

BOOK REVIEWS

Avi Beker (ed.), The Plunder of Jewish Property during the Holocaust. Confronting European History. Foreword by Edgar Bronfman and Israel Singer (Basingstoke: Palgrave, 2001. xii + 355 pp.)

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The mid 1990s, which saw the fiftieth anniversary of the end of the Second World War, were a pivotal time in public perception of the Holocaust. Until then, historical discussion had, as a matter of course, focused on the genocide of the Jews and its singular character and on the guilt of Nazi Germany, while neglecting economic aspects like the massive robbery of individual and collective Jewish property. The tacit assumption was that Germany bore the sole responsibility for mass murder and mass expropriation. The Allies made Germany confront its Nazi past through the Nuremberg trials and its follow-ups as well as through the denazification process, which, however, lost momentum and determination as the Cold War gained ground in international relations. In 1952, the West German government signed an agreement with the State of Israel on the payment of restitution for assets that had forcibly been taken from German Jewish citizens; besides, individual indemnities were paid to survivors and victims of the Holocaust. East Germany never acknowledged any responsibility for Nazi crimes and hence never entered negotiations with Israel or Jewish organisations. While on the top political level some headway was made, about two decades elapsed before German society was ripe to confront its responsibility in a truly critical sense, a process that is still alive in spite of occasional statements, mostly by conservative politicians and intellectuals, that the time has come for a 'normalisation' of the national memory.

It was the fall of the Iron Curtain that led to a widening of perspectives. When the World Jewish Restitution Organization (WJRO) started claiming communal and heirless private property in the formerly Communist states, fresh interest was generated in the post-war conduct of these and other countries regarding restitution of Jewish assets. For a number of reasons it had taken fifty years to pursue the matter, most notably because the accessibility of relevant archival material had been limited or altogether impossible. Western media were suddenly flooded with information on stolen Jewish property. Growing public pressure led to the establishment of more than forty committees of inquiry in various countries during the second half of the 1990s, aimed at re-evaluating their wartime behaviour.

The present publication, edited by Avi Beker, Director of International Affairs of the World Jewish Congress in Israel and head of its research institute, presents

a compilation of twenty essays that serves as a summary of developments in investigations on restitution policies up to the year 2001. The authors are experts from different disciplines such as history, international law, economics, but also journalists, politicians and diplomats. Best known among them is Stuart Eizenstat whose foreword to the US State Department report on Nazi gold from 1998 is incorporated in this volume. The essays fall into two overall groups: those dealing with general themes like the estimation of wealth stolen, legal perspectives on restitution, the plunder of art in Jewish ownership, and those dealing with the behaviour of individual countries.

The general diagnosis is that a 'conspiracy of silence' has been at work, in different degrees, in all the countries presented, repressing traumatic events of the past like collaboration with Nazi Germany within the collective national memory. Instead, each and every country developed its individual myth in order to evade confrontation with the darker sides of its history: myth 1, we were victims and not perpetrators, like Austria; myth 2, the crimes were committed by a foreign government, like France; myth 3, we were not only victims but the vanguard of resistance, like the Netherlands; myth 4, we were victims, not only of the Nazis, but also the Communists, like Eastern European countries; myth 5, we were neutral, like Switzerland; myth 6, the time has come to bury the past; myth 7, restitution has already been made; myth 8, the remedy of restitution has been prescribed; and finally myth 9, restitution is Jewish blackmail, the last of which pervades all the countries in question.

It is true that during the immediate post-war years there was acute awareness of the dubious behaviour of some countries. This led to Allied investigations and subsequent repayment agreements, as in the case of Switzerland. However, such agreements were never carried out, because new Cold War imperatives took over. As Eizenstat remarks critically, strategic questions concerning containment of the Soviet Union and the rebuilding of post-war Europe took the lead in US politics, letting former collaborators get away without having to confront their moral responsibility and without having to repay their booty.

While it is nearly impossible to determine the exact value of Jewish wealth confiscated and stolen during the Nazi era, there are reasonable estimates ranging from \$8 billion to \$13 billion of assets taken from Jews in all countries of Nazi-occupied Europe, two countries – Germany and Poland – accounting for about half the total and five – in addition Hungary, Czechoslovakia and Romania – for three-quarters. Residential real estate makes up 25–30 per cent of the total, businesses account for 15–25 per cent and personal monetary holdings and investments account for 40–50 per cent, judging from reliable data compiled in Germany and Slovakia during the late 1930s.

From the legal perspective, the international human-rights law and international humanitarian law developed during the Nuremberg trials provide the backdrop for state and individual responsibility for criminal violation of these rights, and the correlative right of individuals and groups to claim reparations for such wrongs.

