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BOOK REVIEWS

Charlotte Natmessnig, **Britische Finanzinteressen in Österreich. Die Anglo-Österreichische Bank** (Vienna: Böhlau Verlag, 1998. 302 pp. DM 69.80)

Charlotte Natmessnig did not intend to write a banking history, but the latter is an important part of her study. For the purposes of this review, the following two paragraphs provide a summary of this aspect of her work.

There is reason to believe that the British banking system experienced a brief phase of capital abundance and intensive institutional experimentation during the early 1860s, probably related to the American Civil War and the liberalisation of English company law. One result was the emergence of a significant number of new investment banks, most of which had an international orientation. These institutions, it was presumably hoped, would assist British bankers and capitalists to capture a larger share of the growing continental European market for financial services – until then dominated by French bankers. Entrée the Anglo-Austrian Bank [hereafter AAB], the subject of Natmessnig's study. It was founded in 1863 by a London-Austrian group (led by Glyn Mills, a City private bank), with the rising demands of government bodies and enterprises in the Habsburg territories its business target. The bank commenced with a dual management structure, of which its London base was designed to provide international payments services and help absorb Austro-Hungarian securities while its Viennese headquarters was to serve as an initiator of active business. Over the course of time Austrian influence became dominant. By 1914 the AAB (or AÖB) was no more and no less than one of the Viennese 'great banks' and, like these institutions, it mixed commercial with investment banking operations and maintained close ties with industry. Still, one of its main comparative strengths among Austrian banks continued to be its London base (rather like the German Deutsche Bank's London office).

The First World War brought radical changes. AAB lost most of its foreign investments (including branches). In addition, inflation at home eroded the international value of its assets. Indeed, postwar inflation made the Bank of England (in 1914 already an important creditor of the AAB London office) AAB's principal creditor from 1918. This presented Montagu Norman, the Bank of England's domineering Governor, with an opportunity he could not resist: to refund AAB under British leadership. Such a solution, the author notes, conformed to the British political elite's view that a stronger British leadership role was then needed in central Europe – as a counterweight to the French – and it also fitted the needs of the capital-hungry postwar Austrian economy. Lengthy and complicated negotiations eventually led in 1921 to a renovated AAB under British control, but the new institution did not thrive. By 1926 the British were glad to place it back in Austrian hands. Natmessnig interprets this 'interlude of failure' as a reflection of the incompatibility of British and Austrian banking business patterns. She cites approvingly a negative judgement in the *Manchester Guardian* (1926): 'from a purely banking point of view … the experiment was not so successful. The difficulties of implanting English banking ideas in a country where a totally different banking system existed, and of working those ideas from London, were very big' (p. 236). She adds: 'It was not simply the impossibility of transplanting English banking notions to central Europe [which raised problems], however, but also the limited knowledge of British directors concerning local conditions generally and the closeness to ties to industrial enterprises in particular.'

The author deserves praise for having told this banking story well. She has intended more than that, however. She wants to use banking history as a perspective for viewing political change, thus offering a kind of 'historical political economy', along the lines of such well-known historians as Gerald Feldman or Alice Teichova. The first three chapters make this intention clear. In showing the fruitfulness of British sources (especially those concerning the Bank of England) for understanding some of central Europe's postwar political problems, she is suggesting, among other things, that the weight of economic and financial interests in British foreign policy after 1918 was greater than other writers and sources have argued. I am not sufficiently conversant with the relevant diplomatic and political history to judge Natmessnig's contribution here, but her observations seem quite convincing.

Her work also raises more conventional economic issues. For example, it is not too far-fetched to see the failure of AAB as a multinational enterprise as an interesting example, well known to the current globalisation discussion, of the difficulties of merging different national 'enterprise cultures'. These achievements are praiseworthy.

Some differences also deserve mention, however. For one thing, I was troubled by the treatment of quantitative data. Some of the tables, for instance, contain time-point figures and leave the development between those time points to the reader's imagination. Other tables give maxima and minima where an average would be more informative (e.g. p. 64 or p. 124). I missed systematic comparative data on price level and money supply changes for Great Britain and Austria since such data might have been helpful in understanding Natmessnig's story. Some figures would have helped readers to form their own opinions. Furthermore, the analysis of economic behaviour is not always well founded. We are offered no reasons, for example, why the Austrian banks were 'losers' during the inflation period. Nor is the interpretation of AAB's failure after 1921 (as a result of the incompatibility argument cited above) really satisfactory, given the many difficulties faced by Austrian banks during the postwar period. Perhaps comparative observation might help here, e.g. by considering, say, the experience of the French-influenced Länderbank as a possible contrast.

