12 years have been indexed and scanned making electronic images within the database readily available within seconds. Last year a project was launched to 'back-scan' the older policy records. These are also being incorporated within the system. Two officers man the two scanning work stations (one part time). Part of their duties includes operating a 'help desk'.

Management is also aware of its duty to preserve records and items highlighting the history of the Central Bank of Malta. To this end, in 2003, a Committee was set up to identify, collect and preserve items with the objective of eventually setting up a museum.

Josephine Zammit
Manager
Records Management Services



CRÉDIT AGRICOLE S.A.

1) Our archive has become a well known centre for research, both for national and international researchers. With a permanent team, the archives, which were intermittently open 18 years ago, can be consulted by researchers permanently and on a better basis since many finding aids have been done. Last, the archive is the result of mergers recently operated in the bank and has benefited of best practices; it covers now a large range and variety of documents, firms and countries.

2) The fellow employees know the archives and their resources much better than they did 18 years ago. Many question the archives for PR or legal purposes. However, it is the field where a lot of things are still to be done.

3) Interest from the management began really 18 years ago, when the archive unit was created. Since there, the management could estimate the returns of the archives in terms of image and public relations for instance. The issue of looted Jewish assets during WW2 has shown the great interest of a professional team able to run researches and to deal with matters so old and sensitive, which require a good position in the organization. Today, the existence of the historical archives is not in question, even if the cause can never be considered as definitely won.

Roger Nougaret
Responsable des Archives
Crédit Agricole



Archive management within Credit Suisse Group has made a quantum leap in the last 18 years. Two decades ago, the operating responsibility for archiving was decentralised and attributed to each affiliate, function and location. Often, storing semi-active and inactive documents according to legal regulations was in the main focus and archiving documents of continuing value was just a minor matter. Today, archiving documents of continuing value is within the responsibility of Central Corporate Archive of Credit Suisse Group, where group-relevant documents stemming from predecessors and subsidiaries of Credit Suisse Group within Switzerland are centrally held. Minimal global standards regarding archive management and the responsibilities of the parties involved are described in a global policy, and an archive plan based on the business processes is being implemented gradually.

The profile of the archivists and of their jobs have changed considerably, shifting from office workers with a commercial background to academics with an education in history and/or archival science in combination with management and IT knowledge. 4 fulltime-equivalents are given.

The archival workflow is today supported by specialised software, integrating all archival processes such as accession and description or documenting queries and partners – physical inventories becoming items of historical value themselves.

Internal Interest has increased in quantity as well as regarding the functions requesting our services. In the 1990s, interest in using our fonds was usually driven by political and historical issues. Nowadays, we do support a broad spectrum of functions in their regular business, from marketing, communications, economic research to legal and compliance. External interest is still minimal and usually in an academic context.

Today, Central Corporate Archive is well established within Credit Suisse Group. It holds approximately 7'000 linear metres of group-relevant documents and a collection of historical relevant items. Alongside the corporate secretary, it is part of the corporate centre. No financial returns are defined.

Daniel Hochstrasser

*Foundations and Corporate History
Central Corporate Archive*



The Bank History Archives of the Oesterreichische Nationalbank – An Outline

The Bank History Archives of the Oesterreichische Nationalbank (OeNB) oversee records that date back as far as 1816, the year in which the OeNB was founded. A historical archives is first mentioned in the OeNB management's files in 1823. The OeNB's management has always been aware of the importance of preserving for posterity documents that reflect the history of the OeNB and its responsibilities to the state and society. Consequently, by 1859 at the latest the first retention schedules had been drawn up, indicating which records were to be preserved permanently and which were to be retained for a specific period.

The division responsible for files has always maintained the core of the archives, namely the files and minutes of management meetings. Once the last case referred to in a record had been closed, the records were forwarded to the librarian in the division responsible for files, who then decided which files were historically relevant and were thus to be retained and stored in a basement depot. The minutes of management meetings, by contrast, were always retained in full and were kept in the above-ground library for easier access.

Additionally, historical records were collected, filed and stored in various other organizational units, such as the legal division, the accounts division, or the human resources division. Particularly valuable documents, such as the imperial bank statutes, were kept in a special vault.

The OeNB's records were not accessible to the public until 1999. Prior to that date, historians or reporters occasionally addressed written queries about banking and economics history to the OeNB's management. As a rule, such queries were handled by the legal division or, in later years, by the secretariat of the governing board. Time and again, employees of the division in responsible for files were asked to research records.

Big anniversaries have always been an occasion for the OeNB and its management to consult its records. On the occasion of the OeNB's 150th anniversary, the OeNB's Governing Board commissioned librarian Siegfried Pressburger with writing an eight-volume history of the OeNB. 25 years later, on its 175th anniversary, the OeNB published a sequel written by Hans Kernbauer. Exhibitions organized for such anniversaries were an occasion to present the OeNB's history using exhibits from the archives and the OeNB's Money Museum.

Public interest in the history of economic and monetary policy before, during and after World War II increased in the mid-1990s. In response, the OeNB followed the example of other European central banks, such as the Swiss National Bank and the Deutsche Bundesbank, and at the end of 1997 decided "to make its archives presentable" and to bring its archival records up to international standards. Moreover, anticipating the provisions of the 1999 Federal Archives Act, the OeNB made declassified archival records available to OeNB employees and visitors seeking to do research. The OeNB entrusted two archivists with implementing its decision of 1997. Since then, the records collected by various divisions in the OeNB have been joined in the central Bank History Archives in the

Documentation Management and Communications Services Division, and the archivists have sorted, electronically processed and preserved material from more than 1,000 cardboard boxes containing historically valuable documents. Various marketing strategies – presentations, guided tours and online information (www.oenb.at/bankhistorischesarchiv) – have helped raise the profile of the Bank History Archives, which now serves over 100 customers a year.

Walter Antonowicz

Curator of the Bank History Archives



Rabobank

Eighteen years ago at the Rabobank head office on the Croeselaan, there was a tiny room containing a small number of archives, photographs and objects that was looked after by a library staff. A lot has changed since then and the celebration of Rabobank's 100th anniversary in 1998 has contributed much to its improvement, making it a professional working and storage facility.

In the process of writing the anniversary (jubilee) book, the historians clearly pointed out the necessity for proper caring of the archives and that they had difficulties in finding required information due to lack of overview of document storage. Their advice for a better management of the historical archives, considering the rich history of Rabobank, was taken seriously and had resulted in the set up of the company's History Department.

Rabobank's management was involved from the start, acting through an Advisory Council, which includes among others the Chairman of

the Executive Board, managers and external academic experts.

The History Department team consists of two full time employees; a historian and an archivist. The departmental budget allocates for, among other things, the creation of a yearly publication and the digitalisation of documents including videotapes, photographs, etc.

The 100th anniversary had established awareness of Rabobank's history among the bank's staff and public in general. In addition, the (further) development of the company's intranet and internet is of great benefit to our historical activities for they provide on-line articles about Rabobank's history. The participation of the staff members in different interest groups has also increased the awareness of the presence of a professional historical team at Rabobank.

Those who are interested can contact our department and use the available facilities, including printed information, images, objects, audiovisual, etc. As for all Rabobank employees (including local Rabobanks staff), we have published a number of tips and guidelines that promote better caring of archives and in dealing with local history.

The scale of interest of our employees and public is very broad, ranging from pictures of buildings to date and names of founders to exchanging pens and clips with logo's and furthermore to studying historical archives for writing a thesis.

Jan van der Meer
Archivist
Rabobank Nederland



1) Eighteen years ago the archives of N M Rothschild & Sons Limited (the collection on which The Rothschild Archive is based) had been opened for about 12 years. Access was

limited to post-doctoral students and was – as now – dependant on the provision of two written references. Two major developments have affected this situation:

a. The creation of The Rothschild Archive Trust to own the archives. The Trust is an educational charity with an *obligation* to make the archives available to users.

b. At about the same time (1999/2000) the Archive launched its own website, making it more visible to numerous enquirers. Our users are no longer post-doctoral students and above, but we exercise the same caution in granting access to the records.

2) Colleagues tell the current archivists that the archive was considered to be the particular preserve of members of the Rothschild family, with very little relevance to the bank or to the staff. The remit of the archivists was to focus externally on the research community. Today the Archive – in spite of the fact that it is no longer owned by the business! – is considered to be an integrated part of our business. The archivists participate in numerous programmes aimed at staff information and development, and have even started up their own programme of "Lunchtime Lectures". Clients are frequently offered a private viewing of the Archive, and the archivists run tours or mount displays for events hosted by the business. The archivists actively support marketing initiatives, reactively and proactively.

3) Eighteen years ago the archives were managed by one archivist and an occasional assistant. Neither was professionally qualified. Today there are three full-time professional archivists, one professionally-qualified, part-time consultant (working on special projects), a part-time clerical assistant, and two part-time contractors working on a special collection. We usually recruit two summer interns. Additionally the Archive is a partner in a project that has received external funding (thanks to the charitable status) which makes extensive use of our collections. One

full-time director and a part-time project co-ordinator work in the office. The Archive has built up a track record in producing publications and organising conferences, aimed primarily at the academic users but welcomed by the business, and financial support from the business has been forthcoming for these ventures.



There are circumstances that make it difficult to compare the development in interest in the Riksbank's archives during this period.

The current archivist has worked at the Bank since 2002 which limits the scope for commenting on personal experiences of changes in this field. There was no separate archive function within the organisation of the Bank until 1991. The fact that the central bank's archive collection for 1668-1900 was deposited in 1978 with the National Archives makes it difficult to assess the interest among researchers and the general public in this part of the Riksbank's archives. The archive function has no data on this. The responses given therefore relate only to the part of the archives, from 1901, stored at the Riksbank.

1. It is difficult to estimate the external interest in the archives' collections 18 years ago as there is no documentation preserved. The archive collection was not classified and registered, which means that there was probably no research on a large scale. It was not until provisions in the Archives Act of 1990 formalised the requirement to take into account the interests of researchers

and the general public in having access to the contents of the archives. In 1991 an archive function was formed and the Riksbank employed a trained archivist. The work on structuring the archive collections and making them available to the public began then.

Today the external interest in the archive collections is well-documented. The archive function has responded to 69 enquiries from researchers and the general public in 2006, has received visits from researchers and assisted them in their work in various ways. So far this year 53 enquiries have been made. Information on the archive collections is available on the Riksbank's website. Work has begun to make the archive inventories available via the Internet and is expected to be complete in early 2008. These measures should increase external interest in the contents of the archive collections.

2. The internal interest in the archives as a function within the organisation and the archive collections 18 years ago has not been documented. The lack of centrally-governed and structured archiving process and the lack of a system in the archive collections must have been a problem for employees. Ad hoc solutions were used to meet the most acute needs.

Internal interest today is reflected in the 143 internal questions put to the archive function in 2006 and the 84 questions put so far in 2007. The archiving process is managed by the archive function in consultation with the departments at the Riksbank and the archive collections are available through inventories on the intranet. New employees are given information on the archive collections and services.

3. The Riksbank's archives and archiving were a major problem for the management of the Bank at the end of the 1980s. Management's interest in solving the problems reached a peak in 1991 in connection with the coming into force of the new Archives Act, which contained provisions regarding archives held by government authorities.

The archive function was formed, the archiving process was structured properly and the valuable collections were classified and registered. The function was first organisationally located in the Secretariat of the Executive Board, which was the closest possible position with regard to the management of the Bank. The foundations for the current archive activities were laid in close collaboration with the management of the Riksbank.

The archive function currently belongs to the Administration Department. Its tasks are to provide support and service in questions regarding the archives to the entire organisation and to make the archive collections available to researchers and the general public. The management of the Riksbank is interested in having an efficiently functioning archive.

Swiss Re



- 1)
 - Appraisal and cataloguing of historical archives/ documents in Zurich completed in 2006.
 - Access to / promotion of historical archives for external visitors (Historians & other visitors) only since 2000
- 2)
 - Number of internal requests rather small, but steep increase since 2000.
- 3)
 - Head of Corporate History reports direct to a member of Executive Board since 2000. Before this time, there was minimal interest of top management in historical archives.

Elisabeth Bechter
Corporate Historian|



1) Interest for UBS archives has definitely grown dramatically compared to 18 years ago. Access to archives by historians and researchers is now possible due to clear guidelines and rules implemented similar to those in public archives.

2) Mainly Legal and Compliance Services are far more using not only client related but also historical archives.

3) Interest of management is higher than 18 years ago and mainly visible in times of crisis, e.g. litigation on historical issues. Management requires fast and complete availability of documents sometimes including concise analysis of related issues. Positioning of archives within the organisation is altered relatively often back and forth between Corporate Center/Company Secretary and logistics (client archives). Due to the fact that historical archives are costly manpower is always subject to discussions whereas IT-solutions are far more easy to implement. The number of employees is relatively low (approx. 3-4 full time jobs shared by a higher number of people compared to 1-2 full time jobs 18 years ago).

Dr. Robert U. Vogler
Senior Political Analyst

Anonymous author
Note on the Survey:

The idea of the Survey is for members of the EABH to share their knowledge and experience with each other — both negative and positive. However, as some answers to the survey might be sensitive and compromising for some archivists, their answers have been summarised below as it is exactly the role of the EABH to highlight these sensitive issues.

1) Consider external interest in your archives from historians, members of the public etc. and compare the situation of today and 18 years ago.

It is generally accepted that interest in the archives from historians and members of the public is quite secure. There is a steady, genuine academic interest, mainly from specialised historians or economists. Over the past 18 years this interest has not changed, although the historical areas of interest have. Some member institutions have also experienced a clearly growing interest, as shown by the diversity of the requests received from historians, biographers, students, and private individuals interested in genealogy or architecture.

There is also an „ad hoc“ interest, mainly from journalists and the public at large, that tends to flare up when a particular „story“ hits the news- this ad hoc interest usually also dies down quickly once the „story“ is out of the public limelight.

2) Consider the interest of fellow employees in the archives and compare the situation of today and 18 years ago.

The interest of staff has not changed - a small number are genuinely interested, but the large majority are not, which is a reasonable reflection of the staff. However, a few well reported court cases and scandals- such as the Enron scandal, have highlighted the importance of archiving and records management.

It has been remarked that the archives, historical associations or committees tend to attract a growing number of former members of staff (retirees). Active staff members show less inter-

est in the history of the organisation for its own sake, rather they consult the archives in those cases when they need information on the bank's performance or achievements in view of supporting current developments, such as opening of a new subsidiary or a representative office; or on the occasion of bank anniversaries or business trips by members of the top management where speeches reflecting on the history of the Association are made.

3) Consider the interest of management in the archives and compare the situation of today and 18 years ago. Refer to resources available, the position afforded the archives in the organisation, and returns required.

In general, management seems to have a clear understanding of the importance of well-kept archives. The challenge is to translate this understanding into concrete support for the day-to-day operations and needs of the archives function (budget, staff, IT etc.). Concrete support very much depends on individuals in management who take a closer interest, often because they are personally interested in the history of the organisation. Often - but not always - it is the case that the longer a manager has been in the organisation, the more sensitive he or she is likely to be for historical/archives issues. Since concrete support often depends on individuals, it follows that the level of support fluctuates quite a bit as these people come and go. Naturally, archives only occupy a very minor and often light-weight position within the organisation, which always makes it a challenge to obtain extra funding for resources or projects.

In most institutions the situation is far from being satisfactory, as management is, in general terms, much more concerned by current operations and immediate profits. It depends basically on the general management support, as it has been underlined several times in previous EABH meetings, and management's awareness of the importance of the archives.

Particularly in the context of resource savings it is not always easy to defend the archives' position, as it is counted amongst the „un-productive“ support functions that tend to suffer first when cuts need to be made. Notwithstanding growing demands (documenting of policies, following increasingly complex legal requirements and international standards, etc.), staffing levels remain under pressure. The arguments that in the current context are best suited to defend the archives position are those that have to do with legal compliance, international standards and benchmarking, much less so with the intrinsic value of good archives for the organisation's business or for historical reasons.

Regardless of the savings which can be derived from a well organized archive department, run by professional record managers archives are too often considered cost centres. Indeed some members have argued that too often archive de-

partments are run by second level employees with little or no professional experience in the matter. For the same reason (cost saving) archivists are lacking. Finally, aside from the chairman and the executives, who tend nowadays to take a closer interest in historical matters (for a combination of reasons; internal and external P.R., company culture, etc.), these activities need to be coordinated at high level by somebody (reporting directly to the chairman or the managing director), with an overall view of the banks activities both domestic and international. In other words, record management and its historical development should not be considered as a back office operation, as is too often the case.

For users of archives the situation is also changing. It has been observed that it seems banks are becoming less open about their archives. After the emergence of such issues as banks' involvement in the Holocaust and the Nazi Occupation or regime, or (for the US) slavery, banks now realize that their archives may contain material that could prove problematical. The result in some cases is more embargoes on access or use.

Three essays in 19th century banking and financial history (Trois études en histoire bancaire et financière au XIX^e siècle)



Exchange rates and central bank intervention under the classical gold standard

This essay challenges the conventional wisdom dating back to Morgenstern's classic account that exchange rates under the gold standard were stabilized by a quasi-automatic mechanism, either through central bank intervention and/or private arbitrage whenever the spot exchange rate reached the "gold points". Recent contributions to the literature, based on the target zone approach, have added market expectations to the picture. However, we still know very little on the how and when of actual central bank interventions. Simple gold convertibility was certainly the exception, and the existing literature mentions a variety of techniques like gold devices and operations in foreign exchange. Nonetheless, we understand poorly why certain banks employed certain methods and the economic

context within which these operations took place. This neglect is unfortunate, not only because central bank policy is interesting in itself, but because recent advances in exchange rate modeling suggest that market structure and the choice of specific intervention instruments can have a considerable influence on the behavior of the exchange rate in addition to macroeconomic fundamentals, especially over the short run. The weak performance of the macroeconomic approach in explaining some very important stylized facts in exchange rate behavior has led to the incorporation of ideas from the financial market microstructure literature: exchange rate relevant information is not necessarily public, agents are heterogeneous, and the institutions

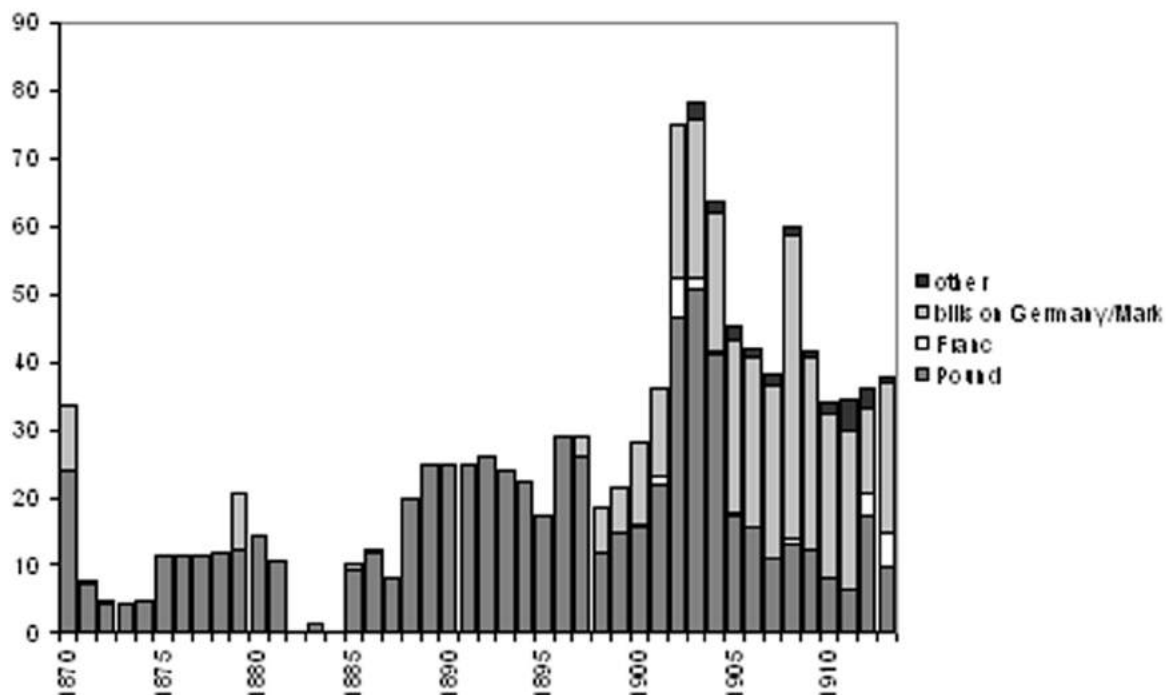


Figure 1: Foreign exchange portfolio in million fl.
Source: Austrian National Bank historical archive.

and mechanics of the foreign exchange market determine in part how these factors are aggregated. All these qualifications to the traditional macroeconomic approach apply equally to the gold standard period. To understand the stability of exchange rates under the gold standard, we have to get a better grasp of its microeconomic foundations.