These obligations also extend to successor states. The doctrines of unjust enrichment and its corollary, the principle that no one shall profit from the commission of an illegal act, are sufficient foundational principles for restitution.

As regards the wartime behaviour of individual countries, it is Switzerland that meets with the greatest interest and criticism. Under the shield of neutrality, it conducted intensive trade with Nazi Germany, accepting payments in gold that, as Swiss bankers knew very well, was looted gold from central banks of countries under German occupation or resmelted gold taken from Jewish victims. In spite of recurrent warnings from the Allies, Switzerland continued this practice of money laundering, which was crucial for financing Germany's war effort. Between March 1940 and May 1945, only a few days before the end of the war, Switzerland thus accepted \$378 million in gold, the Bank for International Settlements based in Basel and the Swiss Central Bank playing vital roles in these dealings. Post-war investigations by the US administration flagged after the onset of the Cold War – in spite of heavy criticism by Henry Morgenthau, then Secretary of the Treasury, who opted for immediate elimination of the BIS – while the Swiss side played for time. Only \$28 million of the assets received were eventually paid back. As far as dormant individual accounts are concerned, procrastinating tactics were successful until 1996 when, following international media coverage, the issue was taken up. In late 1998, a \$1.25 billion settlement regarding these heirless accounts was reached, while neither the Swiss government nor the Swiss National Bank have been ready to accept full responsibility for their country's wartime conduct.

As other authors show, various other neutral countries are not quite as squeaky clean as their images would have it. Sweden, Spain and Portugal accepted looted gold as payment for raw materials or in order to let Germany gain access to convertible currencies. Governments and central bankers were well aware of the gold's origin, having received several warnings from the Allies. While Sweden has been cooperative in trying to meet moral and economic obligations, Portugal in particular has shown only half-hearted efforts to confront this dark chapter of its past.

France and the Netherlands – both of them so far characterised by strong national myths of having been vanguards of resistance – have found it difficult to confront their pasts. While in France President Chirac publicly confessed French guilt in 1995 and a commission was set up for the clarification of the history of the spoliation and the restitution, the Netherlands have not gone that far and many questions, including compensation for art stolen from Jewish owners, still remain open. Many Eastern European countries seem, due to their difficult economic situation, adverse to Jewish claims which, especially in Poland, have given rise to renewed anti-Semitism. On the other hand, Bulgaria and Slovakia have managed to enact thorough legislation. Austria is still getting away with the myth of having been Hitler's first victim. The government successfully played for time regarding restitution payments, so that it was only in 1995 that a \$50 million fund was established. Nevertheless, responsibility for Nazi crimes is still not openly discussed within

Austrian society. Finally, the Vatican's role is challenged in relation to its financial support for the Ustasha regime in Croatia and its assistance in letting Nazi criminals escape to South America after the war. In spite of recent efforts, including access to its archives for selected experts, many questions about its role remain open.

Being aimed at the general reader and not just the historian, the volume provides a fairly concise account of historical and recent developments. However, the selection and coverage of certain themes is questionable. The editor has not made it sufficiently clear why the question of looted gold is also incorporated, as this did not, except for a small fraction coming from resmelted gold taken from the victims in the extermination camps, originate from Jewish individuals or communities, but from the central banks in countries occupied by the German army. The theme of looted art could have been given better coverage: there is one superficial article and the occasional hint in other contributions. A final point to be noted critically is the incorrect spelling of many non-English names.

On the whole, however, the publication gives a clear statement of the fact that almost all European countries participated in and profited from the Nazi crime of plundering Jewish assets, and that a moral confrontation is starting to take place. In the end, some chapters of European history will have to be rewritten.

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*Christopher Armstrong, **Moose Pastures and Mergers: the Ontario Securities Commission and the Regulation of Share Markets in Canada, 1940–80***

(Toronto: University of Toronto Press, 2001. x + 424 pp. \$60)

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Recent newspaper commentaries on skullduggery and fraud leading to dramatic investor losses might lead one to think that we are in a new era of shareholder duping. This book on the history of Ontario share markets – from the days when moose pastures were talked up as fabulous mines and insider trading was legal so that mergers could benefit insiders at the expense of ordinary shareholders – shows that nothing could be further from the truth. Indeed this book presents the rather sad chronicle of legislative catch-up as technological change and creative minds tilted the playing field against ordinary shareholders, and regulators and the legislature attempted to redress the balance.

