

that some of the gaps in our understanding will be filled. We know little of the internal pressures on Nasser during the crisis and the treatment here of Egyptian foreign policy is unavoidably impressionistic. Equally, we know almost nothing of the diplomacy of the other Arab states. We have a better chance, perhaps, of gaining fuller insight with Soviet foreign policy, saving a Brezhnevian reaction. Perhaps also we may look forward to a full military and intelligence history of the Anglo-French expedition. Altogether, there will be plenty to argue about at an academic conference on Suez in 2020.

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*Morgan Grenfell 1838-1988. The Biography of a Merchant Bank.* By Kathleen Burk. Oxford: Oxford University Press, 1989, pp. 364. ISBN 0-19-828-306-7. £20.

Kathleen Burk's 'biography' of Morgan Grenfell is the best monograph of an English merchant bank published so far. With V. Carosso's monumental study of the Morgans on both sides of the Atlantic, which however ends in 1913,<sup>1</sup> we are now well documented on one of the most important international groups in banking history.

Morgan Grenfell was officially established as George Peabody & Co., from the name of its American founder, in 1851; however, Peabody had started doing business some years before as a general merchant, specializing in importing dry goods from Britain to America. He took residence in Britain in 1838, which is considered as the official founding date of the bank. Like several others, Peabody quickly changed from being a merchant to being a merchant banker, specializing in American trade and finance. In 1854 he took as a partner another American, Junius Spencer Morgan, and in 1864, the name of the firm changed to J. S. Morgan & Co. Although it tried to diversify into other geographical areas, in particular Latin America, J. S. Morgan & Co. remained an American house and was considered as such in the City until the beginning of this century. An interesting point made by Kathleen Burk in connection with the rise of the firm concerns the goal that J. S. Morgan & Co. had set itself to become a first-class issuing house, in the same league as Rothschilds and Barings. This aspect of merchant banking, rather than the accepting business, was of paramount importance to the partners; this was a different strategy from the one followed, for example, by Kleinworts, and a comparison of their respective size and status on the basis of the volume of their acceptances would obviously be misleading.

While J. S. Morgan consolidated his firm's position as the premier American house in London, the daughter house in New York, under his son John Pierpont Morgan, had become the leading bank in Wall Street. After Junius Spencer Morgan's death in 1890, John Pierpont Morgan became senior partner in London, although residing mainly in the United States, and after the latter's death in 1913, the New York firm

<sup>1</sup> V. Carosso, *The Morgans Private International Bankers 1854-1913* (Cambridge, Mass., 1987).

owned 50 per cent of the capital of the London one. These links were to prove essential, first in ensuring the survival of J. S. Morgan & Co. in the early twentieth century, and secondly, — and essentially — in placing the Morgan houses in a unique position in the world of finance and foreign policy during the First World War, when they acted as agents for the British government in America, and during the 1920s, when they were involved in most international financial and monetary issues. An important reason for the close relationship between the Morgans and the British government was undoubtedly the new composition of the London partnership, which included since 1905 two members of old aristocratic banking dynasties: E. C. Grenfell and V. H. Smith — in 1910 the name of the Bank was changed to Morgan Grenfell & Co. Thus the bank could combine access to the huge financial resources of America with the right social and political connections in Britain provided by the 'social capital' of its partners. The author makes some interesting remarks about the relationships between New York and London at the level of the firms as well as at that of the two financial centres. The London partners were in a way subordinate to New York; Kathleen Burk considers, however, that it can be argued that London was the dominant house, as the American partners always agreed with the wishes and opinion of their London counterparts. In the same way, although New York had more capital to invest than London, the City still had an advantage in terms of skills and experience.