Consequently, the chapter proposes to take a fresh look on the microeconomics of exchange rate management in the gold standard period. I document in detail the foreign exchange operations of the Austro-Hungarian Bank. The Austro-Hungarian Bank is an interesting candidate for a case study, as contemporaries had already remarked its innovative approach to exchange rate management. The chapter presents significant amounts of new material collected in the bank's archives ranging from internal documents over detailed annual statistics of foreign exchange reserves to a high frequency database of foreign exchange intervention (for the composition of foreign exchange reserves see e.g. figure 1). In addition, bank internal data have been matched with interest and exchange rates from the Vienna stock exchange, also collected first hand. The resulting data base is then used in various statistical and econometric exercises.

What emerges from this wealth of material is very distinct from our traditional understanding of the gold standard. Neither direct nor indirect evidence derived from the actual intervention behavior indicates that monetary authorities followed simple intervention rules. Instead, the Austro-Hungarian Bank engaged in sophisticated operations including forward interventions and repo (sale-repurchase) contracts to influence both spot and forward exchange rates. Clearly, this is much more complex than the simple textbook view of a currency board paying gold in exchange of bank notes. The chapter then documents the necessary precondition for such a policy to be effective: namely a strong position of the central bank in the foreign exchange market and a relative dependency of the

commercial banking sector. During the period of floating exchange rates before the passage of the gold standard act in 1892, the market for foreign exchange in Vienna was dominated by a handful of large internationally operating commercial banks like the Creditanstalt. After being entrusted with the governments' foreign exchange accounts in 1901, the central bank acquired a dominant position in the market. It started to continuously buy and sell foreign exchange, irrespective of the exchange rate level, taking over the role of a market maker. At the same time, it was the main source of foreign exchange for the commercial banks. In the mid-1900s the amount of foreign exchange lent to the market through repo-operations was about equal to the holdings of the entire commercial banking sector, granting the central bank considerable influence over (very) short-term capital flows (see figure 2). The period of high volumes in the repo business coincided also with a change in market behavior. After 1901, the efficiency of the forward exchange market improved markedly, i.e. forward rates predicted future exchange

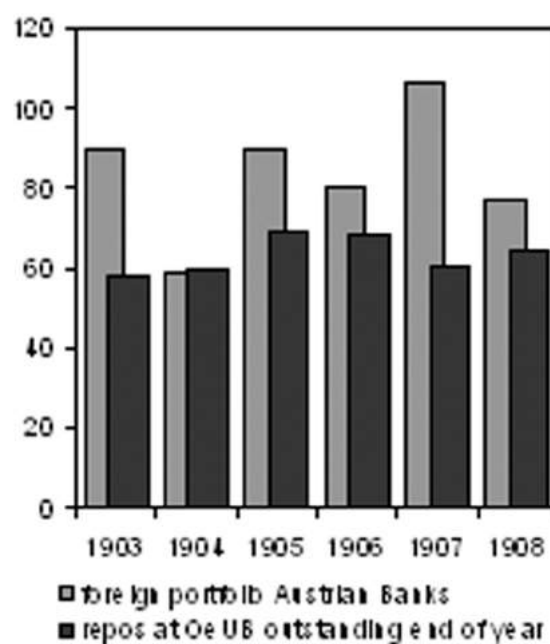


Figure 2: Foreign exchange held by Austrian banks, end of year, million K (2K=1 fl.)
Source: ANB historical archive, Austrian Statistical Handbook, various years.

rate changes much more accurately than before. The new policy regime bore its fruits during the following decade. Exchange rate volatility declined markedly, and the bank weathered periods of tension like the 1907 crisis with modest increases in the discount rate. Even though gold convertibility was never formally established, the Austro-Hungarian crown enjoyed a high reputation on international markets.

The factors behind the success of the Austro-Hungarian exchange rate regime have a distinct micro flavor. Austria-Hungary was certainly not unique in this respect. The results should stimulate further research to complement the traditional macro explanation of working of the gold standard. As market structures differed across countries (e.g. international linkages of domestic banks, relative size of the central bank, degree of short and long-term foreign indebtedness, etc.), so would optimal policy design. Understanding these structures better should allow us to explain better the observed diversity of exchange rate regimes within the gold standard, the stability of the system as

well as its eventual breakdown.

Central bank branching in the 19th century

Why did central banks create extensive branch networks during the second half of the 19th century? Figure 3 traces the geographical growth of the German, French and Austro-Hungarian note issuing institutes, but the same phenomenon can be observed all over Europe. Surprisingly, central bank branching has been little discussed in the financial history literature, even though it might provide important insights on the historical evolution of modern central banking. Before WWI in most countries the note issuing banks were privately held joint stock companies and profitability therefore potentially central in their objective functions. The geographic expansion of banking activities might thus have been a competitive response to similar moves by the commercial banking sector. On the other hand, historical accounts suggest that at the very time CBs increasingly reoriented their policies around a perceived

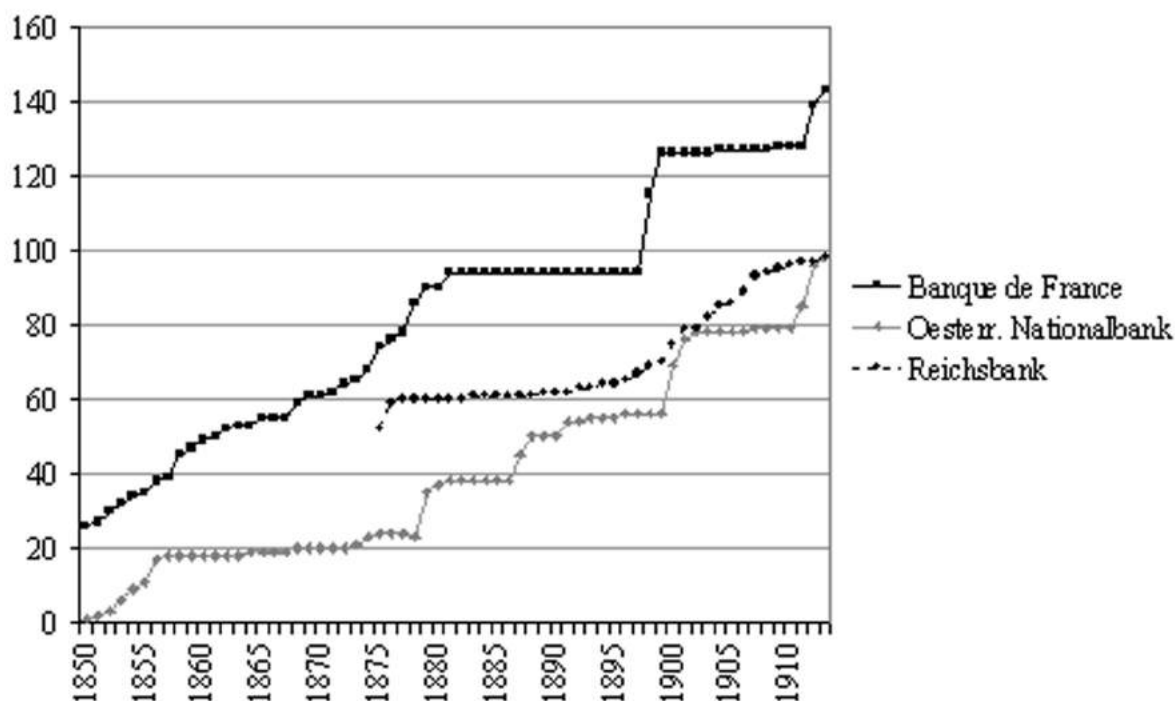


Figure 3: Number of branch offices at three European central banks
Source: Annual reports of the respective banks.

general interest, e.g. by accepting a role as lender of last resort in periods of financial distress. Branching might have been similar, creating positive externalities in peripheral regions by improving the payments system and facilitating access to central bank credit without necessarily generating compensating revenues for the central bank.

The thesis chapter analyzes the organizational setup of the central banks' branch networks to infer the principal motives and objectives of their creators.¹ In particular, it looks at how central banks trade the net cost of branching against the public services they provide. Theoretical considerations inspired from the literature on the microeconomics of banking as well as a reading of the relevant archival material show that information is the key issue when it comes to creating and running a bank branch network. To achieve an optimal organizational

structure, banks adjust along two dimensions: (1) vertical structures within the bank that allow information to flow to the center as well as to control effectively branch activities and (2) horizontal interaction with other financial agents (in our case local banks, branch offices of other commercial bank, etc.) that might help reduce the need for costly hierarchical organizations but risks to compromise the neutral position of the central bank in the financial system.

The following sections trace the development of the branch network of the Austrian National Bank (later Austro-Hungarian Bank) from the opening of the first branch in Prague in 1847 until 1914 (see figure 4). This history has never been explicitly studied and the chapter provides a useful chronology, organizational descriptions and relevant references both to the literature and the Bank archives for future researchers. To evaluate the evolution of the ANB's branch



Figure 4: Branch offices and agencies of the Austro-Hungarian Bank 1912
Source: Annual report. Author's drawing.

network, the Bank of France and the German Reichsbank serve as references. The ANB is distinct on two accounts. First, its network has fewer hierarchical levels and is much thinner. Secondly, the ANB delegates much more of its activities to local banks and banks account for a much larger share in its discount portfolio. Both characteristics are of course linked, as the relative small numbers of regional offices has to be compensated by outsourcing a number of activities that the Bank of France and the Reichsbank performed in-house. The chapter then goes on documenting the effects of flatter hierarchies on profitability and the Bank's relation to other financial agents. Outsourcing certainly reduced operation costs for the Bank, but these seem to have been passed on to its clients. In order to attract agents and to reduce supervision, the ANB granted local monopolies to selected financial intermediaries, mostly savings banks

and local joint stock banks. Additional fees are estimated to have been equivalent to an increase of one percentage point in the effective discount rate in cities where Bank clients had to pass by an agent instead of directly going to a Bank office. Furthermore, the position as the central bank's agent probably comforted the position of the agent in the local financial market and might have created additional rents.

The final section returns to the initial question of profitability versus general interest as determinants of central bank policy. The organizational structure chosen by the ANB seems to indicate a stronger preference for profits (or reductions in operating expenditures) than in the case of the German or French central banks. However, internal debates on a reform of the branch network along German or French lines (finally aborted, but on different grounds) show that the Bank expected significant efficiency gains. These were

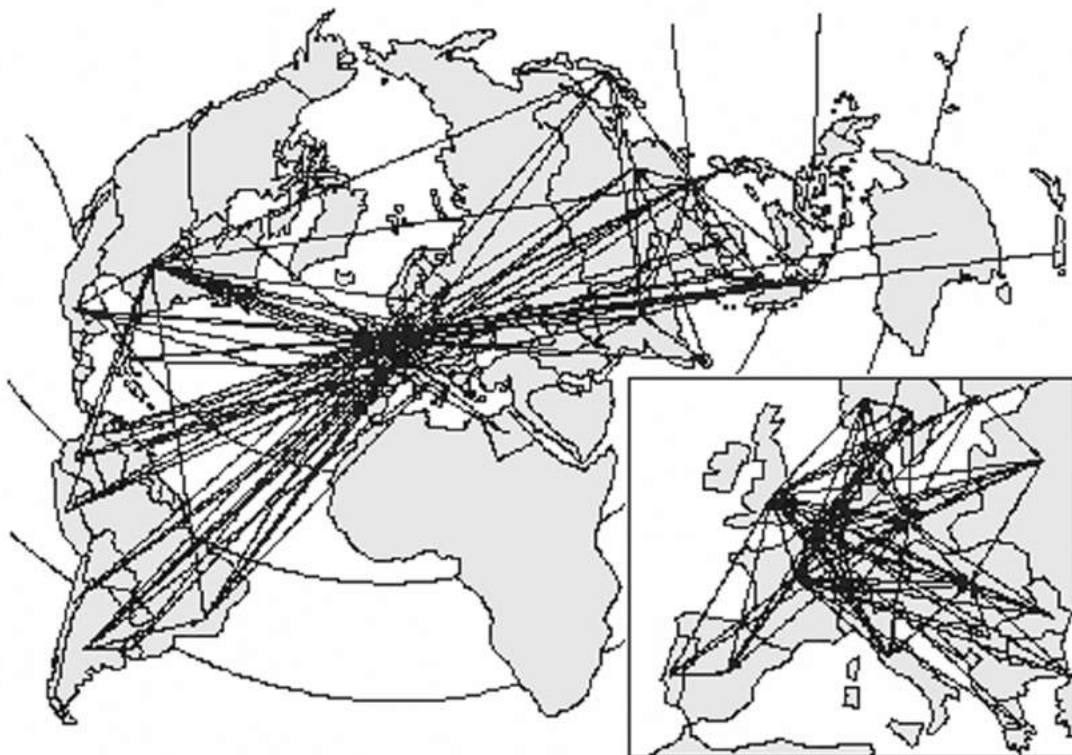


Figure 5: Who quotes whom? The international circulation of currencies 1900.

Note: An arrow pointing from Portugal to Spain means that Spanish pesetas are traded actively in Lisbon. The absence of a reverse arrow indicates that Portuguese milreis could not be found in Spanish exchange markets.

Source: Marc Flandreau and Clemens Jobst, *The Ties that Divide: A Network Analysis of the International Monetary System 1890-1910*, *Journal of Economic History*, 2005.

predicted to outweigh initial increases in operating expenditures, indicating that profitability and extension of CB services were not necessarily contradictory. The chapter concludes that a complementary quantitative analysis of network profitability is needed to better understand the role of branching for 19th century central banks.

Historical evidence on international currencies

The last chapter of the thesis combines two papers coauthored with Marc Flandreau.² Taking the decades before WWI as an example, they provide new empirical tools and data to rethink the structure of the world monetary system and to better understand the underpinnings of monetary leadership.

The first paper presents a new methodology

to describe international monetary relations around 1900.³ The innovation, allowing us to get a comprehensive measure of the international circulation of practically all currencies of the world, is to understand that if a given currency is quoted on a foreign stock exchange there must be some minimum level of liquidity in the market for this currency. As stock exchange bulletins or reprints in newspapers could be obtained, even if with some effort, for almost all countries of the world, we were able to calculate indices of international circulation covering the entire planet. The zero-one matrices thus constructed lend themselves easily to statistical tools borrowed from network theory. Block-modelling for instance provides an automatic procedure to group currencies according to their position in the international monetary system. For the period under study, we identify

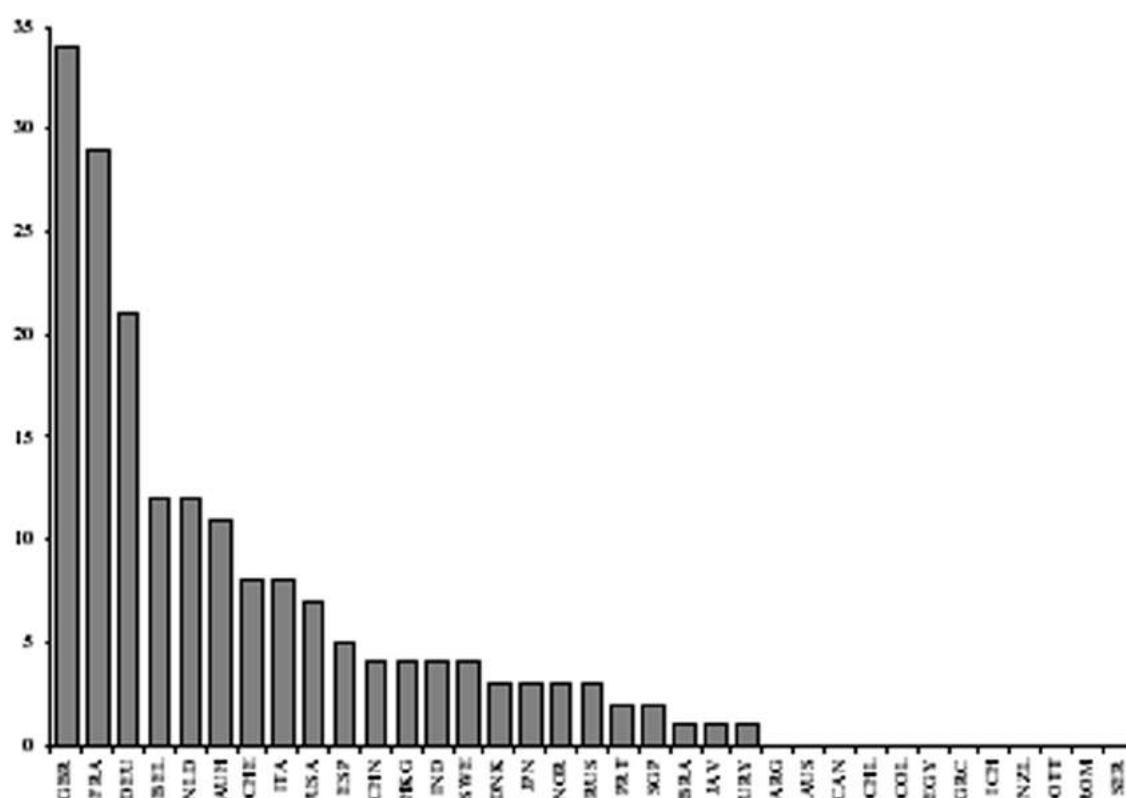


Figure 6: Foreign circulation of individual currencies in 1900: Number of markets where given countries' currencies are traded

Source: Marc Flandreau and Clemens Jobst, *The Ties that Divide: A Network Analysis of the International Monetary System 1890-1910*, *Journal of Economic History*, 2005.

a tripartite structure with the British pound, the French franc and the German mark on the top. These currencies traded basically everywhere in the world and thus constituting international means of payment. On the basement of the currency pyramid we find a large number of currencies that only circulate in their respective national territories (all Asian and Latin American currencies, the currencies issued in the Balkans, as well as in Scandinavia). Between the two extremes we find a third group characterized by a strong within-group integration (European currencies being traded widely within Europe), without however that these currencies achieved an international standing comparable to the three key currencies. This group includes some logical candidates like the Dutch guilder, Belgian and Swiss francs, but also less stable countries often associated with the periphery like Italy, Spain, Austria-Hungary, and Russia. Within this group we also find the US dollar, a rising star, but still far from the leading group it will join in the interwar years (see figures 5 and 6).