The story can be told around the history of Ontario securities law. In 1940, the Ontario regulatory system simply comprised 'blue sky' laws that required salespeople to register with the Ontario Securities Commission (OSC) and securities offerings to be registered. (Armstrong has described the evolution of markets and regulation to 1940 in his (1997) companion volume, *Blue Skies and Boiler Rooms*.) The Securities Act of 1945 saw a shift towards the 'full, true and plain disclosure' requirement of prospectuses that the SEC had implemented in the 1930s.

The Securities Act of 1966 was the legislative response to scandals that, in their day, were as significant as Bre-X and Enron more recently. In June 1964, Viola and

George Macmillan acquired land in Northern Ontario adjacent to a plot that had just been proven to hold large reserves of base metals. By putting the ownership of the land into a shell company – Windfall Mines – already listed on the TSE, they evaded the time costs and stringent disclosure requirements of a new listing, yet could still issue new shares – supposedly to finance development. They then sank a core, and did everything but announce a successful assay. The resulting rumours saw Windfall's shares rise from 80c to close to \$5, in four weeks, only to return to their penny stock status when the assay showed the sample to be worthless.

The Ontario government established a Royal Commission to investigate the roles of the MacMillans, the Toronto Stock Exchange (TSE) and the OSC (whose Director had interfered unnecessarily and who also had shorted the stock in the rising market causing himself considerable financial embarrassment). The Royal Commission found the TSE to have been lax in allowing new mining shares to be issued simultaneously with old, to be derelict in controlling market manipulation, and to have non-existent disclosure standards. The Securities Act of 1966 did little to address the first two concerns, but did eliminate the reactivation of 'shell' companies, and required listed companies to provide ongoing disclosure. The Act also addressed concerns that ordinary shareholders were losers during takeover bids, by requiring an offer to be open for a fixed period, and by requiring disclosure of all insider trading. Takeover bidders, however, began using the TSE to short-circuit these requirements until the Securities Act of 1978 required those using the TSE for a takeover to register with the OSC.

In addition to these issues, the book discusses a variety of other problems that were not so easily resolved. An early chapter describes the use of boiler rooms to sell shares in the US. The widespread adoption of the telephone (like the internet today) had opened a vast market to securities salesmen, and while Ontario law prohibited unsolicited calls to private residences, it did not regulate calls out of the country. The principle of 'dual criminality' restricted extradition to individuals who were alleged to have offended laws of both countries, and since the salesmen had not broken a Canadian law they had not committed an extraditable offence. Considerable diplomatic capital was spent in both countries in attempts to amend the legislation, but outcry from the Canadian financial sector defeated efforts to change the law. Other thorny issues include the extent of self-regulation by the various organisations in the market, the (lack of) competition amongst brokers, for example in commission setting, and the appropriate extent of foreign ownership.

What if a reviewer were allowed three wishes? My first wish would be for more (some?) quantification. There are few numbers in this book, which makes it very difficult to contextualise the story. How important were mining shares? There is a passing reference (p. 130) to mining and oil shares comprising 40 per cent of trading volume in 1969. How important were small companies? In 1972 30 per cent of companies listed on the TSE earned less than \$100,000 pa (p. 309). Such details are tantalising, but whereas the earlier volume had annual data on trading volume by category (banks, financial institutions, electric railways, etc.), in Vancouver,

Montreal and Toronto, and data on seat prices on the Montreal Exchange, this volume has only a stock price index for 1940–77, taken from the widely available *Historical Statistics of Canada*.

My second, and related, wish would be for a greater discussion of the non-mining side of the market. Stories like that of Windfall suggest why Armstrong focuses on the mining side of the stock market – it makes a better story. And – as he argues – it is also the margin where the potential costs and benefits of regulation may be most significant: the mining business is full of myths of ‘the big strike’, making a mining share more like a lottery ticket than a blue chip stock, and opening up the opportunities for fraud; the low price made the shares affordable to almost anyone, raising the need to protect the small investor. Yet share markets are also important for capital formation more generally, and recent literature in economic history has emphasised the role of financial development in economic development and industrialisation. How did the share markets in Canada and their regulation promote or retard Canadian economic development?

Finally, (wishes don’t have to be fair) I would wish for an analysis grounded at least implicitly in economic theory. The introduction states that the book tells the story of attempts to ‘balance the demands of investor protection against the desire for profit’, yet this theme is rarely made explicit in the book. I could imagine either a political economy story, or an asymmetric information analysis – explicit use of either might have structured the past, and provided guides for the future. The lack of a framework leaves a story that is more a list of events than an analysis of those events.

