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BOOK REVIEWS

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Ranald Michie and Philip Williamson (eds.), **The British Government and the City of London in the Twentieth Century** (Cambridge: Cambridge University Press, 2004. 394 pp. £60)

The twentieth century provides a wide range of insights into the nature of the relationship between the City and British government. Starting in the 1970s, a series of comprehensive books have tempted to grasp this complex interaction between politics and economics (e.g. studies by Pollard, Ingham, Cain and Hopkins). With this thought-provoking collection of seventeen essays, Michie and Williamson invite a re-examination of the political history of the City away from generalising concepts.

This century, characterised as it is by numerous and radical changes, offers a very baroque picture. Reacting to a tendency to depict the relationship between the City and the British government as unchanging, Michie argues that no such constancy can be witnessed. Two general conclusions emerge from the papers. First, the direction and nature of the influence constantly changed, even though, as Peden explains, the Treasury and the City had a range of shared interests across the whole period. Episodes like the 1925 stabilisation tend to illustrate a relatively strong influence of the City on the Treasury, as is shown very clearly in Boyce's analysis of Churchill's doubts about this measure. Other events, like the credit squeezes of the 1950s and 1960s, certainly provide evidence of influence of the government upon the financial system. Second, regular tensions divided the actors, often even within the City or the government, as the post-World War II reconstruction studied by Newton illustrates.

In this perspective, Michie and Williamson's collection offers an important contribution to a 'theory of the complexity' of City–government relations. The problem actually starts with the quest for a definition of 'the City'. As Williamson argues, the concept is often used as a synonym for City-based banks, leaving aside a wide range of other activities like commodity markets, trading companies, shipping activities and even the insurance markets and stock exchange. And, what is more, the coherence of the elements grasped in the concept is not above suspicion. So diverse and competitive were its activities and so tied to a variety of parameters that the 'ability of the City as a whole to form a coherent policy "interest" requires demonstration', to quote one of Williamson's conclusions. Thus, one should not expect this book to provide a definitive and clear answer to the question under review. Instead, its conclusions are built on scepticism and nuances, as some of the most striking papers reveal.

In the section about 'markets and society', Cassis offers a sociological analysis of the City–government nexus that probably appears as the most value-adding way to capture a process that is too often analysed through a division of 'politics' versus 'economics'.

Cassis argues that there is no evidence for visible and formal channels of influence between the socio-political structure and the sphere of politics. However, informal links of both a professional and social nature (like club memberships, old boy networks, family and personal relationships) provide a salient framework for a political-economy analysis.

Howe, Green and Tomlinson, in a further section, suggest comparative insights into the complex relations with political parties. Even though, as is well known, the City was basically conservative throughout the twentieth century, the relationship was much more complicated after the Liberals lost pre-eminence in the last quarter of the nineteenth century. At the beginning of the twentieth century, Howe shows, the Liberal policy defended an international liberal economic order and thus, paradoxically, supported the very interests that have traditionally been conceived as belonging to the City. In a similar vein, Green argues that the Conservative governments in the 1920s did not always espouse City priorities, and that a Conservative critique emerged in the 1930s, as is illustrated by personalities like Harold Macmillan and J. W. Hills, who requested more direct intervention in money and investment. Although it slowed down, the stream of criticism did not disappear in the 1950s, as new areas of conflict arose (inflation and credit policy). Not until Margaret Thatcher was a true reconciliation possible, with the abolition of exchange controls and the deregulation of London financial markets.

The section on the interwar years offers an opportunity to revisit the close (if not incestuous) relations between the City and the Treasury during the 1920s. But, as Boyce's analysis shows, Treasury officials did not deliberately favour the City; it was through the management of national indebtedness that the Treasury developed close relations with the Bank of England, and it was the debt that prompted them to share the City's preoccupation with the revival and health of financial markets. 'The chief appeal of the gold standard was its disciplinary function', Boyce argues.

Finally, the post-World War II section provides very detailed insights into the different phases of British monetary policy until the end of the century. Within the theme of City–government relations, two papers have to be mentioned here. Ross's thorough analysis of domestic monetary policy under Bretton Woods reviews the different phases of monetary policy in Britain, and focuses on the changing nature of the relationship between government, the Bank of England and the domestic banking system. According to Ross, banks sought from the 1960s to obtain greater freedom in reaction to controls and administrative guidance. Clearing banks were seriously affected by constraints and restrictions and, by the end of the 1960s, had seen their position on the British market eroded by foreign and domestic competitors. Furthermore, with the expansion of the institutions and markets in the City, largely under the influence of foreign banks, domestic controls proved to be ineffective, thus condemning the regulatory role of the authorities. The new regime of Competition and Credit Control in 1971 opened an avenue towards more competition and money-supply targeting. In this perspective, Schenk's analysis of the 'new City' in the 1960s insists on financial innovations such as the Eurodollar and Eurobond markets, which undermined the relationship between the City and the state. Here too, it is worth noting that the Euromarket was at first merely tolerated, and not initially promoted by the Bank of England. Only later, once established, did the Eurodollar market receive support from the authorities.

Even if all the papers provide strong evidence for the complexity of City–government relations, and add fascinating historical depth to contemporary issues, it is regrettable that some perspectives follow a descriptive approach. Furthermore, fundamental questions frequently remain untouched. What does a concept like 'the City' capture and how far is it useful or distorting for the analysis? How are social networks reproduced? How were discourses like neoliberalism born and how did they spread within British financial elites and government? Too often, 'state' and 'markets' tend to be grasped as two separate categories, thus blurring the status of institutions like the Bank of England, which is considered as a City representative for some and a quasi-state agency for others. No doubt, however, those open questions – that still offer material for further debate – appear as the inevitable consequence of a very thorough collection of studies that definitely prompts us to take great care in using overgeneralisations.

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Ingo Köhler, **Die 'Arisierung' der Privatbanken im Dritten Reich: Verdrängung, Ausschaltung und die Frage der Wiedergutmachung** (Schriftenreihe der Zeitschrift für Unternehmensgeschichte, vol. 14; Munich: C. H. Beck, 2005. 602 pp. €78)

Observers usually blame structural factors for the demise of the German private banks after World War I and the German banking crisis of July 1931. This, Ingo Köhler argues in his voluminous dissertation, is just part of the story. Even a cursory inspection of the total number of German private banks in the twentieth century reveals that an unusually large proportion disappeared between 1933 and 1938. No wonder, as in 1933 nearly half of all German private banks were owned and run by bankers whom the Nazis regarded as Jewish.

The 'aryanisation' of Jewish-owned private banks has so far been analysed only with reference to a handful of spectacular cases. Köhler undertakes a more ambitious approach. Systematically, he tracks the fate of all 486 German private banks that were in Jewish hands. He thus is able to pass judgement on a hypothesis of the earlier literature that there was a temporary respite in the aryanisation process of private banks. Moreover, the sheer number of cases and the comparably good archival evidence allows him to pick a number of banks in order to investigate the aryanisation process more deeply: who prompted the aryanisation of private banks, who profited from it and what were the pull-out strategies of the Jewish victims?

Köhler's analysis of the temporal path of aryanisation leaves little room for the hypothesis that there was any period of relief for the Jewish owners. The share of Jewish