Drawing on this database, the second paper evaluates a number of critical questions in the economics of international currencies. While theory has advanced considerably in

recent years, the empirical foundations remain weak, mainly due to a lack of suitable data and corresponding empirical tools. We evaluate three central aspects of modern theory: (1) The emergence of international currencies is conditioned on the existence of transaction costs, which might result from different sources like the intrinsic quality of the money (or its issuer), the size and economic importance of the issuing country etc. (2) Typically, these models generate strategic externalities, tending to reinforce the position of a money once it has acquired a certain international circulation. (3) Finally, they predict a strong persistence in monetary leadership.

The results of our econometric test strongly favor the search-theoretic approach to money, while finding little support for intrinsic characteristics like gold standard adherence or fiscal prudence. The existence of strategic externalities is also supported by the data. These externalities in turn create economically significant persistence effects, without however creating strong path dependence or lock-in effects. Over the long run, large shifts in the fundamentals always allow to overcome strategic externalities. We conclude that money and trade were complements.

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*Thesis defended on December 1st at the Institut
d'Etudes Politiques Paris (Sciences Po)
Supervisor: Marc Flandreau*

(Footnotes)

¹ The chapter is forthcoming in Feiertag and Margairaz, *Gouverner une banque centrale du XVIII^e siècle à nos jours*, Paris: Albin Michel, 2007.

² The first has been published under the title "Ties that Divide: A Network Analysis of the International Monetary System 1890-1910", *Journal of Economic History*, 2005. The second paper, "The Empirics of International Currencies, Historical Evidence" is available as CEPR working paper n° 5529, 2006.

³ In fact the methodology can be easily adapted to other periods, as Marc Flandreau, Christophe Gallimard and me did for the 18th century in a paper presented at the ASSA meetings in Chicago 2007, "Networking Cities, Weaving States: Early Modern Geography of Money».

Galata Bankers¹, and the 1861 Commercial Crisis

This study presents a short analysis of the 1861 commercial crisis, which can be considered the first serious crisis that affected both the Ottoman Empire and Europe. The study first focuses on the main reason for the crisis, the bottleneck in the Ottoman government finance; then explains how Galata bankers financed the Ottoman government. We then explain how this system broke up after the Ottoman government failed to pay back its obligations to these bankers, and how the effects of this crisis were spread to cover London and Marseilles. This study presents an interesting story from the 19th century that displays how the economies of the time were intertwined as a result of external trade relations and integration with each other, and how they can create negative consequences for each other. Bankers are the main characters in this crisis. This group, on one hand, deepened the crisis by taking excessive risks as a result of their desire to make extraordinary profits in a short time with little capital. On the other hand, they went bankrupt in a chain reaction after the Ottoman government defaulted on its debt.

The integration of the Ottoman economy with modern European economies took place in the second half of the nineteenth century. The low volume of trade that had prevailed before started to increase after the open door treaties (1839–41) that were accorded towards the second half of the nineteenth century (Pamuk, 1987). The first external borrowing of the Ottoman Empire during the Crimean War (1853–56) added a financial dimension to relations with European economies. The increased trade and financial relations caused the Ottoman economy to be influenced by crises in European economies and vice versa. This short essay focuses on what can be called the first crisis that influenced both sides of these relations, the 1861 commercial crisis. Modernization efforts in the Ottoman Empire, which started in the eighteenth century in the military, focused on the reorganization of the state in administrative and fiscal areas in the nineteenth century. However a big obstacle stood in the way of these reforms: the state had been weakening financially since the seventeenth century and it lacked the fiscal power to finance these reforms. In general, Ottoman bureaucrats employed internal resources to their full extent using various instruments to finance modernization efforts (Pamuk, 2004) and resorted to borrowing from international markets for the first time to finance the overwhelming expenses of the Crimean War (estimated 11–12

million pounds sterling). Expenses due to this war and rebellions and wars that followed aggravated imbalances in the Ottoman public finance (Clay, 2000:48). After the war, the Ottoman government resorted to external borrowing, issued various internal debt instruments, and obtained short term advances from Galata bankers. All of these factors contributed to a sharp increase in the outstanding debt of the government and caused crises in the Ottoman public finance. The first serious crisis of this sort after the war, happened at the beginning of 1861.

The most important reason for the 1861 crisis is, without doubt, the inability of the Ottoman government to pay back the three-year treasury bonds that it issued after the Crimean War and the financing structure that was created for lending to the Ottoman government by Galata bankers, mostly Greek bankers (Chapman, 1977:38-40 and 1984:127-129; Exertzoglou, 1986:82, 89), and foreigners that held these bonds. This financing structure is the main reason for this crisis to develop from a problem between the Ottoman government and Galata bankers into a small scale international crisis between the Levant and Europe, including London and Marseilles. This financing structure is as follows: Greek bankers, who did not have sufficient capital to loan to the Ottoman treasury, obtained short term (3 months) funding from bankers in London and Marseilles through their

agencies at rates 3–5 percent and loaned these funds to the Ottoman treasury at rates 11–18 percent as short term advances. The Ottoman government issued internal debt instruments under such names as treasury bonds, *havale*, *sergi*, having the same maturity (Exertsoglou, 1986:133; Minoglou, 2002:136). This scheme continued with the Ottoman government re-issuing these bonds at maturity to avoid payment. This resulted in a spiraling increase in Ottoman government debt. Bankers, on the other hand, presented the treasury bonds that were issued by the Ottoman government as security for its debt to European bankers in order to raise more funds. In some cases, these securities were held until maturity, but some were discounted at institutions such as Crédit Lyonnais, Banque de France, Comptoir National d'Escompte, Bischoffsheim and Goldschmidt or Oppenheim. Institutions that received Ottoman internal debt instruments used to resort to the Ottoman government at maturity (Minoglou, 2002:136). The same bankers created a similar system that ran through the London Money Market (Figure 1).

The scheme described above increased the appetites of bankers who wanted to make large amounts of profits in the short term and encouraged excessive risk taking. Another reason for a deepening of the crisis and successive bankruptcies is the entry of bankers without sufficient capital into the system, which increased the tendency towards excessive risk taking and increased the volume of commercial bills fictively. These points were clearly made in a news article in *Banking Magazine* London (BML, April 1861: 279-280):

“The strength of the first- class Greek establishments has been for the moment well tested, and it is believed that their wealth and resources have been strained to the utmost to preserve, as far as they can, their character in discount circles. In this they have no doubt succeeded, but it will yet require great care and discretion to enable them to surmount fully the effect of the late revulsion. An excess of bill transactions, with a species of indiscriminate trading, has been encouraged, which, to say at least, has been highly censurable among the second and third-class houses, which has sprung from the success of the leaders in the Greek trade whose character and position is

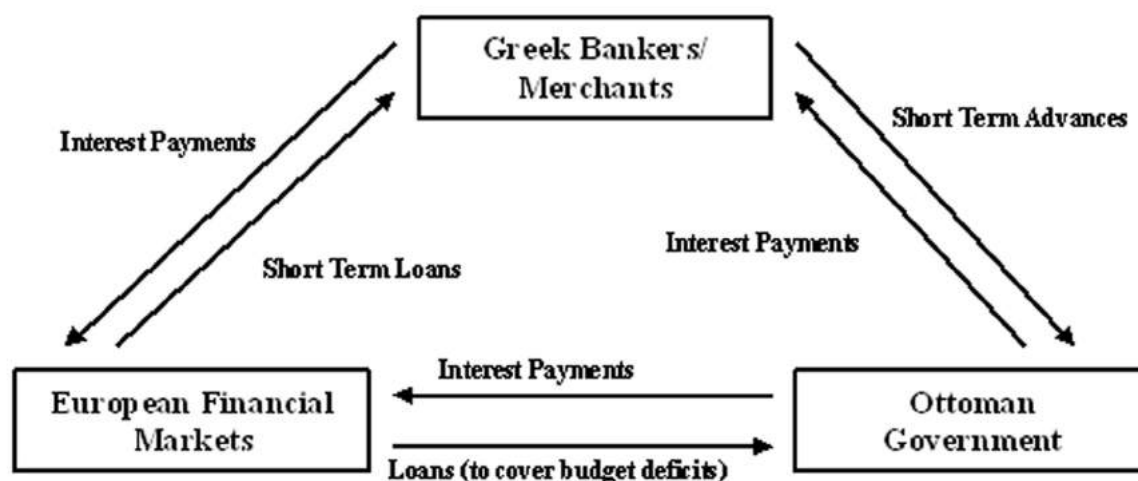


Figure 1: Short Term Financing Structure
Source: Exertsoglou, 1986:141a.

now assured. Every Greek desired to be a Greek Merchant; the distinction, it is ascertained, cannot be so readily achieved. The "weeding out," while it will not seriously sacrifice those who commenced without capital, and have since merely existed through the medium of accommodation paper, will eventually leave no room for the more legitimate traders, who, possessing capital and character, will direct future operations with more advantageous result."

These groups, who financed their short term advances to the Ottoman government with short term loans that they obtained from European financial markets, started to be affected by the instabilities of Ottoman government finances, which was more and more dependent on external financing. The continuation of this system of financing that relied on renewing commercial bills at maturity created a necessity for renewing the loans on an ongoing basis. Therefore, it was interrupted by economic and political instabilities. The Ottoman government failed to implement the fiscal reforms that were expected to create a sound fiscal structure due to international and domestic instabilities. Increasing wars, rebellions and land losses destroyed the stability of the public finance and resulted in increases in external debt. The fate of the Ottoman public finance, which faced a risk of bankruptcy, was in a sense tied to the sustainability of borrowing. The facts that the interest payments of 1854, 1855, 1858 external loans and the payment of treasury bonds, which was taken after the Crimean War, was approaching moved the Ottoman government to make the payments without problems. Due to the internal funding limitations, the government turned to international financial markets again. The state of the international financial markets and the international and domestic circumstances of the Ottoman Empire were the biggest obstacles in front of a successful international borrowing. Tensions between France and Austria in 1859 created a negative atmosphere in European markets. Such that, the optional part of the 1858 debt was issued at

the low price of 62 ½ (The Turkish Debts: 135). This crisis also affected the United States, which made most of its trade with Europe, and led to bankruptcies of German, Austrian and Italian firms (Swanson, 1908:75).

In the face of the state of the financial markets of the time, Ottoman bureaucrats realized that they would not be able to raise a loan on their own, and knocked the doors of the British government for help in early 1860. The British ambassador to Istanbul, who was aware of the situation of the Ottoman public finance and the short term structure of its financing structure, made great efforts in order to secure the loan. He warned that if the Ottoman government could not renew its debts, this would affect businesses in Britain and create losses in the order of 4–5 million pounds sterling. Despite the warnings and efforts of the ambassador, the British government rejected the pleas for help and insisted that the Ottoman government obtained the loan by itself (Papers relating..., 1861:38, 41, 42, 55)². The Ottoman government focused its efforts in Paris, but it was countered with the demands of the French government to obtain concessions related to the concurrent Syrian uprisings. Due to the influence of the French government, reputable bankers in the market (e.g., Credit Mobilier, Laffitte, and Rothschild) displayed a negative attitude towards the loan demand of the Ottoman government from the beginning. Although Bischoffsheim, based in Brussels, and Goldschmidt in Paris were willing to offer a loan in the amount 10 million pounds sterling, this loan did not materialize after the diversion of the French government that lasted four months (PMOA, FO:178/9794 and APE:44/12)³. After this, Julius Mirés, who was just becoming famous and known to be of speculative character, agreed to loan to the Ottoman government with very heavy conditions. The Ottoman government had to reach an agreement with this banker due the dire conditions that it was in. After negotiations, a contract was signed with Mirés on October 30, 1860 (PMOA, FO:179/9921, 332/21396; APE:

40/71; *The Times*, December 13, 1860; BML, January 1861: 24–25). Payments that were due in the month of December were not made as a result of the delay in the provision of the loan. The Ottoman government had to declare that it could not pay back the bonds that it issued three years earlier, which was to be paid in coin currency at maturity. This announcement created a cold-shower effect in the Istanbul market and was bad news for the holders of these bonds totaling 3,000,000 pounds sterling. In the two months preceding the announcement, prices of this bond increased by 60 percent (from 50 to 82) due to speculations that the loan was secured. Prices of these bonds dropped drastically following the announcement (*The Times*, December 25, 1860). The critical point was that most of the bonds were held by bankers that did business with Europe. Due to the system of financing explained above, the default of the Ottoman government caused a chain reaction of bankruptcies. Bankers that relied on the payment of the Ottoman government to fulfill their obligations to Europe defaulted on their debts. Ramifications of this crisis reached London and Marseilles. Withdrawal of commercial bills from Istanbul within the authority given to the Ottoman government on the funds from Mirés (*The Times*, December 12 and 27, 1861), and transfer of these bills to London, the arrest of Mirés (*Harper's Weekly*, March 16, 23 and 30, 1861; BMNY, November 1861:338-347) and the reversal of the fortunes of the loan were all signs of an upcoming crisis (BML, March 1861:205). Bankruptcies of large firms that did business with the Levant followed each other. In the first wave of the crisis, British based firms Blagomenos and Co., Sofiano, Brothers, and Co., Francis Ede, Son, and Co., Leone Rodoconachi and Co., D. Navone, P.C. Salvago, S.P. Zizinia, D.E. Rodocanachi, Scarlato M. Mavrogordato and Co., F. Whittall and Co., Lutrari and Co., Amstrong, Pelton and Co, Pietroni and Draper, Bello Brothers, E Vitalis, G.P. Zolas, Cuppa, Brothers and Co., Schilizzi and

Vuros; and Istanbul based firms T.N. Black and Co., J.Rodoconachi, Psichari and Calvocoressi, Charles Ede and Co., Chaivara and Shaw, D. Mangachi ve P. Ananian suspended their payments (*The Times*, December 11 and 21, 1860; January, 21, 25 and 28, 1861; February 9, 18 and 28, 1861; March, 7, 9, 21 and 26, 1861; April 12, 1861).

Galata bankers, who were unable to collect their receivables from the Ottoman government, started to liquidate their assets and transfer them to Europe. The second wave of the crisis started when Bank of France, following the moratorium of British firms, introduced limitations in the discount of commercial bills of the Levant and then refused all together to discount these bills (*The Times*, March 26, 1861; April 18, 1861). Around 20 firms, including such large firms Gabriel Hava and Co., Demetrius Baltazzi and Co., Lascaridi and Co., Theodore Ralli, Sons, and Co, Alexiadi, Delta, and Co. and M. Antoine Psichari, had to declare moratorium on their payments due to the protest of bills (*The Times*, April 20 and 22, May 10, 17 and 24, 1861). These firms held Bank of France responsible for the deepening of the crisis and claimed that the total sum of the problematic amounts was less than 600,000 pounds sterling, and that they faced bankruptcy a second time due to the policies of Bank of France (*The Times*, May 9 and 10, 1861).

On the other hand, in the face of the spiraling cost of the crisis, Bank of France sent two of its top managers to Marseilles and Istanbul; and the British government responded positively to the appeal of the Ottoman government by sending two officials to Istanbul to help in financial matters (*The Times*, April 20 and 25, 1861). Bank of France sent Baron Doyen, its sub-governor, M. Cousiniery, a Smyrnian banker, and an accountant to Istanbul in order to solve the problems and to reach an agreement on the payments of receivables (TA, April 29, 1861; *The Times*, May 9, 1861). The British team consisted of two officials from the Board of Trade, Lord Hobart and Foster (Instructions Addressed..., 1877:29)⁴.

The French delegation convened with the bankers who owed to Bank of France. At the meeting, which was held in Galata district, Baron Doyen stated that their purpose was to work on facilitating the payments of amounts owed rather than pressuring for payment. The first meeting adjourned without an agreement. As of the meeting day, the amount owed to Bank of France by Galata bankers amounted to 35 million francs (CH, May 26, 1861).

Bankers struggled to pay back their loans on one hand, and tried to convince the Ottoman government to reach an agreement with the French delegation on the other hand. The Ottoman government agreed to the assumption of payments, to the repayment of the amounts owed and interest accrued, in four installments of payments every six months. This proposal was presented to the French delegation, and it was welcomed by the delegation and conveyed to France for approval (The Times, May 25, 1861). Although from the extended duration of consultations it was sensed that Paris did not like this proposal, press reports mentioned that issues were in order after the negotiations of the French delegation (CH, June 2, 1861).

In the meantime, the French delegation was working on reaching a deal with the Ottoman government. Three months after arriving in Istanbul, the delegation was not able to bring the matter to a conclusion. The two persons excluding Baron Doyen from the delegation left Istanbul in order to explain the issues to Paris (CH, July 14, 1861). In his appeal to the Sublime Porte dated August 17, 1861, Baron Doyen stated that the amount owed to Bank of France by bankers in Istanbul would be presented in a detailed notebook. The problem was the fact that these bankers used their receivables from the Ottoman treasury as security for their debts. Since the default of the Ottoman government placed these bankers in difficulty, the agreement hinged on the endorsement of the receivables of bankers by the government. In his appeal, Doyen asked the Ottoman government whether these receiva-

bles would be endorsed by the government, and when this would be, if that would be the case (PMOA, ÝMM:23/998). After long negotiations with Ottoman bureaucrats, parties came to an agreement and a decree was issued on September 20, 1861 for the case to be referred to the Ministry of Finance for concluding a contract (PMOA, *ibid*).

The solution to the crisis, which lasted a long time and caused many firms that did business with the region to suspend their activities, was a relief for the parties of the issue. The Ottoman government decided to award Count Germiny, governor of Bank of France, “Highest Order” of the second degree, and sub-governor Baron Doyen “Highest Order” of the third degree for their consideration in protecting the well-being of all parties in the process of solving the crisis on September 12, 1861 (PMOA, FO:187/10438). Baron Doyen returned to Paris following the final agreement after about five months’ work in solving the crisis (CH, September 22, 1861).

When we combine the information presented above we can conclude that world economies were more integrated in the 19th century as a result of increased trade volume. The most important factor that reinforced this integration was the fact that merchants that primarily dealt with international trade acted as bankers and helped quench the financing needs of countries that had troubles in their government finances using funds from European markets. As in the case of the Ottoman Empire, when the payments to bankers that financed the treasury were not made in a timely manner, the crisis could be contagious and spread to European financial markets in a chain reaction.

In conclusion, integration of domestic economies in such a manner placed the financing country and the country that was financed in the same pot and made it impossible for countries to make decisions independently of each other. Britain and France were indifferent to the pleas of the Ottoman government for different reasons, though they were aware of the fact that their

citizens would lose in case the Ottoman government did not secure a loan. The British government followed a free market policy and let the markets work in their own rules, hence did not intervene in this particular case; whereas the French government followed its political interests. By placing its political interests above the financial losses due to failure of the Ottoman loan effort, it intervened in the market, which resulted in the failure of the Ottoman government in its effort to get a loan. Since the funds obtained from the loan would have been used in order to pay debts to European markets, these funds would end up in Europe and the crisis might have been postponed at the very least. However, by preventing the loan deal, the French government opted to let the system crash. In the end, although the Ottoman government strived to be loyal to its debts, after seeing that the crisis almost brought the trade with Britain and France to a halt, it blamed these countries (mostly France) for the responsibility of the crisis. The fact that Britain and France rushed to help the Ottoman Empire in solving the crisis after the protest of the Ottoman government shows that the globalization of the world economies placed indebted countries that kept their political independence in a better position, and increased the vulnerabilities of developed countries and their potential to create crises.