All in all, however, this is a useful book; one which adeptly combines banking history with two other important historical themes – the British pursuit of foreign financial interests after 1918, and the collapse of the Habsburg Empire. It may therefore be recommended not only to banking historians but also to all interested in the problems of reorganising the European economy after 1918.

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Johannes Bähr, **Der Goldhandel der Dresdner Bank im Zweiten Weltkrieg** (Leipzig: Kiepenheuer, 1999. 232 pp. DM 36.00); and
Jonathan Steinberg, **The Deutsche Bank and its Gold Transactions during the Second World War** (Munich: Beck, 1999. 176 pp. DM 19.80)

A controversial debate has arisen amongst historians over the responsibility of the two biggest German banks – Deutsche Bank and Dresdner Bank – for the Holocaust. This was initiated by the publication of, first, the preliminary Eizenstat Report (May 1997) and, then, the report of UEK (Independent Commission of Experts Switzerland, May 1998). Both mainly concentrated research on national aspects through analysing the degree of collaboration by neutral or non-belligerent states with the Nazi regime with regard to gold transactions and other stolen or hidden assets. However, the two books being reviewed go beyond this by elaborating the domestic or micro level, i.e. by analysing how far the two German banks were involved in the Third Reich's gold transactions. Both banks purchased 1.9 per cent of the Reichsbank's gold supplies (Dresdner Bank about 5.5 tonnes; Deutsche Bank 4.4 tonnes).

In some contrast, the public debate has concentrated upon the gold's origins rather than the amounts of the gold transactions. The banks have been accused of being exploitative through having dealt in gold belonging to Nazi victims, primarily concentration camp prisoners. That is why, when attempting to answer the question of the importance of gold transactions, qualitative as well as quantitative aspects have to be taken into account. It seems that both of these books were published not in spite of this emotional debate but because of it. Their authors (members of the commissions appointed respectively by Deutsche Bank and Dresdner Bank to analyse each institution's entire history) decided to analyse and then publish their findings separately from the final report to calm this emotional debate. This is shown by the substantial databases added to their volumes in order to examine the degree of involvement of the respective bank with the Nazi regime.

In addition to quantitative research concerned with the amount and structure of the gold transactions, both have also pursued qualitative approaches. The interest of both Bähr and Steinberg lies in assessing the motives for the gold transactions and knowledge about the gold's origins. By doing so, each has organised his book into three sections: first, origin, structure and amount; second, importance and motives; and, finally, knowledge and commitment of the bank in question.

With regard to quantitative aspects, the central problem seems to be whether the gold transactions were profitable and therefore business oriented or, if not, what other motives were of importance. Both authors conclude that profit was of marginal interest (0.15 per cent of Deutsche Bank's balance). However, Bähr's methodological approach does not seem completely convincing. It is implausible that the Dresdner's earnings from the gold transactions should be calculated upon the base of the Vienna depot (which, according to Bähr, accrued the whole profit (pp. 52–5)). Since we do not know exactly whether this depot took all, or only part, of the profit, his approach does not prove precisely this bank's financial gain. Probably a different view would arise from estimating the profit on the sales of the Reichsbank to Dresdner Bank. If one takes into account the total amount of sales and adds a 30 per cent profit from arbitrage on resales of the gold by the Dresdner Bank (p. 41), a different result occurs. Even Steinberg just gives the sum of profit without presenting any sources or calculation (p. 130).

Although there are broad similarities in the structure and amounts of the gold transactions, there are major divergences in measurement of their significance for the Third Reich and the motives of the banks. While Bähr neglects the importance for the Nazi war effort (p. 32), Steinberg provides exactly the opposite (p. 14). Their assessments of the roles of the banks are largely reduced to the question of amount. Although, of course, a quantitative basis has to be provided in order to get a well-based debate whereas the gold transactions played a relatively small role compared with the Reichsbank's entire sales, they should not be estimated by amount. Rather, the issue lies in assessing the possibility itself of selling gold and, therefore, the qualitative importance. Neither changes on the gold market, e.g. by force of the Allies connected with changes in the political sphere, especially from 1944, nor the political motives of the banks have been taken into account.

Apart from this, both studies impressively widen our knowledge and are, therefore, central for understanding the importance and responsibility of both banks within the system. Bähr and Steinberg clearly assess the banks' knowledge of the gold's origins (Bähr, pp. 122–32; Steinberg, pp. 67–75). They present huge databases and have employed various new source materials. As the authors concede, both studies touch just a small part of big banks' activities in the Third Reich. Hopefully, one can gain further insight from these scholars soon.

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