But perhaps these are simply calls for further research. As it stands, this book will provide a stepping stone for those interested in going further, and an important reference for those interested in the evolution of regulation of share markets in Ontario in the middle half of the twentieth century.

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Ted Wilson, Battles for the Standard: Bimetallism and the Spread of the Gold Standard in the Nineteenth Century (Aldershot: Ashgate, 2001. xi + 200 pp. £45)

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The goal of Wilson’s book is to show the development of bimetallism before and during the expanding phase of the gold standard in the nineteenth century. It is undoubtedly true that this topic has been under-researched. The question why bimetallism failed at the end of the nineteenth century and the gold standard became the world’s most common monetary regime after the turn of the century can certainly lead to useful results regarding the functioning of monetary institutions.

To answer this question Wilson delivers case studies on Great Britain, France, the United States and India, supplemented with explanations for the German development (chapters 2–5). In a further chapter Wilson discusses secondary literature

about the spread of the gold standard. He finally dedicates a last chapter to bimetallism in England during the last decade of the nineteenth century. The first two country studies stand for the alternatives treated in the book: bimetallism and the gold standard. England stands for the early introduction of the gold standard, France for a successful bimetallism regime.

But first Wilson discusses bimetallism, mainly as a hindrance to the spread of the gold standard (chapter 1). Bimetallism was very successful in France between 1850 and 1870 but broke down in 1878 as a consequence of the collapse of the international silver market. A central thesis of Wilson's is, as we can learn from the preface, 'that the worldwide orthodoxy in the earlier nineteenth century consisted in bimetallism . . . , and that the international gold standard arrived as much out of default as by any deliberate course of actions'. The author argues that there existed many variants of bimetallism but its advocates could not agree on a common and coherent concept. Thus the gold standard was able to gain acceptance outside Great Britain, even though most statesmen and experts, primarily in the US, would still have preferred bimetallism. In Europe too, the wider perception was that global standardisation of monetary arrangements was likely only if both gold and silver offered the base of the currencies. Germany's option for the gold standard (1872) was primarily to imitate Britain and to ease the path towards industrialisation. But in Germany there was much opposition to the gold standard. This was also the case in Austria, where at first the export-oriented Hungarians shrank back from a strong gold currency. Later resistance to the introduction of the gold standard came from the German-Austrian Social Christians, who saw themselves as a mouthpiece of the small middle classes. Czech politicians also argued against the currency reform, which they called a 'Dantean inferno' for the Slavonic peoples.

The book's very narrow database is problematic. This applies primarily to its statements on France, Germany and the United States. Research has progressed much further than the English-speaking titles quoted might suggest: in the French case Wilson – by contrast with recent literature – denies the possibility of arbitrage deals and declares a tradition-based esteem for bimetallism to be the cardinal cause of French policy up to the end in 1878. For the implementation of the gold standard in Germany (to be found in chapter 6) the explanations are also rather superficial. Wilson follows the legend that the German gold currency was built on the captured French reserves. Marc Flandreau and Luca Einaudi recently did away with this mistake using source-based studies. The explanations for the monetary development in the United States are unconvincing too. The reviewer cannot judge how correct the presentation of India's financial policy is.

The explanations of monetary developments in the USA also seem to fall rather short. Nevertheless, Wilson's approach is very interesting: he tries to expand the analysis of narrow economic parameters and to include institutional change in other spheres. For instance, he argues that the triumphal march of the gold standard was partly based on imitation and on its equation with modernisation and civilisation. Alone, the arguments are not very well founded, in view of the appropriate primary

source-based studies available. Against this, the summary of the theoretical and political discussions on monetary theory of the late nineteenth century is successful. It offers, at least for beginners, a good topography for guidance in this very multi-layered subject.

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Angus Maddison, The World Economy: a Millennial Perspective (OECD Development Centre, 2001. 383 pp. €29)

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Angus Maddison's 2001 book is an outstanding achievement. Like most of his recent work, the volume is divided into two major parts – the argument and the data. The first part – the chapters properly speaking – is an overall assessment of the world economy during the last millennium. The second part is a set of substantive appendixes that present detailed data on population, GDP and GDP per capita, plus a few more items (on labour and foreign trade), for the longest possible time period.