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Notes

¹ In this study, the term "Galata bankers" is used to include local and foreign merchants who deal with the business of extending loans and international trade. This necessity is due to the fact that these merchants dealt with both of these lines of business and hence it is not possible to separate them during the time that this study covers.

² July 4, 1860, Sir H. Bulwer to Lord J. Russell, "Papers relating....", **BPP.**, p.38, 41; July 18, 1860, Sir H. Bulwer to Lord J. Russell, "Papers relating....", **BPP.**, p.42; October 15, 1860, Sir H. Bulwer to Lord J. Russell, "Papers relating....", **BPP.**, p.55; Arthur Walmisley, "Memorandum on the subject of the Turkish Loans, and the amount of Support granted by Her Majesty's Government to the Bondholders, from 1854 to 1873", **British Documents on Foreign Affairs**, p.57

³ July 10, 1860, Bischoffsheim and Goldschmidt to Ahmed Vefik; July 10, 1860 and July 12, 1860 and July 14, 1860; Ahmet Vefik to Bischoffsheim and Goldschmidt; July 16, 1860, Bischoffsheim and Goldschmidt to Ahmet Vefik; July 21, 1860 and July 23, 1860, Bischoffsheim and Goldschmidt to Ahmet Vefik; August 7, 1860, Bischoffsheim and Goldschmidt to Ahmet Vefik ; PMOA, APE, nr. 44/12.

⁴ August 26, 1861, Earl Russell to Sir Henry Bulwer, "Instructions Addressed", **BPP.**, 1877, Harrison and Sons, London, p.29

A Monetary Reform of Peter the Great

The all-round process of modernisation and modification, that started at the end of the 20th century, touched all the spheres of the social, political and economic life in Russia.

The history of Russia knew a few of the periods of modification of the existing historical realities. The reign of Peter the First is marked with deep and general reforms. The creation of the Russian empire would have been impossible without a radical modification of the financial-credit system and without the application of the monetary reform.

Assessing the historical experience of the modernisation of the monetary system is very useful and can offer a lesson for the contemporary transitional period.

The precondition of the monetary reform

Before we start talking about some particularities, process, or the course and the parts of the monetary reform of Peter the Great (1672-1725), it is necessary to analyse its preconditions and reasons for reform.

In the period between 1654-63, the monetary reform of the Tsar Aleksei Mihailovich was undertaken. Without taking into consideration the negative experience of this reform it is difficult to understand and to judge the monetary reform of the beginning of the 18th century.

In the mid of the 17th century, the characteristics of the financial-economic crises have shown up. The reason for the economic decline of the country and the disorder of the monetary circulation was the long war with the Poland, years of bad harvest, epidemics, etc. Therefore the reform became necessary.

It was dictated by the fiscal interests of the Treasury, the archaic Russian monetary system, and the union with the Ukraine, but also by the problem of the lack of a material with which to produce money.

Monetary silver was imported and they did not have enough of it to fulfil the needs of the country. The government tried to solve the problem by diminishing the weight of the silver coins. Afterwards they started to produce money using copper and this was 60 times cheaper than the silver.¹ The copper money had a forced exchange rate and its value was equal to the silver one.

At the beginning the population peacefully accepted the copper coins. But the lack of silver

led to the overproduction of the copper coins. Austrian diplomat Meirberg gave evidence that in five years they produced copper coins with the nominal value of 20000 Russian rubl.

During this operation the government gained a pure profit of 19 mil rubls because the value of the copper that was spent on the production of the money was actually 320000 rubls.²

The overproduction of the copper coins provoked inflation. Soon the real exchange rate became 12-15 copper rubls for one silver rubl. The falsified money also accrued in the market.

The big amount of the money made a big disorder at the inner market. Money lost its value, goods became more expensive or simply disappeared. Salaries was paid to the people in the copper coins and the taxes were paid in the silver coins.

In 1662 there was a copper rebellion, caused by the worsened material position of a low section of the population and the workers. The Russian-Swedish war 1656-1658 made the application of the reform more difficult and forced to government to go back to the silver money circulation because the copper was imported from Sweden.

Putting together the reasons of the failure of the reform in the period of Aleksei Mihailovich, the main reason would be found in the reform not being prepared enough, in both an economic and technical sense and the lack of qualified people, material and machines. A serious fault of the reform were the scientific and technical defaults that came from the fact that the monetary market mechanisms were not known enough.

The monetary reform of the Tsar Aleksei Mi-

hailovich saw its end (1654-1663) and it had not enabled the perfection of the monetary system and therefore the Russian monetary system did not come any closer to the forms of Western Europe. The positive result of this reform, done in the mid of the 17th century, was the complete centralisation of Russian monetary circulation. In the Russian economy there a state monopole on monetary emission was established.

During the years of the reign of Fiodor Alekseevich (1676-1682), all sorts of denominations were produced (cents, coins). One part of the coins kept the unchangeable value of 46 g of silver in one rubl, and 0,45 - 0,46g in the cent. The content of the other group was the coins with a lower quantity of silver: 0,39-0,41g.³ Diminishing the weight of a coin was in use until 1681. Still, on the whole, this system of managing the finances was not effective.

In 1682 the question of the new sovereign came up. It happened after the death of Fiodor Alekseevich, who did not have any children. 16 year-old Ivan and 10 year-old Peter were proclaimed the Tsars. Because of the fact that they were minors, the country was ruled by Sofia during the period between 1682 and 1689.

In the years of her reign, both of the Tsars had their own money production. A large amount of new gold coins appeared. On one side there was a portrait of the regent Sofia and on the other side the portraits and the names of both brothers, Ivan and Peter.

Production of the big silver coin known as an Altyn was used not only as money but also as rewards.

Instead of the traditional mark of the Moscow monetary palace, they put, for the first time, the word Russia. The regent Sofia wanted to reinforce its power helped by the inner army called *strelki* which ended by her being put into prison where she died 15 years later. Officially, the country was ruled by two Tsars but Ivan being mentally ill he did not participate in state affairs and he died in 1696.

From 1696 the money was produced only on the behalf of the Tsar Peter and for the first time they put the dates on the coins. At the same

time, the value of the weight of the cents was diminished, it became 0, 28 grams, which is the 1/1000 of a taler.⁴

Peter was concerned about the situation of state affairs. The big journey he took to Western Europe and his journey to the Sea of Azov reinforced the thoughts of the Tsar to make of Russia a rich industrial country. Russia entered the epoch of huge changes, in economic activity, and social relationships of active foreign politics.

The Treasury did not have enough resources for those big changes. The monetary system was archaic and became a barrier to the development of the economy, and the increase of financial resources was directly dependent on the modification of the whole system of relationships in the country.

In fact, only one coin unit was assuring a newly made general Russian market and those coin units were named silver cents. Swedish ambassador Kiburger gave a critical characteristic of the Russian cents: "They are very uncomfortable to deal with and they easily fall through the hands."⁵ Peter the Great, in one of his letters to Menshikov, referred to this money as the old insects.⁶

Sometimes these cents were produced but their weight was three times greater. They were used as rewards. During the big transactions, the cents were counted in advance and than wrapped into a handkerchief and than used to pay with.

Other bigger coin denominations existed only as units of monetary accounting, what was actually an anachronism compared to Western Europe. This system was based on taler, a big silver coin having a weight of around 27,28 g.

The lack of the tiny coins was also a problem. The buyer was always in the complicated situation because at the market place he could buy a kilo of seasonal cucumbers with one cent while he needed maybe only half of a kilo or even less. The lack of the tiny coins was especially a problem for the Siberian region where the food selling business was very developed. The situation was not improved with the introduction of

the half and the quarter cent to the market. There were not a lot of them. They were hand made and they represented a loss for the Treasury. It happened very often that the cent was cut in two or even three pieces. That is how the cut coins appeared. Archaic production made falsified production easier.

Nevertheless the country felt the catastrophic lack of the money in circulation.

Some towns started production of their own money, or what was supposed to be a replacement for the money, solving the problem of a lack of the cash that way. Pieces of animal skin replaced the tiny stamped coins. That situation kept up the development of internal production, creating a unique economic space and causing the exit of Russia from the exterior market. Without the monetary reform Russia could not solve the problem of the economic increase and change its international position.

The specificity of the Russian monetary circulation was a big dependence on imported precious metals.⁷ This specificity exists from ancient times till the mid of the 19th century. The production of precious metals itself started on the territory of Russia in the 17th century, and industrial production started in the mid of the 18th century. In spite of this, the country was obliged to continue importing the precious metals to be able to ensure the needs of money production. Russia did not get silver on its territory and was totally dependent on Europe and its colonies, as far as the import of the coins production material was concerned. The material was exported to Russia in the form of *efinka* and sometimes in the form of the golden coin whose name in Russia was *ioahimstalery* and which was produced in the town called *ioahimstal*. In Russia only the first part of the name was actual, what has given a name *efinki*. The ancient techniques and the manual production of the coins with also stemmed from the lack of domestic material for the coinage. On the territory of Russia, talers were not used as money but only as production material.

The main source of the precious metals was foreign trade. Since 1649 the right to buy foreign

money was under the monopoly of the Treasury. The Treasury established a non-changeable price of 50 cents. Modification of the *efimka* to the Russian rubl automatically doubled the price. The merchants started to sell talers on behalf of the Treasury. Income was also coming from custom tax collection.

In 1667 a new merchant constitution was published and in this constitution there was an article which said that the tax should only be collected from the foreign merchants and only in *efimkas*. Silver talers had a priority compared with the golden talers because the silver talers were immediately transformed into the rubl and this is how the country earned a percentage. Later on, it was possible to pay the customs tax in golden coins also.

This explains the strong dependence of the Russian circulation of the money on the foreign political situation. Russia felt a huge need to produce coins which would get Russia closer to the Western Europe standard.

One of the first steps in that direction was the preparation of a satisfactory material base.

Creation of the material basis for the monetary reform

Preparation of the reform of monetary circulation started during the 90-ies and lasted for more than 12 years what was actually one of the specifics of that reform. The tsar, who was very impatient and dynamic during the monetary reform, showed a great deal of patience during those 12 years.

The monetary reform had to modify the whole monetary system of the state and it had as a goal to form an exchange rate inside and outside of the country, stabilise circulation and increase the efficacy of the economy. That reform asked for the resolution of the following issues, including the complexity of the measures that were directed at the modernisation of the monetary circulation: unifying circulation on the territory of Russia (in the Ukraine, the Baltic States and other states) and the other states who were in the world of circulation of the foreign money; the

creation of a flexible monetary system based on the exploitation of different metals; an improvement in the quality of money production, from manual to machine production; choosing the reasonable weight of the coins and the standard of the purity of the golden, silver and copper coins of the different values; increasing the income of the Treasury coming from the money production which was necessary to cover the expenses related to the Northern war. From all those measures it is clear that a very important part of the creation of the unique monetary system was unifying the circulation on the territory of the multinational Russian state (in the Ukraine, the Baltic States and other states).

The monetary reform was the most important act of Peter the Great. In order to make this reform, a material basis was necessary. In the time of this reform, in Russia there were only three mines, one on the Carely and two on the river of Mezena. But the quantity of the produced money could not pay expenditures –the mines were not profitable. In the 1690 the silver iron ore was discovered. The extraction was led and financed by Greek masters and as a reward for that they used to get the food and two out of every ten parts they extracted. But even so at the beginning the quantity of the extracted material was limited.⁸

The indicator of the importance of that issue is the fact that Peter the Great met the organisations of the mine business in Europe. He ordered 14 masters for the works that had to be done in Russia and those people came from Saxony. He chose Tatischev to examine the manufacture, financial system, principle of the organisation of the Treasuries and the monetary circulation, to gather the team of people for the work that had to be done in Russia and to send Russian students to Norway, Sweden and Denmark. Some of the Russian scientists went to Saxony to examine the mine business. Their experience and knowledge was widely asked in Russia after their return in the 1711.

The measures were taken to find silver, golden and copper iron. On the 2nd of November, 1700, Peter the Great, gave an order to look for iron

and people that were willing to look for iron had permission to do so, without the consent of the owner of the land. When exploitation began, the owner of the land then got a percentage.

In 1700 a new institution was established and its name was Rudny prikaz, consisting of two old and ten young officers of the big Treasury.⁹ This institution was the predecessor of the Berg-collegium. In 1711 Rudny prikaz was abolished and all the affairs done by it till that time were taken over by the governor.

The general Degenin was named a chief of the mine in the region of Olonecque and he has given an idea of opening the Berg-collegium in 1719 and how this institution managed the industry of the mines. After Tatischev, Degenin was named chief of all the Siberian mines and was given a lot of power. The intense work in developing a mine business gave a result. During the last years of a reign of Peter the Great, they got 9000 x 16 kg of the copper every year.

A Nerchinsky institution, founded in 1704, yielded 9 x 16 of the silver per year. Still Peter the Great had not succeeded in assuring Russia with gold. There was just not enough.¹⁰

The gold from the Russian mines was not enough even for the money production. They continued to use the traditional materials for the production: the Treasury was buying talers abroad which made the production much cheaper, some products like soda and pitch were paid in efinkas, the Treasury forced people to pay a customs tax for importing and exporting some goods. There was an interdiction on exporting silver and golden coins from Russia. It was also obligatory to pay taxes when exporting the luxurious objects from Russia. In Arhangelsk, this tax was 4-5 % of the price of the goods. In other regions it was 10 % of the exported goods and 6% of the domestic goods.

There were some special taxes for wine and sugar. For the exported goods, taxes were paid in silver and in gold. The money they got from it was immediately sent to the monetary palace in Moscow. The state had a monopoly over the production of the following goods: caviar, bristle, glue, potassium. The institution called Kupeckaia

palata founded in 1711 and consisted of the richest merchants who got a large amount of money that they used to buy the metals for the Treasury. This institution used to choose people who were obliged to buy the jewellery metal at the market places. Each selling of the gold and the silver could only happen in this institution. Each activity of a type avoiding the institution was given a fine and anyone doing this activity had their property confiscated.

The need for the silver and the gold was so big that Peter the Great limited production of the brocade to 15 x 60 grams per year. Brocade could be produced only in St. Petersburg. From 1720 Peter the Great forbade the use of brocade made in silver and in gold.¹¹ The constant and big lack of this material for the production of the money offers an explanation of this act.

One of the first Russian economists I.T. Pososchol, the author of the book on poverty and richness, proposed giving a bigger value to the copper coins, regardless of its real value. His authority with the tsar was the excuse for the increase of the denominations.¹²

The problem of the material for the money was solved in the second half of the century, when the gold and silver mines of the Ural started to function. The second important task that was supposed to improve the production of the money was equipping the monetary palace with modern equipment.

Peter the Great had visited Europe together with Brius, president to be of the Berg-collegium, and together they visited a monetary palace that was placed in the fortress of Tauer and they talked to the chief of this monetary palace.

According to the decree of the Tsar, the machines were brought from Germany and England and those presses coined the metal circles and the final coins. The mechanism of the machines was moved by horses and water.

The first machines making money were replaced by screw-press machines and those machines were the newest technology of that time. From that time Russia was at the very highest level as far as money production was concerned.

The next step of Peter the Great was increasing

the number of coins in circulation. Until 1697, Russia owned only one monetary palace, situated in the Moscow Kremlin. The same year, the new monetary palace was founded in the China town (a part of Moscow) to be used for the production of the money. The building in which this institution was situated still exists. The monetary palace in China town was called Red of Chinese. In 1700, at the Red Square, in one administrative building, situated were today the State Historical Museum is standing, a new monetary palace was built, producing silver cents. The next monetary palace appeared at the beginning of the Nikolska Street and the next one, on the territory of the Kremlin, called Borovitsky door and was called Embankment monetary palace.

In 1701 the serial of the silver coins appeared, made with the machines in the new monetary palace built in the part of the town called Kadachevskaja sloboda. This palace was named Monetary palace. At that time money was called everything that was made using the machines and the hand-made coins were called denzski.

During the eight years of the monetary reform (1698-1706), six new monetary palaces were built in Moscow. In 1721 in the new Russian capital, St. Petersburg, a new monetary palace was opened on the grounds of the fortress of Paul and Peter, for the production of golden coins at the beginning and a year later for the production of silver coins.¹³

1707-1709, a monetary palace was open in a town called Sevsk. Here in a small quantity, the coins having a value of 12 cents were produced, called Timpfy or Tschec being equivalent to 18 grosh and used on the not very big territory taken from Poland.¹⁴ Different institutions managed monetary palaces. Until 1711 they were managed by the institution Prikaz boljshoi kazny.

The privileged merchants and their representatives managed the process of money production. They were guests and members of the Gostina sotnia. Guests included: K.Loboznov; Diakov J.Borina; A. Belaieva. In 1711 the Merchant palace took over the administration of the monetary palaces. The same year the administration

of monetary palaces came into the hands of the senate and specially assigned officials.¹⁵

The monetary palaces were submitted to N.O. Popovinsky, to the senator V.A.Apuhtin, to the prince P.I. Prozorovsky, and to J.C.Neledinsky-Melecky.

In 1719 a Kamer-collegium took over the management of the monetary palaces. From 1720 until the end of the reign of Peter the Great, the monetary palaces were under the rule of the Berg-collegium.

The president of this collegium was J.V.Brius, and the vice-president was A.K.Zybin who had taken some concrete measures for increasing efficacy of the monetary palaces, having increased the income of silver processing, removed the loss of the metals from Russia and limited and economised the exploitation of the money.

The Tsar had accepted a lot of suggestions. Some of them he recommended to be discussed at the parliament in the presence of the merchants.

Phases of the monetary reform

The monetary reform can be divided into three phases:

1. 1698-1704
2. 1705-1717
3. 1718-1724

At the beginning of the monetary reform, Peter the Great has faced solving the main tasks that his father also faced in 1654. The idea of the reformer was to introduce a big silver coin into circulation and to replace tinny fractions with copper coins.

The big difficulty in carrying out the reform was caused by the lack of confidence in the copper coins. The copper rebellion of 1662 was still alive in the memories of people. The main task of the first phase of the reform was to gradually introduce copper coin into circulation when the situation was a constant lack of silver. Before the introduction of the silver coin; big work was done to explain to people the intentions of the government. The government informed the people on

the coming reforms in the monetary system. The reform was explained in the churches.¹⁶

The decrees of the Tsar in written form were put up in public places.

The copper coin is produced at the same time as the silver wire cents from the time before Peter the Great. The coins had the same images and the same year of production in order to prepare people for change. The Treasury accepted the copper coins as a form of all kinds of payment. They guaranteed the complete equality of copper and silver cents. The preparatory works helped to avoid people being unsatisfied. Within a few years the copper cent had found its place at the market. One of the reasons for that is that it suited the needs of every day trade. In 1700 together with the hand made silver wire cent, the money that appeared were rounded copper coins called poluschi and polupoluschi made by machines. Until that time, they could only have made the coins of the rounded but regular form by chance and they had more the character of a medal or a badge made in the rounded form and they were equipped with the legend in Russian and not in Latin. Christian Weber, the representative of Hanover in St. Petersburg left the first negative in his notes with a **remark** that the coins containing Slavic letters will not be accepted in Europe. That is why he thought that the legend should be written, at least on one side, in Latin. In the 1716 the chervoncy with Latin letters was produced.¹⁷

In 1701, a serial of new silver coins was made under the names poltyna, polupoltyna and grivenik (gryvna). The 5-10 value coins were also rounded and hand made. It is necessary to point out that the monetary system had at its disposal all the small fractions known in Russia since the 16th century.