The interwar years saw the London merchant banks turn increasingly towards domestic issues. Morgan Grenfell were involved in the motor car industry (Austin Motors, Vauxhall), but in particular in the steel industry, where they established a commanding position; this was to lead them to play a major role in the first privatization, that of the steel industry in 1953, with which Kathleen Burk deals at greater length in another book.<sup>2</sup> The relationship between Morgan Grenfell and United Steel provides a good example of the involvement of merchant banks in industry, it should be held up in comparison with other cases, in particular with regard to the long-term client-banker relationship underlined by the author.

The book also has an interesting coverage of the years 1961–81, a period of profound changes in the bank which ended with the break with the American 'cousins'. Internally, the gap between directors and managers was abolished in the late 1960s, while three main developments took place in the business activities of the bank: firstly, the growth of corporate finance, secondly, the build-up of a strong investment management business; and thirdly, the growth of banking activities, in particular foreign exchange and export and project finance. As in the rest of the book, these developments are dealt with by using representative examples, such as the highly successful intervention of Morgans in the proposed P&O and Bovis merger in 1972, or the financial disasters linked with Films International and the bankruptcy of Rolls-Royce, both in 1971. During these decades, Morgan Grenfell also grew into a multinational bank, with subsidiaries in Australia, Canada, Europe, Japan, and finally New York, as it became independent from its former American parent.

If there is one regret, it is that the book does not tackle in a more systematic way some of the major questions in British financial history: the links between finance

<sup>2</sup> K. Burk, *The First Privatisation: The Politicians, the City and the Denationalisation of Steel* (London, 1988)

and industry, the relationships between the various components of the City of London, the ability of the City to maintain its international position after the Second World War, the international competition faced by the London merchant banks. However, the book had to concentrate on a single firm because of its very genre. There is an obvious need for a history of merchant banking, and indeed the City of London, in the twentieth century. The material for such a history is building up and Kathleen Burk's study will obviously constitute one of its strongest pillars.

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*Corruption in British Politics, 1895-1930.* By Geoffrey Searle. Oxford: Oxford University Press, 1989. 460 pp. ISBN 0-19-822-915-1. £19.95.

In the introduction to this book, Geoffrey Searle quotes the Tudor historian Joel Hurstfield's remark that corruption is 'the easiest charge to make and the most difficult to refute'. For the most part, however, Searle neither makes nor refutes charges as he mines this rich seamy side of British political life. Rather Searle, rightly, is more interested in the questions of why corruption was such a recurrent theme in early twentieth-century British politics, who was making allegations of corruption against whom, and why they were doing it. As a consequence Searle has avoided the danger of writing muck-raking history and instead provided us with a thoroughly researched and intriguing history of muck-raking packed with insights into the political culture of early twentieth-century Britain.

Searle covers a lot of ground in this book in terms of both period and subject matter. He introduces the 'age of plutocracy' by looking at the company promotion frauds of the 1890s, and progresses through the contracting scandals of the Boer War and the accusations levelled against the Chamberlain family. The chief witness for the prosecution against the Chamberlains, Lloyd George, is soon found in the dock himself in Searle's succinct discussion of the Marconi affair. The Indian Silver scandal and the controversy over Lord Cowdray's fuel oil contract with the Navy give way to concerns over war 'profiteering', and, as a result of close business involvement in government during the First World War, the first major concerns about the development of a 'military-industrial complex'. All of these issues are deftly handled and very well documented. More important still, Searle makes clear that contemporaries did not see them as isolated incidents but as part of a general, creeping corruption of British political life.

It is within this broader context that the dominant topic of Searle's work emerges, for the issue which recurs constantly in this book (direct references occupying 100 pages, indirect another sixty or so) is the sale of honours. Likewise, the individual who 'enjoys' Searle's special attention is the man most associated with the honours scandal, Lloyd George (120 page references). Lloyd George's 'crime' was not to introduce systematic use of the Honours List for political purposes, a distinction that arguably belongs to Lord Salisbury; rather, Lloyd George's offence was that of the drunkard, in that he abused to excess what was seen to be acceptable in moderation. Here Searle demonstrates that this was not so much the result of Lloyd George's