The book has to be assessed in relation to previous work by Maddison. The most relevant comparison is his 1995 *Monitoring the World Economy*. There he presented detailed evidence on population, GDP and GDP per capita growth for some 56 countries, starting in 1820 for 26 of them, and not later than 1950 for those seven less statistically endowed – all the others starting in between, typically by 1870, 1900 or 1913. The new book enhances the coverage in all possible directions. Now as many as 124 countries are directly recorded with yearly population, GDP and GDP per capita figures starting not later than 1950; but many of these countries are now tracked as far back as the beginning of the Christian era. Indeed, for twenty countries and for regional totals covering the whole world, figures on population, GDP and GDP per capita are provided for the years 0, 1000, 1500, 1600, 1700, 1820, 1870, 1913, 1950, 1973 and 1998. The countries individually tracked are most of Western Europe (European Union members minus Greece and Luxembourg, plus Norway and Switzerland), plus Russia and the former USSR, the United States, Mexico, Japan, China and India. On a regional scale, he provides totals for Western Europe, Eastern Europe, Western Offshoots, Latin America, Asia and Africa.

The major efforts in terms of additional knowledge correspond to a worldwide coverage of a few key variables since 1950 and a very long-term historical perspective on the last two millennia. These in fact become the essence of the two substantive chapters of the volume: 'the impact of Western development on the rest of the world, 1000–1950', and 'the world economy in the second half of the twentieth century'. A suggestive overview chapter on 'the contours of world development' precedes them. As with most of Maddison's work, the reader is challenged by the author's ambition: an attempt to assess growth worldwide and back in time. By contrast with what he did in *Dynamic Forces of Capitalist Development* (1982), the story told is not about changing economic leadership. The issue is no longer solely

about the Netherlands and the United States and the other successful countries that followed them.

Now Maddison aims at explaining economic performance. Because of this different aim he carefully considers other economies. He summarises the ways in which mankind has advanced in its population and income in three major processes: conquest and settlement, international trade and capital movements, and technological and institutional innovation. The first process is addressed by focusing on the Chinese expansion in East Asia and on the European expansion in America. Because of the diversity of the North and South American experience, both are compared quite systematically. The second process is closer to the story of changing economic leadership. But in this book Maddison starts much earlier, with Venice, to follow with Portugal, before switching to the Netherlands and to England. The third process is not far from the previous one, but – as he stresses in the book – he paid more attention to it in *Monitoring the World Economy* (1995).

The core chapter of the volume combines all these processes into a heroic perspective on competition among the major world economic regions. The Mediterranean, the Indian Ocean, the East Asian world, Brazil, the Dutch ascendancy and its empire, the foundations of British hegemony, and the impact of British expansion in the Americas, Africa and Asia. The second part of the twentieth century is presented as the period of United States leadership. He pays attention to the major challengers to US hegemony – the Soviet Union and Japan – as well as to all the catching-up efforts, both successful and failed.

Apart from the indubitable interest and good prose of the core chapters, the book's most substantive contribution is the grandiose data reconstruction presented in the appendices. Maddison has ventured to combine a wide array of quantitative evidence into precise population and GDP estimates. Many of them are based on substantive research. But a significant number are no more than very well educated 'guesstimates'. This may produce some irritation among those practitioners that cannot accept the audacity of Maddison, always ready to propose a GDP estimate to challenge the national experts and force them to react. I am reacting to this challenge, and I know of quite a number of colleagues who are doing the same. Here is one of the virtues of Angus Maddison. He manages to create new estimates by gathering or combining existing ones or by challenging national experts, worldwide, with his shortcuts, always based on fully spelt-out hypotheses, but often capable of improvement with some extra work.

The overall picture is very convincing and I invite everybody to use Maddison's figures, the more so the broader the perspective is. The details are different. Many of them are an invitation to do research on historical national accounting. The challenge is particularly stimulating for the early modern period. Maddison's data from 1870 onwards are firmly rooted in extensive academic research – more so for the Western countries, but even the non-Western countries are increasingly well researched. The early nineteenth century is well covered only for a handful of advanced economies. Many scholars are currently working on improving national

GDP figures for this period. But for the early modern period there is plenty of room for speculation, even for England and the Netherlands. Here is the current frontier of research in historical national accounting. Of course, any estimate for the Middle Ages or for Antiquity is only an assumption. As usual, Maddison is suggesting a way ahead for new researchers, and some are accepting his challenge and looking for new ways of grasping the changing evolution of population and income in the pre-Modern world. Some of the first reviews of Maddison's book have opened the way.¹ For economists looking for grand views of economic development in the very long run, this is much more of a temptation than *Monitoring*. ... I would urge them not to resist this temptation, but to consider the interest of investing some time in checking how much a change in estimates matters. Indeed, this is the real value added of Maddison's contribution: having better figures and easy-to-check estimate procedures does matter a lot.

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¹ Giovanni Federico, 'The world economy 0–2000 AD: a review article', *European Review of Economic History*, 1 (2002), pp. 111–20.