In spite of that the main coin form was the silver wire cent. That old silver cent was printed till 1718 having for a goal an easier acceptance of news and changes in the organisation of a money circulation. The system of the new denominations until the end of first phase of the reform (1704) was filled up with the silver rubl and with the round copper cent. This was the

basic coin in the new monetary system. At the same time a silver altyn was produced (3 cents). Before the reform the new rubl existed only as accounting unit.

It contained 25-26 grams of pure silver. Its standard was 84 or 82 and weighed 28 grams and it was equal to a taler, the main coin unit in Europe which was a big success for Russia and permitted Russia to participate equally on the European market.

Together with that, the structure of the Russian rubl with a legend in mother tongue, made it a completely independent national money.

During the first phase of money production the rate changed several times. In 1700, out of 16 kilos of copper, they produced 1,8 rubls- in 1702 it was 15,4 rubls, and in 1704 it was 20 rubls.¹⁸

The production of money using less weight but with a same value brought huge income to the Treasury, but the value of the rubl still diminished.

Russia became one of the first countries in the 18th century to introduce a principle of dividing the nominal by ten as the basis of its monetary system. One rubl was equal to 100 cents. Silver cent had a purity of 77 and it was less than a rubl had.

Additional coin types were: one rubl, poltyna, grienik-pjatak, kopeika-denga (0,5 kopeiji-cents),denga-polshaka-0,25 kopejki, polushka-polupolushks (0,125 kopeiki).

Golden money in Russia was introduced in 1701 at the time of a the reign of Peter the Great. The production of golden money was not high because there were not a lot of gold mines in Russia.

The difference between the price of gold and silver in Europe was 14-15 to 1 and in Russia 13 to 1. That was the reason why it was very profitable to export and not to import golden money. In spite of a very serious prohibition on the export of golden money and precious metals there were several foreign merchants who were doing this incognito anyway.

The fact that gold was not profitable in Russia limited the import of gold from Europe.¹⁹ Material for golden money was imported from China.

That material had the form of golden packages (box) having a weight of $\frac{3}{4}$ pounds. That is why in Russia it got the name packed gold. In Russia Chervony and double chervoncy were made of gold. Sometimes on the golden coins, the denomination was not mentioned at all.

At that time, this kind of money had a value of 2,6 rubls. Chervony, having a weight of 3,4 gram and a purity of 93, were equal to Western European ducat. Double chervoncy were produced very rarely. As a result of the first phase of reform, Russian money got its final image in 1704.

²⁰ During the second phase of reform they gave up the production of golden coins, which meant that the purity was not that high.

Beginning in 1711, silver rubls and other coins were produced with a purity of 70, which meant less high. From 1713, the purity of 38 was accepted for all money. Diminishing the quantity of pure silver in it brought about a fall in its real value. The Treasury increased the quantity of money because Peter the Great had used a monopoly on the production of money to diminish the weight of silver money. Since 1712, money was produced only in the form of Chervonec and it had the form of the Holland ducats (in Holland style) ²¹

Russia continued using old and inefficient methods of coinage which has facilitated the falsification which was largely used by foreigners. Russia tried to prevent the flow of falsified money into the Russian market and in 1714 Russia forbade the import of silver and copper coins, and foreign buyers had to pay in their own national money. Russian money is accepted from foreigners only in Riga and only after several serious verifications. But the falsified money continued to come to Russia through the port of Arhangelsk and that was the reason why the government took very cruel measures. If the quantity of the money found was less than the value of rubl, the person that had that money was given freedom and money was confiscated. If the quantity of silver money found was more than the value of one rubl, the person who had that money was kept and executed. In 1712, there were 33 people executed ²² who wanted to bring money

through the border, because the law said that those who do such a thing are supposed to be brought to Moscow.

The third and final phase of reform brought a lot of changes in several directions. Until 1718, the edge of a coin (Russian: gurt) was replaced either by a gurt note or by a certain pattern: net, on the copper coins, grille on griveniks, rubls and poltinas and points on the chervoncys.²³ On some rubls and poltynas, there was a note. In 1718 the production of silver wire cents completely stopped. The leading position in money production was given to the creation of a coin of a big denomination, with a purity of 70. Until the beginning of the 20th century, the silver 5 cents coin remained the tinniest silver coin and the silver altyn did not exist after 1726. In the copper version, the altyn appeared again in the 40-ies of the 19th century.

In 1723, the emblem in the form of a two-headed eagle, was replaced by the monogram in the form of the cross, with five Russian letters. Among the people that money was called krestoviks (in the form of cross). The small silver coin was produced in a purity of 38. Production of golden chervoncys of a high purity, responding to the high international standards, was also stopped because the Chinese golden sand had become very expensive. Instead of them the production of golden two rubls coins started in 1723 and that money had a purity of 75 and they produced 100 pieces out of 1 pound of gold. The two rubls coin had a weight of 4 grams and that responded to zolotnik.²⁴ At the same time, they were getting more silver from the Nerchinsky mine.

Moscow gold expert I. Mokeev proved the profitability of getting the gold out of silver. Out of this silver and gold they produced not only two rubls coin but also the souvenir medals in the honour of the signing of the Nishstads peace, in 1721, which put an end to the Northern war.²⁵

They started to produce the 40 rubls coin out of copper which was very useful for the Treasury because at that time the quantity of 16 kilos of copper had a value of approximately 5 rubls.

Only a big quantity of falsified money forced the government to diminish the money rate to 10 rubls/money having a weight of 16 kilos.

In the decree of Peter the Great, made on 24th January, 1718, it was said: "griveniks, poltiniks and rubls have to be done out of pure silver and cents out of copper and the copper coin had to be so tinny that the thieves could not have falsified them".²⁶

In 1718, the cent kopeika totally disappeared and was replaced by polushka. In 1723, 5 kopeiks coins appeared and were produced at the rate of 40 rubls/40 kilos of copper.

The switchover to the bigger coins promised a big profit to the Treasury because the time spent on the production of 5 cents -kopeiks was the same as for the production of small coins at the nominal price of a copper coin, and surpassed 5 times its real value.

This Russian coin having a value of 5 cents-kopeiks, was the one most often falsified. The town from which the 5 cents coin was mostly imported was Stockholm. This 5 cents coin was produced until 1730. In 1724 Russia started the production of a copper cent-kopeika again. The above mentioned changes had long-term and mostly negative consequences for the Russian economy. The low rate of Russian coin made the success of Russian foreign trade difficult. Foreign merchants accepted taking Russian coin only at its real value which was less than its nominal value. Therefore trade became not at all profitable. There were several cases where foreign merchants refused to accept Russian money. In 1719 the government introduced a fine which had to be paid in case of a non acceptance of golden money with a purity of 75. Except for getting some additional profit, the Treasury was diminishing the purity under the influence of the mercantilist theory claiming that the benefit for the country directly depends on the quantity of the metal existing in the country. The low purity of a metal guaranteed the use of those coins only in the country. For that reason, the goods and the materials were exported from the country. Time has shown that that theory was wrong. Coins were produced in the Treasury or

to order. The coins were of different types. They have made a lot of trial coins that remained extremely rare and this is something that often follows big monetary reforms. At the end of the reign of Peter the Great, a trial copper 2 cents coin had appeared. This coin was produced for the first time in 1654, but only took a firm position in monetary circulation in the second half of the 18th century. The production of a 2 rubls coins was not successful. A number of those coins were never produced. The reign of Peter the Great had more wealth than any other period. The monetary reform of Peter the Great gave a base to Russian numismatics. Numismatics has become an important focus in collecting and as a part of historical knowledge.

The meaning of the reform of Peter the Great

It is difficult to give a too high note to the monetary reform of Peter the Great. By the end of his reign in Russia, a new monetary system had been created and its characteristics were the simplicity of a counting because it was made on the harmonious exploitation of the decimal arithmetic principle. Peter carried out his plan of the modernisation of a monetary system gradually and rationally. It helped him to avoid social protests of the population.

The monetary reform of Peter the Great has to be proclaimed as one of the most successful reforms ever done in Russia because of its preparation and success which is rather rare for Russia. The Russian monetary market, as well as the market of the Western Europe countries, was based on three metals: gold, silver and copper.

Silver and gold coins were used to give salaries, to pay the army and to pay everything outside the country. Copper coins were used for payments inside the country and it was a very efficient financial resource but it had its own crafty sides. In monetary circulation in Russia in the first quarter of the 18th century, a big silver coin appeared and this coin defined the economic development of the country in the period of

modernisation.

88,5% of a general quantity of a money production was the production of the rubl. An average quantity of a silver coin was 1,1 mil rubs. In the period 1698-1724 the role of a tinny coin for exchanges was taken by the copper money. A part of copper coins in the general production, was 9,2 % .The main tendency of the money circulation in the 18th century, thanks to the reform of Peter the Great, consisted in the increase of the role and of the meaning of a copper coin, therefore the copper coin became the main way of payment inside the country.

I.G.Spasky writes truthfully: "Copper coins have satisfied a big demand for the tiny coins. Those coins have put out from the money circulation a part of a silver for the production of the big coins and it created big financial possibilities for the country because the country did not almost at all have its own silver mine."²⁷

Finally, golden chervonccys came into the circulation and they have become a way of payment for foreign trade. At that time, rewards were given not in golden chevoncys but in medals and badges. The production of golden coins was 2,3 % of the total coin quantity.²⁸

It is very interesting to remark the fact that the population, that had accepted the new coins, had more confidence in old, not too pretty silver cents.²⁹ In everyday use, people used new silver and copper cents and they were kept in the treasury.

Peter the Great and his collaborators, during the carrying out of a reform, succeeded in making a balance between news from Europe and keeping the national traditions. Letters on the coins were in Russian and not in Latin. The names of coins were also related to history. In Russia, for the first time in the history of a world financial economy, the purity of golden and silver cons was established by the state and was protected by the law.

Gradually the passage to the modern techniques in the production of money was done. New money denominations got a regular rounded form and a certain weight. From 1696 the year of the production started to appear on the coins.

At the beginning, the date written was the date since the creation of the world. Since 1700, after the carrying out of a reform, Russian coins have been given a date of a year after Christ's birth (AD). They started to write dates in Arabic numbers. Until 1722 the dates were mostly always put in Slavic letters.

In 1711, the date on the copper coins is written in Slavic letters and in Arabic numbers.³⁰ That way, the coins had an educational function. They were adapting people to a new counting of time (since the Christ's birth), teaching the alphabet and Arabic numbers. For people without education those coins were very useful because they had images that could have been easily recognised if somebody touched them all over them.

The coins of the period of Peter got the European look. The image of the Tsar was on the front side of a nominal. On the other side, there was an emblem. The legend consisted of a name and the title of the Tsar, date of production and the name of the denomination. Place of production was marked with the letters of the monetary palaces. There was either a pattern or a note on the edge of a coin. That is why those coins were difficult to falsify. This is a general description of the outside image of a coin. During all the years of his reign, Peter the Great was looking for a better version of a coin creation. And each change of rate was asking for the introduction of new designs in the coin field. It can be claimed that Peter's tasks concerning the monetary reform were fulfilled. A reform had modified an archaic monetary system, put him at European standards and helped solve the tasks of political, economic and social renewal. The new European technologies helped not only to change the outside image of coins but also gave an encouragement for the development of a financial business in Russia. During the reform, the flexible monetary system was created, on the basis of monetary circulation and decimal counting. All of that has contributed to the development of the industry and the trade.

Monetary reform of the first half of the 18th century helped include Ukraine and the Baltic countries in the economy of the Russian empire

and abolished the specificity of the monetary circulation on those territories.

It has also helped solidify the economic position of absolutism because it finally gave the government a monopoly on monetary circulation. It also gave the government a monopoly over the managing of precious metals and getting the profit out of coinage.

Thanks to the monetary reform that was well prepared and carried out, the state was able to control all the monetary flows and opportunity to exploit control under the monetary system as source of revenues necessary for the financing of modernisation. At the time of his reign, the Russian state, according to the words of S. M. Solovjov, "has not made a cent of a debt". Carrying out of that politics became possible because the income of the budget had grown a lot, from 1,5 mil of rubls in 1680 to 8,5 mil of rubls in 1724, which means 5,7 times more and in the comparative prices 3,1 times.³¹ Together with that, inner modernisation, active foreign politics and the end of the Northern war that lasted for 21 years, had a positive influence on the monetary stability and the whole financial politics of the government.

With time, fiscal direction became stronger and stronger and that direction often did not take into consideration the rules of the monetary circulation. It left negative consequences on the economy of the country as well as on the position of the people.

During all the phases of the monetary reform we can see the diminishment of valuable metals. It helped the government to increase the incomes of the treasury but has also led to the fall of the value of money, fall of the buying power of the rubl rate. It has provoked the increase of the prices of the goods, brought to the fact that population was getting poorer and poorer and diminished the real incomes of the Treasury.

The building of the sea fleet, and investments in infrastructure necessary for development of trade and economy asked for the new resources of the guaranteed incomes. In cases like that, the government used the inflation taxes. The

massive fall of the money was expressed by its diminishing weight or by the diminishing content of a valuable metal in it, together with the keeping of old metal.

The presence of the purity 77 and 70 in silver coin, led to the loss of the coin containing higher purity, 84 and 87 because its processing was not carried out. Reinforced exploitation of coins and the introduction of several new taxes have given additional profit to the Treasury that could have faced the proportion of the national budget at the end of the 18th century. In 1701, processing of the coins gave to the government of Peter the Great 791 729 rubls. In 1702- it gave 1296978 rubls and in 1703-738647 rubls.³²

After the death of Peter the Great, the decline of the coin was even greater.

Only in the 30-ies of the 18th century, did they start to reinforce the money circulation but the relative stabilisation started only in the mid of the 60-ies.

The monetary reform of Peter the Great created long-term modifications and proved its capacity for acting during several centuries. A monetary system, created at the end of the 18th and the beginning of the 19th century, in the coming centuries did not changed a lot and kept its main characteristics until the beginning of the 20th century. National traditions of the money circulation were so strong that altyn and 5 altyns coin (15 cents) that appeared after 1726 and two-grivens coin (20 cents), existed until 1990 and the 5 cents coin produced until 1917 out of two metals, silver and copper, is still used today as a denomination.

L.A. Muravljeva
Financial Academy

(Footnotes)

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Deciphering history

Many readers of this *Bulletin* will be eager to learn of unexplored sources for the economic, financial and political history of Europe in the nineteenth century, especially when they are in the hand of members of one of the most significant banking dynasties of the time and even more especially when they are full of such insights and observations as these:

I should very much like to stand by Austria to overthrow that wretched Bismarck.

It is astonishing how people can support Palmerston when he is responsible for the fact that England is no longer on good terms with any foreign power and has ended up withdrawing to her island. Over the Greek affair, I cannot see any possible excuse for treating such a weak government in this way, in contrast to the American affair where they held black sailors in prison and did not have the courage to say a word about it.

*I am delighted that the loan is agreed, thank God, because it is very satisfying to be able to say to Mr. Hottinguer, 'We don't need any Credit and we don't need any Mobilier.'*¹

So why do these sources lie unexploited? The answer is here to see on this page. The letters, composed in German, the language spoken by the five Rothschild brothers as they grew up in Frankfurt, were committed to paper in Hebrew characters, the script they had learned during their limited time in a Jewish school. The result is Judendeutsch.

The correspondence of the Rothschild brothers – approximately 20,000 letters are preserved in the Archive in London – has long been seen as a core collection, central to an understanding of the family's business in the nineteenth century and to the relationship of the brothers to the leading European financial and political figures of the period. Among regular information on the European markets and family matters, new revelations, from highly informed and interested parties, are given on many of the major events of the period, the emergence of new national identities and the personalities of crowned heads and statesmen, aristocrats and bankers from virtually the whole of the European stage. The Rothschilds themselves referred to these letters as 'Jüdisch', as distinct from the letters that they signed which had been written by clerks in their banking houses, letters which they identified as 'German' or 'French'. They reserved for the 'Jüdisch' letters their private thoughts and comments, intending that they should only be seen by members of the family. One of the brothers, Carl, noted that it was his custom to destroy the

letters he received from his brothers as soon as he read them. Amschel, the eldest and most nervous brother, occasionally wrote three or four letters in a day, urging his brothers to adopt a cautious approach to business. When they ignored his advice, he complained that they hadn't read his letters. They probably hadn't: his handwriting is truly awful!

This distinction between the various forms of correspondence signed by them which was drawn by the brothers themselves underlines the significance of the letters as a historical resource. For many years the Archive has been relying on the skills of one person, Mordechai Zucker, to transcribe and, initially, to translate the letters, seen as a key source by Niall Ferguson for his history of the bank which appeared in 1998. Fluent in German, Professor Ferguson only required transcripts. Indeed, if the letters are read out loud to any German speaker, the language is always identified as intrinsically German, albeit with some oddities of expression that are most likely a combination of the dialect of Frankfurt and the inclusion of words

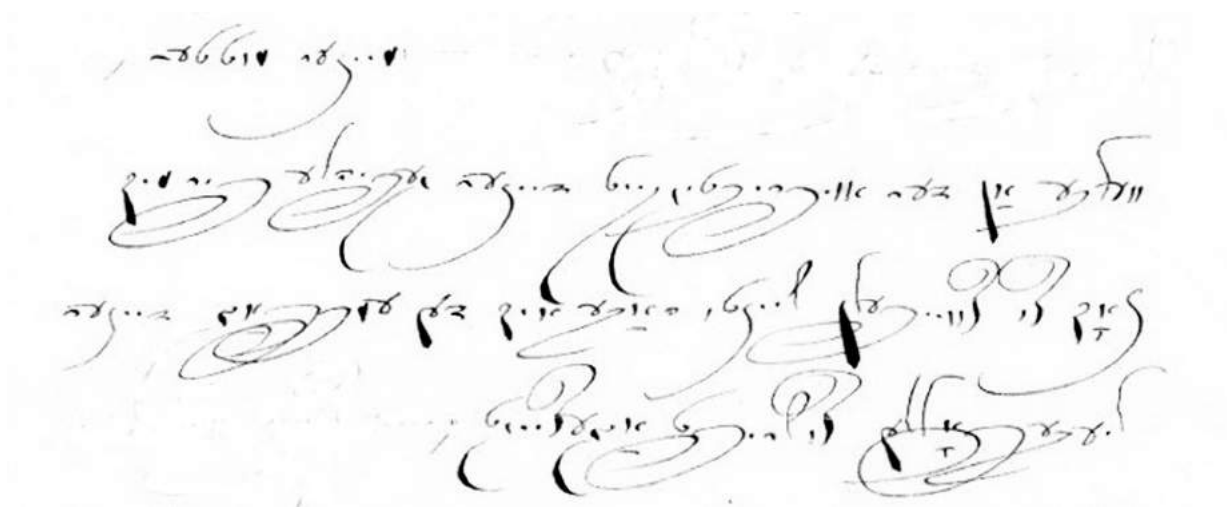
and phrases not longer in use plus occasional Hebrew expressions. Listeners are astonished when they see the document, because without a knowledge of Hebrew characters they cannot 'unlock' the text².

Since the appearance of Professor Ferguson's book, the Archive has continued with the transcription programme, but with just one transcriber progress has inevitably been slow. In recent months the archivists have begun to think about the ways in which the process for making the collection available for research can be improved and to ask themselves questions about the very nature of the material. Were the Rothschilds unique in adopting this script? We knew that this could not be the case, even from our own experience: Jewish firms in Hamburg wrote to the Rothschilds in this form, as did, if only occasionally, Gerson Bleichröder of Berlin and August Belmont of New York³. Where were other collections of Judendeutsch? The Archive contacted a number of repositories in the USA which were known to have collections of Judaica to see if we could learn from their approach. We discovered that collections, albeit rather smaller than ours, did exist, but that the repositories caring for them were no more advanced than we

were in promoting their existence. They had no in-house skills to transcribe or interpret the Judendeutsch.

The Archive felt that its own approach to its collection should be reappraised to take account of the rarity of transcription skills. Our mission to make all the material in our care available for research could be fulfilled much more effectively if we turned our current working practice on its head. Instead of releasing the material letter by letter, once each has been transcribed, we decided to focus on promoting the availability of the collection in order to create an interest in it by historians. The first stage in this process was carried out by Chiara Scesa, an Italian archival graduate with a knowledge of German and Hebrew, who worked in the Archive during 2007 compiling a database of the letters with basic information about each item. This will be published on the Archive's website.⁴

Of course, the database is just one phase; how is the Archive to respond to enquiries about the detailed content of the collection? We compared our approach to the Judendeutsch letters to that which is adopted for letters written in other languages and questioned whether the Archive should continue to assume sole responsibility



A love letter Reading from right to left, this extract is part of a passage in which Charlotte advises Lionel to say a few words in his letters to her mother, as she is not entirely convinced that he has sincere feelings for her daughter. "Meiner Mutter, welche an der Aufrichtigkeit Deiner Gefühl für mich noch zu zweifeln scheint, habe ich den Empfang Deiner liebevollen Zuschrift angezeigt." [I have shown the beginning of your loving letter to my mother, who seems still to doubt the sincerity of your feelings for me.]

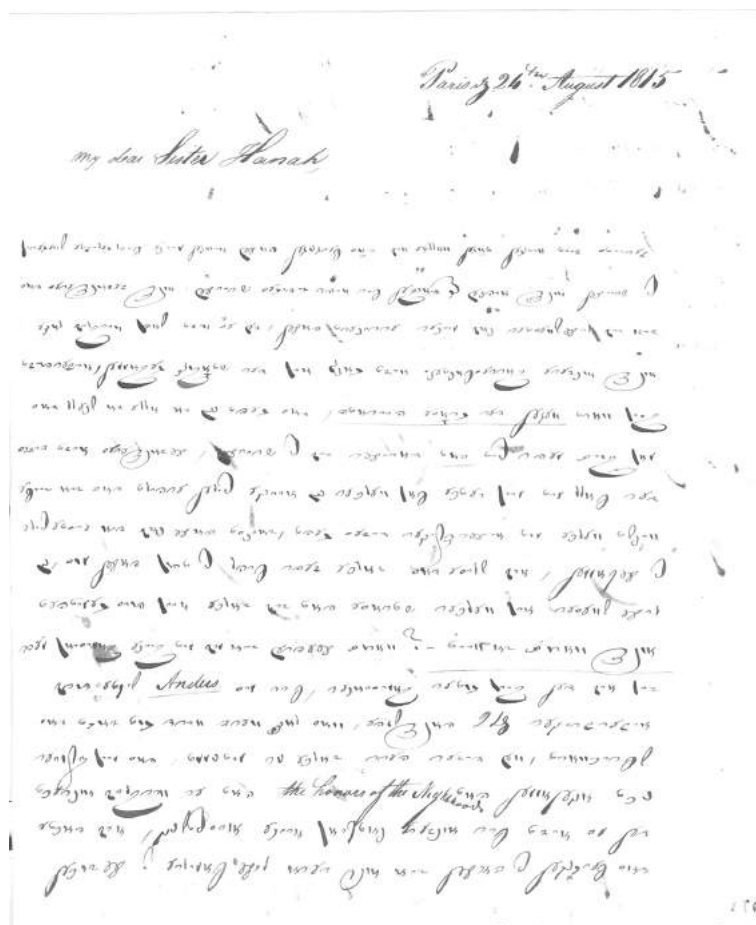
for producing transcripts. The letters from Rothschild agents in Madrid, Weisweiler and Bauer, were written in German or French, never Spanish, but it is taken for granted that researchers wishing to use the letters would have or would acquire the necessary linguistic skills themselves. Why should we not assume the same for the Judendeutsch letters?

In view of the relative rarity of the material we felt that we had some sort of obligation to help the researcher a little more and we began to think about training others to read Judendeutsch. Convinced by discussions with two distinguished palaeographers in the UK, Elizabeth Danbury and Dorothea McEwan, that "if something can be learnt, it can also be taught", we planned a palaeography workshop.

This was a pioneering course and we had no idea what response we might get to a call for

participants. Google found just one result for "Judendeutsch Palaeography" – our workshop. Did this mean that there was a lack of teaching resources, or simply a lack of interest? The high number of applications we received proved that there was certainly no lack of interest.

The workshop was developed by the Archive, Mordechai Zucker, Dr Rainer Liedtke of the University of Giessen, who has been working on the letters for some years, and Dr Dorothea McEwan, distinguished archivist of the Warburg Institute in London and experienced teacher of German palaeography. The overriding requirement for aspiring participants was fluency in German, and since Frankfurt was responsible for the creation of our letters we were delighted to accept the invitation of the Director of the Jewish Museum in Frankfurt, Dr Raphael Gross, to hold the first workshop there. The sessions were packed into three days, beginning with an introduction to the history of the Rothschild busi-



"Sir" Nathan Rothschild? A letter from James de Rothschild to Hannah, the wife of his brother Nathan whom he frequently greets as his sister, 24 August 1815. This letter dates from a matter of months after the battle of Waterloo, the culmination of the campaign against Napoleon during which the Rothschild brothers worked on behalf of the British Government to supply Wellington with cash to pay his troops. Switching to English and to Latin characters to name the honour which his brother Nathan has declined (an honour which would probably have made him the first Jewish knight) James demonstrates another difficulty for those attempting to transcribe these letters – the orthographic irregularities.

nesses and the development of the family across Europe, the reasons, in fact, why the Archive's Judendeutsch correspondence is so extensive in terms of bulk and duration. Next came a brief refresher on the Hebrew alphabet in its cursive form. Mordechai Zucker then launched into a reading of the first letter, which was not entirely what the group was expecting: a love letter from Charlotte de Rothschild, aged 16, to her cousin and fiancé, Lionel in 1836. In a script embellished with fine and elegant flourishes, designed to impress her beloved, Charlotte urged him to pay a little more attention to her mother, a woman who was not entirely convinced of his devotion to her daughter⁵.

There was much debate during the workshop about the nature of the language used, such as whether orthographic peculiarities were a symptom of poor education, a fluidity of approach

common to all writers of the time, a regional idiosyncrasy or perhaps something intrinsically Jewish, i.e. that the language used was something other than German. The debate made it clear that these letters have found another group of potential users beyond the hoped-for economic, political and financial historians; they are of profound interest to linguists and Judaists too.

The Archive plans to continue this project to encourage more active participation in the transcription of the letters by users themselves through workshops, digitising the collection and developing on-line finding aids and interpretation guides.

This first workshop succeeded in producing at least eleven new transcribers of Judendeutsch – more if you count the Rothschild archivists who have been acting as guinea pigs for the course



Letter by letter Workshop participants pay close attention the guidance of Mordechai Zucker. The Jewish Museum Frankfurt, housed in a former Rothschild town house, provided the facilities for the course.

developers – who have proved the point that was made with confidence by the palaeography experts: if something can be learnt, it can also be taught. Banking historians, this is an appeal to you. Learn to read these letters!

Melanie Aspey

Director, The Rothschild Archive

(Endnotes)

¹ All from letters of James de Rothschild in Paris to his nephews in London, in the series RAL XI/109 and dating from 27 April 1866; 18 May 1850; 5 March 1862.

² Conversely, Hebrew-speakers can decipher individual characters in the texts, but without a knowledge of German they do not know what the words mean.

³ Belmont was a former clerk of the Rothschilds' Frankfurt house.

⁴ Chiara Scesa's work was funded by the Leonardo da Vinci scheme and by N M Rothschild & Sons. The database will appear in the Rothschild Research Forum which is at www.rothschildarchive.org In 2008 the results of a previous project carried out at the Archive on the letters of the Rothschild brothers between 1814-1818 will be published on the web site. The letters will appear in digitised form, with German transcripts and English translations.

⁵ See illustration for an extract. Online guides to the Hebrew alephbet in cursive form can be found at, for example, www.omniglot.com/writing/hebrew Take a look and try it for yourself!

1957: Germany's return to the international capital markets

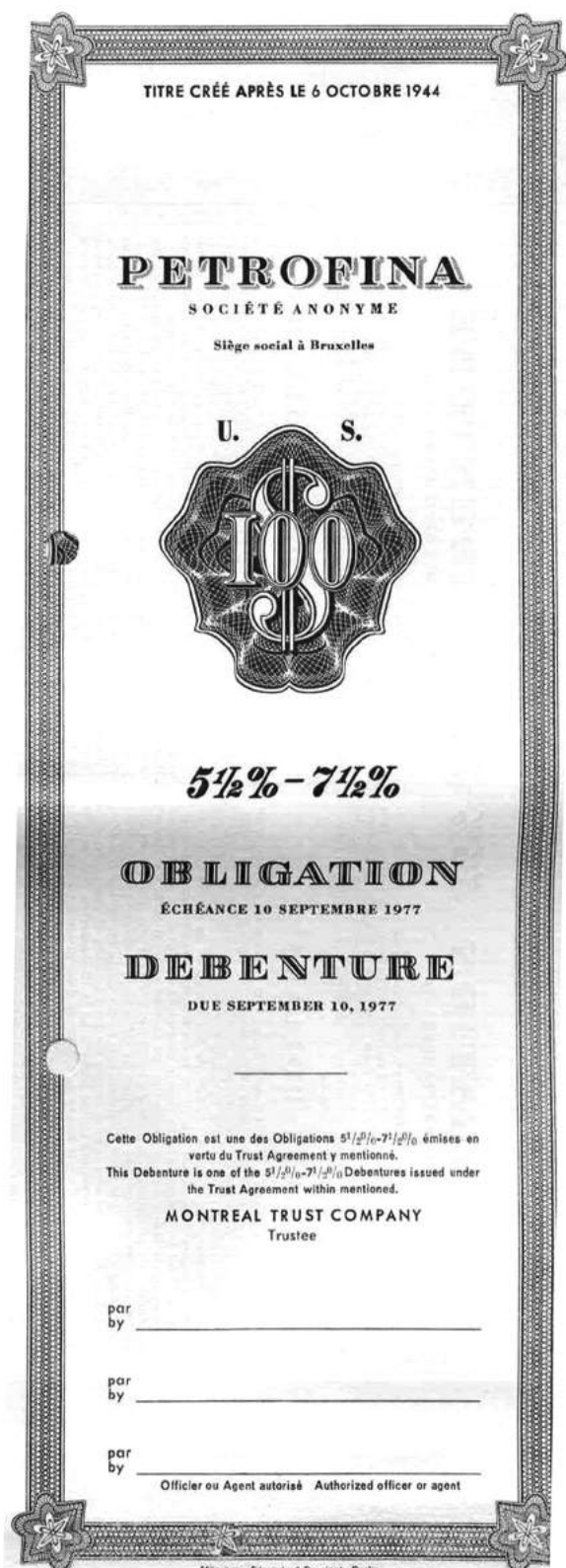
Fifty years ago, on September 10, 1957, the first foreign currency bond since 1930 was issued on the German capital market. Deutsche Bank played a leading role in its placement. Its 1957 annual report described this premiere as a result of "the progressive dovetailing of international capital relationships."

During the Weimar Republic, many public and private issuers had used bonds of this kind to draw foreign capital to Germany, especially from the United States. The German Reich, its states, cities, banks and major industrial companies had taken out 10.7 billion Reichsmarks with the help of such bonds. In 1929, at the beginning of the world economic crisis, the capital flow dried up. International creditors withdrew short-term money. In 1931, the German government issued strict foreign currency regulations to prevent a further draining of capital. These also affected the interest and redemption payments on foreign bonds, which made the issuing of new such bonds impossible. What was originally intended as a short-term emergency measure lasted for more than a quarter of a century. Only in the fifties were the foreign currency regulations gradually relaxed. And it was 1956 before Germans could acquire foreign currency bonds, whereby the foundation was laid for being able to issue foreign bonds on the German capital market once again. In July 1957, Banque Lambert in Brussels offered Deutsche Bank an interest in an international bond for 25 million U.S. dollars scheduled to be issued by the Belgian company Petrofina, one of the few multinational holding groups of the time. Founded in 1920 as Compagnie Financière Belge des Pétroles, it soon changed its name to Petrofina, as its telegraphic address showed. The original aim was a majority holding in some former German petroleum companies in Romania. Petrofina soon engaged in business in all areas of the petroleum industry, including production, processing, transport and sale of the raw material. Its own products were offered under the brand name "Fina" in Europe, North

America and Africa. After World War II, the company expanded further. Through mergers – with Total in 1999 and with Elf Aquitaine in 2000 – it became one of the largest oil groups in the world. Since 2003 it has been operated under the name Total.

Subject to the condition that it would be sole manager in Germany and able to offer the bond for public subscription, Deutsche Bank accepted the invitation to issue. In addition to Germany, the bond was also sold in Belgium, Holland, Canada and Switzerland. Although originally a share of only 2 million U.S. dollars was planned for Germany, this was ultimately increased to 5





million. Deutsche Bank acquired 2.8 million of this. Given the size of this tranche, the German underwriting syndicate was expanded to include Commerzbank-Bankverein and Dresdner Bank. The whole bond was launched on the Amsterdam Stock Exchange. At the Frankfurt Stock Exchange, the debentures were traded over the counter.

The Petrofina bond was a great success in Germany, although the 5½ percent interest rate was hardly attractive given the considerably higher interest for Deutschmark bonds. Nevertheless, all U.S. dollar debentures were placed within a few hours on September 10, 1957. Compared with today's Jumbo bonds, the issue volume back then may seem modest, but for the re-integration of the Federal Republic and its leading bank in international financial relations, the first foreign currency bond after a quarter of a century was a milestone.

Dr. Martin L. Müller
Deutsche Bank AG
Corporate Social Responsibility
Historisches Institut

Posters from the ING collection

From 11 November 2007 to 10 February 2008, the past will be brought to life in the Dutch city of Hoorn, with an exhibition in the Affichemuseum of exceptional posters from the collection of the ING Historical Archive.

The poster collection includes more than 1650 posters of ING and its predecessors, dating from the beginning of the 19th century to the present day. The oldest posters, showing tender announcements or calls for public sales, are particularly interesting because of the typography. The insurance companies are not only the oldest predecessors of ING but also the first companies to advertise frequently. The oldest poster in the collection that was actually used as an advertisement is that of *De Nederlanden van 1845* dating back to around 1891.

The collection also includes about 50 advertising posters that were especially made as a monthly appendix to the in-house magazine of the insurance company. The editors hoped that “many readers would hang these posters, framed or otherwise, in their offices, where it would serve as a decoration as well as an advertisement.”

The newest posters in the collection are from recent advertising campaigns of ING businesses. Marketing departments contribute to the collection by regularly sending advertising material to the ING Historical Archive.

That so many posters were retained can also be attributed to the employees of the former marketing departments. The collection contains an enormous quantity of advertising material such as brochures, folders, desk mats, calendars, agendas, advertisements from daily and weekly newspapers and much more. This material was often carefully put into archives to maintain a good overview of advertisements during a certain period and because they were often used as the basis for new advertising campaigns. Some departments even made annual scrapbooks of printed advertising material. Because of their size, posters were folded, which sometimes re-

Paying a visit to...



Insurance Company 'Vesta'
By Jacob Jansma, 1930



Nationale-Nederlanden
Mime artist Rob van Reijn, 1981



Rijkspostspaarbank
By Wim Brussee, 1951

sulted in considerable damage. Unfortunately, due to the many mergers, moves and reorganisations, only some of these scrapbooks were preserved.

The collection of posters is by no means complete. We know, for example from in-house magazines in which new campaigns were announced, that there are still quite a few missing. The size of the posters did not make it easy to preserve them. Posters were hung or glued to the walls of (post)offices and train stations or on bus shelters and advertising columns. After some time they were removed to make place for other posters. On advertising columns, new posters were often glued on top of old ones. During the course of the advertising campaign, insurance agents hung the poster in their offices and afterwards they were thrown away as they were not considered archive material.

You can visit the website of the *Affichemuseum* (<http://www.affichemuseum.nl>) for more information.

In de
puree?



DeNMBdenkt met u mee.

Nederlandsche Middenstandsbank
By Advertising Agency DMB&B,
1989

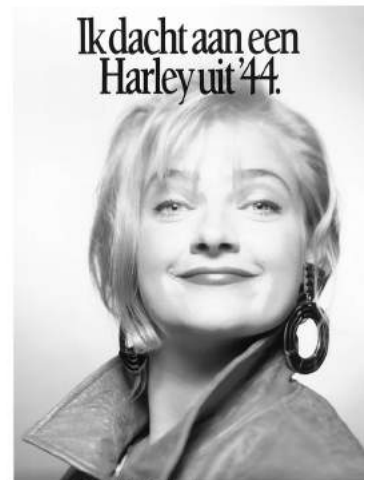
GIROBLAUW
PAST RIJ JOU



POSTBANK

Postbank
By Advertising Agency Moussault,
1987

Ik dacht aan een
Harley uit '44.



DeNMBdenkt met u mee.

Nederlandsche Middenstandsbank
By Advertising Agency DMB&B,
1991

The historical destiny of a banking museum: the National Bank of Romania Museum

The 3rd May this year marked the 10th anniversary of the re-establishment of the NBR Museum, a cultural project on the managers' agenda ever since the first half of the 20th century.

The founding of the National Bank of Romania and the first projects focused on organising a museum

The establishment of the National Bank of Romania on 17th /29th April 1880¹ was followed by the commencement of construction works at the building on Lipscani street in Bucharest. From 1884-1890 the Old Palace, an eclectic style edifice with plenty of architectural elements inspired by Renaissance and French Classicism, was built. After hosting the Central Administration services on its premises (June 1890), the National Bank of Romania acquired a rich patrimony of movable assets consisting in paintings, sculptures, tapestries, furniture, silverware, carpets, collections of coins, medals and specialized books.

Around the same time, the NBR was a founding member of the Romanian Numismatic Society (RNS), established in 1903, and Mihail C. Sutz, the NBR Governor from 1899-1904, acted as RNS Chairman for as long as 30 years. Mihail C. Sutz revolutionised the numismatic approach through his writings on numismatics and ancient metrology, because "he did not assess coins solely by their outer features or rarity, but rather he recognised the importance of their intrinsic value, of their role as commercial tools" (Constantin Moisil).

The NBR's involvement in major cultural projects gradually became a tradition, as did the election of its governors as honorary members of the RNS. Aside from several governors (I. G. Bibicescu,



The Old Palace of the NBR, inaugurated in June 1890

Mihail Oromolu, Dimitrie Burillianu, Constantin Angelescu, Grigore Dimitrescu and Mitiță Constantinescu), this scientific society also included deputy governor Oscar Kiriacescu and Board members C. I. Băicoianu and Adrian Oțoiu. Other active members were Governor Mihail Manoilescu, secretary general Dumitru Cristescu and Corneliu Secășanu (Secășeanu), the latter also acting as RNS general secretary in 1936. In 1930, the NBR held three collections of old Romanian coins bearing the name of the collector who had sold or donated them: 'Alexandrescu' (478 silver and copper coins minted by Wallachian and Moldavian Princes and 61 silver coins issued by Transylvanian princes); 'Dr. Severeanu' (120 silver coins minted by Wallachian princes) and 'Papazian' (20 Wallachian coins). The high value of these collections led both Al. Saint-Georges Museum, whose collections had been donated to the Romanian state, and the Numismatic Cabinet of the Romanian Academy to ask for the restitution of such coins during 1930-1931. However, C. Angelescu, the NBR

Governor decided to keep the collections. Indeed, in the early 1930s, the general environment favoured the idea of promoting and conserving the national patrimony, as shown also by the passing of the '*Law on organising public libraries and museums*' (14th April 1932), which included "coins of all sorts" under the "museum items" category. Museum items were defined as "anything likely to clarify or illustrate the past and the progress of our civilisation from ancient times to the present day". Under these circumstances, according to the correspondence between several banks divisions which is kept in the institution's Archives, the idea of organising a numismatic museum and a gold museum bloomed within the National Bank of Romania. In October 1940, Corneliu Secășanu had already been assigned the task of "organising the NBR Numismatic Museum" within a special room. Deemed as one of the founders of Romanian numismatics, C. Secășanu (1894-1970) had joined the NBR in 1926. After publishing accountancy works, C. Secășanu devoted his life to the study of numismatics, with a special focus on coin collections, to Roman and Greek ancient numismatics, the history of Romanian coins, cameos, weights, Byzantine seals, description of banking museums throughout Europe, etc. During the 1930s, C. Secășanu attended several international numismatic congresses and published his studies in '*Bulletin of the International Committee of Historical Sciences*'. In 1934, he made a confession about his new passion: "Numismatics is /.../ a noble, pleasant and useful science, because it encourages the collector to work and study, by refining his spirit and taste. Beginners collect all sorts of coins /.../ but later on, after examining and decrypting these coins, they develop a genuine passion for those coins /.../. For some, a moment's fantasy turns into an indisputable passion. This has happened to me too".

After assessing the workload needed for the scientific organisation of the bank's collections and the assigned premises, C. Secășanu requested



The Old Palace of the NBR – the entrance of the Operations Hall and one of the grand staircases to access to the first floor of the building

that the NBR Board chaired by Governor Alexandru Ottulescu appoint two permanent clerks and assign a room different from the existing one, which was claimed by the Accounting Division. On 22nd October 1940, the Board decided to assign C. Secăşanu and Constantin Sporea the exclusive task of “seeing to the display and cataloguing of museum items” in the existing room. Paradoxically, the establishment of the NBR Museum happened during the Second War World.

The NBR collections during the Second War World

Following Romania’s entry into World War II, the collection of coins, medals, badges, decorations and banknotes had to be shipped to the town of Sinaia in June 1941, “to be safeguarded against the risks of war”. Despite the temporary situation of the collections, on 10th June 1942, the NBR Board approved the new acquisition of 5146 coins (including ancient Greek and Roman coins, medieval and modern coins of silver and bronze) and 256 medals for the amount of 400 000 lei. C. Secăşanu appreciated that those pieces were “artistically made” and “well-preserved”.

On 27th August 1942, most likely after having inspected the storage conditions in Sinaia, C. Secăşanu proposed that the NBR Board should decide on returning the collection to its Head Office “since silver and bronze coins (which are as valuable as the gold ones) are easily deteriorated by moisture, the entire collection needs to be relocated to the Head Office, where it should be reassessed and stored either in the Vault, or in the Museum hall, specially arranged for this purpose”. With the advice of Board member Mihail Romnicanu, on 1st September 1942, the Board decided to bring the collection back to Bucharest.

According to the article ‘*The NBR’s Monetary Museum*’, published by C. Secăşanu in ‘Curentul’ newspaper in December 1943, the relocation of the collection to Bucharest was followed by the

arrangement of the Museum on the second floor of the Old Palace. Here, the public could admire “rows of parallel showcases”, as conservator C. Secăşanu was convinced that “this museum exhibiting coins, medals and banknotes could trigger the admiration of the connoisseurs”. According to the minutes of Board meetings, that same year, the ‘Zamfirescu’ collection and another ‘Alexandrescu’ collection were purchased, with the advice of Board member Ştefan Băbeanu, following the expertise carried out by C. Moisil, the best-known Romanian numismatist of the time and the head of the Romanian Numismatic Society.

As the developments on the Eastern front called for resuming the evacuation, they started to pack the paintings. This measure was taken prior to receiving the secret notices sent by the Chief of Romanian Army Staff on 15th and 16th December 1943. These notices contained the evacuation order in respect of art objects and other valuables held by central institutions, the headquarters of which were located in the South – West of Romania.



Mihail C. Sutz, the NBR Governor during 1899-1904 and Chairman of the Romanian Numismatic Society

In January 1944, by order of the Board of Directors, a commission was set up to evacuate the Numismatic Museum, the paintings and other art objects, the carpets and the archives that had been left in the locations where they could be “kept safe /.../ to the extent possible, safeguarded against air strikes”, with “sufficient means to extinguish fire” and which were “not in the immediate vicinity of railway stations”.

The preparations for evacuating the Numismatic Museum were made on the basis of catalogues, drawn up in three copies by conservator C. Secăşanu, as well as by a commission, with the assistance of inspector general Constantin Păunescu. The numismatic exhibits, along with the paintings, tapestries and Gobelins carpets and other art objects (25 cases in all) were transferred “in two vans and a truck” and handed over in mid-April by G. Eşanu, inspector general, to the NBR Agency in Drobeta - Turnu Severin. However, on 19th April 1944, following the bombings on that town, the Board of Directors ordered the valuables and banknotes to be transferred to the Vault in Sinaia.

The rescue of the numismatic collection allowed the NBR senior executives (Governor C. Tătăranu, Deputy Governor C. T. Teodorescu, Board members: I. Lapedatu, C. Stoicescu, V. Bădulescu, M. Lazeanu, Al. D. Neagu, R. Râm-

niceanu, Victor Slăvescu, A. Vijoli) to approve, in April-June 1945, the establishment of the Museums Division, which originally encompassed two units (‘Numismatic Museum’ and ‘Art Collections’) and later on three units (‘Numismatic Museum’, ‘Documents on the history of credit in Romania’, and ‘Paintings and Sculptures’). Inspector general M. Romaşcanu was appointed to co-ordinate the works for organising the three units, which were run by C. Secăşanu, D. Oprişescu and L. Scherer. Moreover, several employees (C. Anastasiu, A. Andraş and Ileana Băncilă) were seconded to the new division. In addition, a commission was set up and substantial funds were allocated to the purchase of the documents needed for the ‘Documents on the history of credit in Romania’ unit, whereas the Architecture Division was assigned two tasks, namely to find the rooms that could properly ensure the conservation of exhibits and to examine the possible relocation of the Museum to the NBR’s New Palace in Doamnei Street. In 1946, while Governor Tiberiu Moşoiu was at the helm of the NBR, Dr. Nicolae Sporea and Constanţa Popescu were also mentioned as being on the NBR Museum’s payroll.

The failure of the reorganization of the NBR Museum in the communist time

On 31st December 1947, one year after the NBR came under state control², C. Secăşanu took stock of the exhibits of the Numismatic Museum. The collection included: 1.042 Greek gold coins, 4.392 Greek silver coins, 16.983 bronze coins, 6.479 “poorly conserved” pieces, 52 archaeological artefacts, 8.475 Romanian and foreign banknotes, 1.604 Romanian medals and small plaques, 3.313 foreign medals, 178 decorations, 606 badges and tokens, a numismatic library and a number of old documents and manuscripts, photographs, engravings, old maps and books.

In spite of the new political regime that seized power, entailing baleful consequences for Romania’s central bank, the NBR staff was still

The Operations Hall during the 1930’s: Panoramic view

concerned with the organisation of the Museum. However the first measures of cleansing its collection could not be avoided. Thus, in August 1948, the NBR Museum received a circular letter with instructions on the destruction of the paintings, photographs and busts showing the members of the royal family and former politicians. This official document simply ignored the Museums Division's claim that those particular exhibits "were made by famous Romanian and foreign artists". On the other hand, the "coins featuring the kings' effigy could be retained in order not to produce a break in the series of notes and coins issues from 1867 to 1947". In 1948 too, the Board of Directors decided to set up the Fine Arts and Numismatic Museum of the NBR and therefore it ordered the Architecture Division to make the necessary arrangements for relocating the Museum to the ground floor hosting the NBR Employees' Pensions House (Rosenthal Block) at 22-24 Calea Victoriei, and accepted to pay rent. In addition, some staff changes were also made, with Theodor Nalbant, who had been working with the National Bank of Romania since 1928, being promoted to deputy head of the Division.

Even though tough measures were envisaged, in the following years the Museum remained

closed to the public. Although in 1949 the collections were already on display on the premises of the building located in Calea Victoriei, officials from the Romanian Academy, who had visited the Museum in order to give their nod, pointed out that there were too many Roman coins on display, which was at odds with the then ideological approach of the origin of the Romanian people.³ As a result, the exhibits were yet again packed and stored in a room belonging to the Administrative Department. In early 1952, after severe staff cuts, only one employee was left in charge of the exhibition; moreover, the valuables were deposited in the bank's vault and the Secretariat General took over the last room that had belonged to the Museum. The completion of works to the New Palace in Doamnei Street and the transfer of the bank's Central Administration to the newly-erected building entailed, towards the end of 1952, a new shift in the authorities' behaviour.

The largest part of the first floor of the Old Palace could be turned into the long-awaited Numismatic Museum of the central bank. The bank management's intention to open the museum on 30th December 1952 led Marin Lupu, the bank's first vice-president, to have Octavian Iliescu,

a numismatist and a graduate from the Law School in Bucharest (1942), transferred to the central bank. The latter joined the ranks of the re-established team comprising C. Secăşanu, Ileana Băncilă, Hortensia Masichievici and Alexandru Ionescu (Iaşi) and submitted the drafts for the organisation and functioning of the Museum. His proposals were endorsed by the Library of the Romanian Academy and the Committee for Cultural Establishments attached to the Council of Ministers.

According to the project drafted on 1st November 1952, preparation works began for inaugurating the Numismatic Museum of the Bank of Romanian People's Republic (RPR). Consequently, the Council Hall was turned into an access hall, owing to its being situated at the heart of the building, and was due to host "in an appropriate location, the busts of comrades Stalin and Gheorghe Gheorghiu Dej⁴". Right of the middle, there were three halls: the first one, the former governor's office, was intended for exhibiting "coins circulating in the final stage of the primitive communal society and during the slave society" (9 showcases); the second hall was to host "coins circulating in the pre-feudal period and the early feudal society" (5 showcases); and the third hall

was to display notes and coins from "feudal and capitalist societies, as well as the legal tender of the Romanian People's Republic" (2 double-layer showcases and 7 one-layer showcases). The collections that were not intended for public exhibition were to be stored in the first two rooms situated on the left of the Council Hall, while the third room was to host experts and students doing research work. Visitors would be accompanied by a guide, explanatory texts attached to everything supplemented the information about the unearthing of hoards, the trade routes, the extraction of precious metals and coin minting at various times.

The small team succeeded in putting on the exhibition in record time (25th December 1952), but the opening was postponed until 6th March 1953⁵ in order to draw up the required maps and diagrams. Dumitru Petrescu, the minister of finance, was the first and last visitor of the Museum. The Bank of the Romanian People's Republic had just been compelled to surrender its headquarters in the New Palace to the Ministry of Finance. After visiting the exhibition and learning that Gosbank (the Central Bank of the USSR) had no such museum, D. Petrescu decided that the collections in the Museum of the RPR Bank be transferred to the Academy.

The collections of the NBR Museum were again packed and transferred.

This decision materialised in '*Order No. 651 of the minister of finance concerning the transfer of the beneficial ownership over the numismatic collection and library from the State Bank of RPR to the Academy of the Romanian People's Republic*' (10th November 1953). According to the minutes of 27th December 1954 meeting, signed by curator Corneliu Secăşanu, 54.073 numismatic coins, 712 books and magazines, as well as other items, were handed over to the Numismatic Cabinet of the Academy. In December 1955, Constantin Moisil, director of the said Cabinet, requested the RPR Bank to send the last "four showcases made of nickel and fitted with crystal windows, which had belonged to the

Corneliu Secăşanu (1894-1970), the first curator of the NBR Museum

former numismatic Museum of the State Bank and had been transferred to the Numismatic Cabinet of the RPR Academy along with the museum's items and furniture". The measures were confirmed by Decision No. 1277, signed by Chivu Stoica, the President of the Ministers' Council, on 11th July 1956. The transfer of the Museum's valuables was not the only transfer: the staff were relocated as well.

Stored at the Academy's Library, the bank's coin collections were exhibited in a separate section and their integrity was preserved in accounting records and own catalogues. However, they were never returned to the National Bank of Romania, neither after the Numismatic Cabinet of the Academy ceased to exist (1978), when they were transferred to the National Museum of History, nor after 1989.

An old project has been fulfilled: the re-establishment of the NBR Museum (1997)

Starting in 1990, the National Bank of Romania

resumed the activity specific to a central bank, also resuming its cultural tradition. In 1993, on the initiative of the General Secretariat headed by Cristian Păunescu, the NBR Board brought the re-establishment of the NBR Museum forward for discussion. On 21st February 1994, Maria Duțu-Cojocărescu the head of the Numismatic Collection exhibited at the History and Art Museum of Bucharest, and Octavian Iliescu, one of the greatest scientists in the history of money issuance and circulation on the Romanian territory, submitted the thematic project of the future museum to the Board. Several museums were visited in an attempt to find inspiration for the completion of this museum (the Museum of the Bank of England, the Museum of the Bank of Belgium and the Museum of the Bank of Italy). Furthermore, John Keyworth, the curator of the Bank of England Museum, visited Bucharest. The architectural project was devised by Marius Marcu-Lapadat from the University of Architecture and Urbanism 'Ion Mincu' in Bucharest, and put into practice by architect Sorin Diaconu. It



Cabinets displaying coins and a part of the exhibition 'A foray into the history of LEU', inaugurated in April 2007

was viewed as a “modernity insertion in a modern context” and was granted an award at the ‘Architecture Biennial’, in the ‘Architecture Interior Design Section’ (30th November 1998).

Most of the collections on display were purchased by the NBR; nevertheless, both the State Mint and the NBR Printing House supported this action by offering items in custody from their archives to be exhibited. After almost seven decades of failed attempts, the NBR Museum was reopened on 3rd May 1997, on the occasion of the 130 year anniversary since the adoption of the law on the establishment of the national monetary system. On that occasion, Romanian and foreign experts in monetary and banking history participated in a Symposium on Monetary Systems: ‘Past, Present and Future’. The NBR made a breakthrough by issuing a silver medal with weight of one ounce and fineness of 925/1000. The medal was dedicated to the opening of the NBR Museum and had a tombac⁶ version as well.

Considering that “only institutions with a long history are entitled to have a museum” (Emil Constantinescu), this was seen as a “major cultural event, not only because it marked the reopening of an institution, but it also restored the prestige and made the Romanian culture easier to comprehend” (Radu Florescu). The new Museum was hosted, for the most part, by the Operations Hall of the Old Palace, where, for almost a century, stood the counters where operations with the public were performed and where, until 1946, the general meetings of shareholders were held. The exhibition space was partly extended by arranging a new area on the ground floor of the New Palace.

“This establishment, which we dare consider a breakthrough, illustrates the development of the Romanian banking system and the history of money circulation on the Romanian territory”, Governor Mugur Isărescu said. Focusing on these two topics, the museum’s view was materialized in the two side naves, two alveolar halls and a bombproof room. During its 10-year

life, the NBR Museum enlarged its collection up to almost 30.000 numismatic coins, documents pertaining to the history of money and bank trade, pictures, pieces of fine art, etc.

At present, the showcases of the NBR Museum display ancient and medieval coins, Romanian gold medals, as well as the largest collection of Romanian modern gold coins. The rare and very rare exhibits include: the Roman republican *aureus* with the effigy of Pompeii, *solidus* issued during the rule of Emperor Iovian, Dacian *stater*, from the same category as Koson coins, *aureus* issued during the rule of Emperor Aurelian, *no-misma* issued during the rule of Emperor Alexios I, *leu 20* coins-1868, *leu 100* coins-1939 and 1940, *gold coins* used adornments-1939 and 1940, gold medal Carol I-1866). On the occasion of celebrating 140 years since LEU was chosen to be the Romanian national currency, it was inaugurated an exhibition entitled ‘A foray into the history of LEU’ inside the museum. In addition, the Museum hosts several collections including: postcards featuring the NBR offices and the buildings of other credit institutions throughout the country; safety-deposit boxes, considered to be extremely rare nowadays, bearing the seals of some Romanian banks that were operating during the inter-war period; cheques issued by banks, promissory notes, bills of exchange and payment orders; shares issued by the NBR and Creditul Minier, Petrolul Românesc, Banca Românească, Societatea Națională de Navigație pe Dunăre.

Mihaela Tone
Nadia Manea

(Footnotes)

¹ The Julian calendar was used in Romania until 1919, when the Gregorian calendar was adopted and the 1st April become 14th April.

² On 25th December 1946, the National Bank of Romania was nationalised and from 1948 it became The Bank of Romanian People’s

Geschäfte in spannungsgeladener Zeit, Finanz- und Handelsbeziehungen zwischen der Schweiz und Deutschland 1923 bis 1946.

Box: „This book throws fresh light on various controversial issues. Financial and trade relations between Switzerland and Germany are discussed with emphasis placed on long-term interlocking patterns, reflecting mutual economic interests from the boom of the late 1920's up to the end of World War Two (and partially beyond). Ample evidence shows, for instance, that several large Swiss banks were decisively weakened in the mid-thirties by substantial losses on their previous credits to German debtors. At the same time, they were threatened by German espionage, which ultimately led to the codification of „Swiss banking secrecy“. Trade relations throughout the 1930's were characterized by mounting tensions. Restricted by ever more complex clearing agreements, Switzerland's room for manoeuvring in almost permanent rounds of negotiations narrowed incessantly up to 1938 and found its most difficult moments, under heavy German pressure, during the early

years of the war. In this connection, special attention is given to Swiss defensive tactics in negotiations. German interests and priorities vis-à-vis Switzerland are clearly pointed out in financial and commercial fields. Some readers might be particularly interested in the chapter on alleged Nazi-transfers into Switzerland at the end of the war. The book closes with a critical assessment of American „Safehaven“ accusations and Allied claims on German private property in Switzerland.“

Willi Loepfe, Wolfau-Druck AG, Weinfelden/
Switzerland, 2006. 650 p., ISBN 978-3-9523610-9-2.

Swiss Banking Secrecy: Origins, Significance, Myth

The rise of Switzerland as a financial centre began about 100 years ago. Though it is not quite in the same league as the real giants of the financial world, over the last 50 years Switzerland has progressed from a modest international standing to occupy a position of real significance. People often cite banking secrecy as an indispensable key to the success of Switzerland's financial industry. But until 1935, Switzerland had no national banking law and thus no official banking secrecy. What the country did offer was a pronounced relationship of trust that had been built up between banks and clients over the course of the century, and that had become established as an unwritten code of confidentiality similar to the one offered by lawyers, doctors and priests. Until then, Swiss banks were primarily commercial banks and asset management was done almost only by old traditional smaller private banks in Geneva, Basel and some other places.

Ever since the national law on banks and savings banks came into force, banking secrecy has been the subject of debate and the almost permanent target of attacks from within Switzerland as well as from other countries. This study attempts to provide an overview of the relevant processes and events, and the motivations of the different players involved, but also looks at the myths that have grown up around banking secrecy.

The first part of the study looks at the genesis of banking secrecy. What were the political proc-

esses involved in the early stages? Did banking secrecy play a pivotal role at all in this context, what was the role of *privacy*? The second part looks at the period after the Second World War, the era dominated by the Cold War between West and East and characterized by a lengthy process of moving away from state-regulated financial markets. What motives did foreign investors have to entrust Swiss financial institutions, rather than banks in their own country, with their asset management and accumulation and did banking secrecy play a decisive role hereby? It is also interesting to look on the one hand at the true stories and on the other at the unsubstantiated rumours, scandals and suspicions relating to people and banks that have allegedly used or misused banking secrecy. And finally, how is banking secrecy treated in literature and film, and what influence does it have on perceptions?

Many of these questions cannot be answered definitely, and many are often not quantifiable. Nevertheless, some clear and meaningful trends emerge overall. Some of these have not previously been investigated or put into context in this form. Economic factors play an important role, but they are not the only influences involved. It is a fact, that unquantifiable factors also have a role, and that when money is at issue, sensibilities and emotions come into play that cannot necessarily be expressed in cold figures.

Robert U. Vogler
UBS AG

"Swiss Banking Secrecy: Origins, Significance, Myth", Vol. 7 of 'Contributions to Financial History', Association for Financial History (Switzerland and Principality of Liechtenstein), 2007.

http://www.finanzgeschichte.ch/abstracts_english.htm#Vogler

<http://www.swissbanking.org/en/home/dossier-bankkundengeheimnis.htm>

Printed versions may be ordered through the association's address: P.O. Box 6188, CH-8023 Zurich / info@finanzgeschichte.ch / +41 1 333 97 96 (fax). There is also a German version available.

Changes in the Boards

Gerald D. Feldman

The EABH sadly announces the death of Gerald D. Feldman, Chairman of the Academic Advisory Council since 2005. Professor Feldman meant a great deal to the EABH, both professionally and personally.

The family has asked that, in lieu of flowers, a donation be made to the University of California Department of History in honour of Professor Feldman and in support of graduate students in German history.

Together with the Academic Advisory Council, the EABH will also plan a suitable commemoration for Professor Feldman, whose dedication, brilliance, and unwavering good humour will be missed very much.

Board of Management

Four members of the Board of Management were re-elected for a further term of two years at the 18th General Members' Meeting in Malta. They were Dr. Hans-Ulrich Doerig, Credit Suisse Group, Drs. Hubertus Heemskerk, Rabobank Nederland, Dr. Klaus Liebscher, Oesterreichische Nationalbank and Prof. Manfred Pohl, founder of the EABH. All the above mentioned colleagues are unanimously re-elected for a term of two years.

Board of Patrons

Dr. Rolf-E. Breuer, former Spokesman of the Board of Managing Directors and former Chairman of the Supervisory Board of Deutsche Bank, was re-elected to the Board of Patrons for a further term of five years. We are also delighted to welcome four new members to the Board of Patrons: Friedrich von Metzler, B. Metzler seel. Sohn & Co. KGaA; Christopher Freiherr von Oppenheim, Sal Oppenheim jr. & Cie.; Mr. Slawomir Skrzypek, National Bank of Poland and Mr. Boele Staal, Nederlandse Vereniging van Banken

AAC

The EABH warmly welcomes those members newly elected onto the AAC on the 16 March 2007, during the Board of Management Meeting: Melanie Aspey, Stefano Battilossi, Youssef Cassis, Piet Clement, Vappu Ikonen and Nuno Valério.

The EABH also thanks the members of the AAC who resigned/rotated: Phil Cottrell, Edwin Green, Ulf Olsson, Francesca Pino, Gabriele Teichmann and Maria Teresa Tortella.

New Members

Croatian National Bank

The Croatian National Bank is the central bank of the Republic of Croatia. It enjoys operational autonomy and independence and is liable to the Croatian Parliament. The Decree on the National Bank of Croatia of 8 October 1991 and the Decision on the Replacement of Yugoslav Dinars by Croatian Dinars (entered in effect on 23 December 1991) stipulated the central bank's duties and responsibilities. The Croatian National Bank is independent and in the enactment and implementation of its decisions, which are based on the Croatian National Bank Act, it is not obliged to ask for instructions from any bodies of the Republic of Croatia, bodies of the European Union or other persons nor do they bind the Croatian National Bank in any way.

The Croatian National Bank is headquartered in the palace of the former Zagreb Stock Exchange that was erected in 1927. The palace is the most important work of Viktor Kovačić, a progenitor of modern Croatian architecture, and it is a world heritage site entered into the Register of Cultural Monuments. Its seal consists of the image of the coat of arms of the Republic of Croatia and the name of the Croatian National Bank. The Croatian National Bank is represented by the Governor of the Croatian National Bank. The Croatian National Bank is fully owned by the Republic of Croatia, which guarantees for its obligations.

Review of the Summer School for Archivists

The International Summer School for Archivists on „Archives and Records Management in Banking and Finance“ took place from the 16—27 July 2007 at the Universidade Lusófona de Humanidades e Tecnologias in Lisbon.

The Summer School was a great success, and very positive feedback was received from the participants. The intensive two week course was challenging but rewarding for the 16 participants who attended from across Europe.

The Summer School took place on the premises of the Universidade Lusófona de Humanidades e Tecnologias, Lisbon, which is the largest non-public University in Portugal. The University generously hosted the Summer School in their large, modern and well-equipped campus.

The two-week long course consisted of an 8 hour working day and the programme cov-



ered a variety of topics from Appraisal to Email Management. The Summer School was very interactive, and participants were required to prepare a “Plan for an Open Day in a Bank or Financial Archive” using the skills they learned throughout the course. Following the tremendous success of the Summer School in Lisbon, the EABH is planning to regularly initiate similar Summer Schools in different European locations.

The next Summer School will take place over the course of one week in early September 2008 and will focus on Electronic Records and IT in the Archives. More information will follow in early 2008.

The opening social event on Monday 16 July was held in the Portuguese National Archives Torre do Tombo. The Arquivo Nacional da Torre do Tombo maintains records dated from the IXth century to the present. Participants were given an individual tour of the archives- catalogues, inventories, filing-cabinets, online research tools- and current exhibition.



Participants were also invited to visit the Money Museum of Banco de Portugal on Friday 20 July.

On Saturday 21 July participants are invited to take part in a day excursion to historical Sintra close to Lisbon.



***Continental and Global Networks of Credit and Capital in Historical Perspective.
Maritim Hotel, Frankfurt am Main
30 & 31 May 2008***

Draft Programme

Archival Workshop Archives Access Policy

As an interactive tool for promoting discussion, workshops create new perceptions and solutions towards challenges relevant to today's banking and financial strategies.

There is no doubt about it: Archives constitute the memory of nations and of societies, shape their identity, and are a cornerstone of the information society. Many associations around the world, similar to EABH, promote therefore the preservation of archives. However, preservation is not the sole aim. Only through promoting the usage of the archives can the memory of the world be protected and enhanced. Nevertheless there is a balance that needs to be found and respected. In fact while all public and private organizations are legally obliged to protect any personal information they hold, they are also obliged to provide public access to official information.

On Thursday, 29 May 2008 the EABH will host an archival workshop on access policies together with the Deutsche Bundesbank. The academic committee is formed by Melanie Aspey, The Rothschilds Archive, Edwin Green, former HSBC and Roger Nougaret, Credit Agricole.

Joint Colloquium

ICCA-EABH Conference: The History of Corporate Social Responsibility (CSR) in Companies and Banks

The Colloquium will take place in October 2008, in Frankfurt am Main, Germany

The aim of the event is to bring together experts, historians, researchers and academics from around the world working in the field of business history, Corporate Social Responsibility and Corporate History to exchange experiences and positions from different perspectives and results of research.

Social engagement, CSR and philanthropy are rich areas of interest revealing much about how companies and banks viewed and view themselves and their role in society throughout their history. In what way, for example, have companies' actions and perception of CSR changed and developed? How did companies sponsor and undertake philanthropy in the past? What were the motivations and focus? Have these changed? How did CSR compare across countries and sectors? To what extent did philanthropy and social engagement follow a strategic purpose? These are just some of the questions the conference will analyse and explore.

The results and papers of this colloquium will be published by ICCA soon after the event.

The Colloquium is to cover the entire spectrum of the research area „The History of CSR in Companies and Banks“. Topics include (but are not limited to):

- Corporate Social Responsibility
- Corporate Citizenship
- Social and Cultural Engagement

- Philanthropy
- Corporate Culture

Submission of Contributions

There are two ways to submit contributions. You can submit either full contributions which present unique work on a subject in the field of history of CSR in companies and banks or you can submit a short paper which presents new research ideas, positions or work in progress.

See www.cca-institute.org/ for more details.

Prize for Business History

In order to promote Business History and to facilitate the publishing of PhDs in this field, Crédit Agricole SA has launched a 15000 € prize for business history, which aims to award original works on French Business History with relevant problematics and quality writing. The Prize is organised in partnership with the French review „Entreprises et Histoire“. The Selection Committee, which gathers bankers, academics and journalists, is chaired by Georges Pauget, Crédit Agricole SA's CEO. Two young scholars were awarded this year : Isabelle Gaillard for her PhD on television industry from the 50s to the 80s, and Jean-François Grevet, for his PhD on trucks French industry from 1944 to 1974. The works will be published by Comité des Travaux Historiques et Scientifiques, a French academic publisher.



A part of the jury and one of the prizewinners on 22d november 2007

Non-EABH Announcements and Forthcoming Events

The **Paris School of Economics** has issued a Call for papers for a workshop on „Financial centres as competing clusters“, taking place on January 30th, 2008, at the Université Paris X Nanterre, Paris. See www.pse.ens.fr for more details.

The 2008 Annual Conference of the **Economic History Society** will be held at the University of Nottingham, Friday 28th until Sunday 30th March. See www.ehs.org.uk/society/annualconferences.asp for more details.

The 2008 annual meeting of the **Business History Conference** (BHC) entitled Expanding Connections for Business History will take place April 10-12 in Sacramento, California, hosted by California State University at Sacramento and the California State Railroad Museum. See www.thebhc.org/annmeet/general08.html for more details.

27th **SUERF** Colloquium on „New Trends in Asset Management: Exploring the Implications“ will take place from 12-14 June 2008. The Colloquium is sponsored by HypoVereinsbank and jointly organized with the Bayerisches Finanz Zentrum e.V and will be held at the HVB Forum in Munich, Germany. See www.suerf.org for more details.

On the 4-5 July 2008 the **Association of Business Historians** will hold their annual meeting at the University of Birmingham. The theme is 'Business History after Chandler'. Proposals are welcomed for either individual papers or entire sessions, particularly papers that engage explicitly and constructively with the Chandlerian paradigm, including specific country and firm studies. The deadline for submissions is 30th December 2007. See www.busman.qmul.ac.uk/abh/ for more details.

Twelfth annual conference of the **European Business History Association** will take place in Bergen, Norway on the 21- 23 August 2008. The topic of the Conference is „Transactions and interactions - the flow of goods, services, and information“. The deadline for the Call for Papers is January 15, 2008. See www.ebha.org for more details.

In 2009 the **International Economic History Association** (IEHA) will hold its XVth World Economic History Congress in Utrecht, The Netherlands, from August 3 to 7. The organizing institutions are Utrecht University and the International Institute of Social History. The theme of the 2009 congress will be global economic history. The congress is expected to contribute to the following goals: enhance the dialogue with social sciences and economics; develop a programme of global economic history; integrate business history; build better institutions for academic exchange in the internet age. A Call for Papers will be issued in April 2008. See www.wehc2009.org/ for more details.

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Research Articles

Lars Fredrik Øksendal 'The impact of the Scandinavian Monetary Union on financial market integration'

Gregg Huff 'Financial transition in pre-World War II Japan and Southeast Asia'

Bernardo Bátiz-Lazo and Peter Wardley 'Banking on change: information systems and technologies in UK high street banking, 1919–1969'

Scott A. Redenius 'Designing a national currency: antebellum payment networks and the structure of the national banking system'

Bibliography

Serge Noiret 'Publications on financial history 2005'

Book Review

Christophe Lastecouères, *Les feux de la banque: oligarchie et pouvoir financier dans le Sud-Ouest (1848–1941)* (Paris: CTHS, 2006, €35) (reviewer: Patrice Baubeau)

Paolo Mauro, Nathan Sussman and Yishay Yafeh, *Emerging Markets and Financial Globalization: Sovereign Bond Spreads in 1870–1913 and Today* (Oxford: Oxford University Press, 2006, 200 pp. £40) (reviewer: Daniel Waldenström)

Ranald C. Michie, *The Global Securities Market: a History* (Oxford: Oxford University Press, 2006, x + 399 pp. £60.00) (reviewer: Bernard Attard)

Göran B. Nilsson, *The Founder, André Oscar Wallenberg (1816–1886): Swedish Banker, Politician and Journalist*, trans. Michael F. Metcalf (Stockholm: Almqvist & Wiksell International, 2005, 445 pp. £38.99) (reviewer: Malik Mazbouri)

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EABH Publications

From the Athenian Tetradrachm to the Euro, Athens 2001. Editors: Philip L. Cottrell, Gerassimos Notaras, Gabriel Tortella (May 2007).

With the introduction of the euro, much recent attention has been focused on the role of currencies and their national and international significance. Whilst much has been made of the euro's achievements in harmonising Europe's financial dealings, it is often forgotten that it is by no means the first pan-national currency to enter circulation. Indeed, as the various contributions to this volume make plain, the euro can in many ways be regarded as a step 'back to the future', that is, a further international currency in a long historical tradition that includes the Athenian tetradrachm, the Spanish peso and the French franc.

Covering a timespan of some two and a half millennia, this volume provides a unique perspective, not only to the introduction and development of the euro, and its predecessors, but also on the broader question of the relationship between trade and common currencies.

Centres and Peripheries in Banking, Stockholm 2002. Editors: Philip L. Cottrell, Even Lange, Ulf Olsson (September 2007).

This volume presents a broad investigation into the relationship between the centre and the periphery in banking. Focusing on the historical development of financial markets, from their emergence in the early modern period to today's global financial and capital markets, the chapters investigate how local, national and international relationships have affected and helped shape the banking industry over three-hundred years. This wide-ranging discussion in time and place is provided by a group of international experts, encompassing bankers, economists, economic historians and historians, and will be of interest to all those with a scholarly or professional interest in the development of financial institutions.

Papal Banking in Renaissance Rome, Benvenuto Olivieri and Paul III, 1534-1549. Francesco Guidi Bruscoli (August 2007).

Benvenuto Olivieri was a Florentine banker active in Rome during the first half of the sixteenth century. A self-made man without any great family patrimony, he rose to prominence during the pontificate of Pope Paul III, becoming involved with a variety of papal enterprises which allowed him to get to the heart of the mechanisms governing the papal finances. Amassing a considerable fortune along the way, Olivieri soon built himself a role as co-ordinator of the *appalti* (revenue farms) and became one of the most powerful players in the complex network that connected bankers and papal revenue. This book explores the indissoluble link that had developed between the papacy and bankers, illuminating how the Apostolic Chamber, increasingly in need of money, could not meet its debts without farming out the rights to future income.

Utilising documents from a rich corpus of unpublished sources in Florence and Rome, Guidi Bruscoli unravels the web of financial connections that bound together Florentine and Genoese bankers with the papacy, and looks at how money was raised and the *appalti* managed.

Book Releases

Wayne Visser, Dirk Matten, Manfred Pohl, Nick Tolhurst, „**The A to Z of CSR: A Complete Reference Guide to Concepts, Codes and Organisations**“, Wiley, UK, ISBN: 978-0-470-72395-1, Hardcover, 544 pages, November 2007 ICCA, in cooperation with leading academics and business people, has compiled the world's first and only CSR Encyclopaedia. The interest surrounding Corporate Social Responsibility has enjoyed a meteoric rise over the last few years engaging business, the media, politics and the academic domain. This one-of-a-kind dictionary will serve as a standard reference work for managers, academics, teachers, students, officials and volunteers in the area of CSR The Encyclopaedia contains over 300 terms which are divided into Core Concepts, Key Words and Definitions. Terms and organisations include for example „stakeholder“, „sustainability“, „Global Compact“ or „SustainAbility“.

Pablo Martín Aceña „**1857-2007, Banco Santander 150 Years of History**“, a beautiful commemorative publication by Banco Santander to celebrate their 150th anniversary.

Abhik Ray, „**The Evolution of the State Bank of India, Volume 3, The Era of the Imperial Bank of India 1921-1955**“, Sage Publications, New Delhi 2003. This is the third and final volume of the monumental series on the evolution of the State Bank of India.

Piet A. Geljon, „**De algemene banken en het effectenbedrijf 1860- 1914**“, ABN AMRO Historical Archive ISBN 9055160008

Håkan Lindgren, „**Jacob Wallenberg, 1892 – 1980**“, Atlantis, Stockholm, 2007.

Nuno Valério – Coordination „**History of the Portuguese Banking System**“, Volume I, From the First Portuguese Bank to the Banco of Portugal's Role as Central Bank: 1822-1931, (Illustrated, Portuguese and English versions, Publication year: 2007, Price: Portuguese version: EUR 15.00 (VAT included) English version: EUR 20.00 (VAT included) Plus postal costs.

The purpose of this publication is to summarise current knowledge, and to pave the way for new analytical studies that will form the basis for the new summary in the future. It presents some relevant broad guidelines of banking business in the World and in Europe at the time, laying out the political, economic and monetary framework of the development of the Portuguese banking system. This 1st issue is aimed at examining the development of the Portuguese banking system since the setting up of Banco de Lisboa (1822) up to the taking up by Banco de Portugal of its tasks as central bank (1931).

Hubert Bonin, Bernard Lachaise, Françoise Taliano-des Garets «**Adrien Marquet, Les dérives d'une ambition, Bordeaux, Paris, Vichy (1924-1955)**»

This is a critical biography of Adrien Marquet, mayor of Bordeaux from 1925 to 1944, who exercised vigorous national influence.

Hubert Bonin «**Histoire de la Société générale. I, 1864-1890, La Naissance d'une banque moderne**» (DROZ, 2006) 728 p., 16/24 cm, 7 ill. ISBN 2-600-01038-6, price exclud. tax EUR 68.31