insurance company' (they had not; Lloyd's was, and remains, a society forming a market comprising scores of companies); that the first English life insurance company was founded in 1762 (the Amicable Society for a Perpetual Assurance was launched in 1706); and that in India 'modern' insurance was offered 'in the form of the agency houses' (when in fact it was offered by joint-stock companies under the management of agency houses).[1] The statement that 'by 1970 the cost of insuring a Boeing 747 had risen to a little over USD 140 million for just one aircraft' is absurd : in 2000, the total global premium for commercial passenger aircraft was just over $1 billion (*Global Aviation Bulletin* 49, 21 Dec. 2001). Here the author seems to have confused the limits of cover purchased with the rate of premium, which would have been a fraction of that total. Finally, it is not immediately obvious that *World Insurance* is a corporate production, conceived and financed by Swiss Reinsurance Corporation, the world's second-largest reinsurer – although the integrity of the work has not been compromised by this. Thus, despite the niggles and inconsistencies, *World Insurance* provides an valuable picture of the globalisation of one of the most important financial sectors, and deserves to be widely read.

Centre for Financial History, University of Cambridge ADRIAN LEONARD

References

LEONARD, A. B. (2012). Underwriting British trade to India and China, 1780–1835. *Historical Journal*, **55**, pp. 983–1006.

SUPPLE, B. (1979). *The Royal Exchange Assurance: A History of British Insurance 1720–1970*. Cambridge: Cambridge University Press.

doi:10.1017/S0968565015000116

Alessandro Roselli, **Money and Trade Wars in Interwar Europe** (Basingstoke and New York: Palgrave Macmillan, 2014, pp. 280. ISBN: 978-1-137-32699-7. Hardcover and Ebook)

Alessandro Roselli, a former central banker and academic, has written a compact book about the monetary system in interwar Europe and how it was managed – or manipulated – by different governments in order to gain advantages for their own country in international competitiveness (trade) or in reducing their international debt burden, or both. The interwar period is conventionally dealt with in two parts. The first part reviews the painstaking reinstatement of the gold (exchange) standard in the 1920s. The second part deals with the collapse of

[1] GH L CLC/B/148/A/00I, Minutes of the Committee of Lloyd's, Dec. 1771 - Aug. 1 804; www.lloyds.com/lloyds, 'About Lloyd's', viewed 22 Feb. 2012, states 'Lloyd's is not a company' (Supple 1979, p. 9; Leonard 2012).

that standard in the wake of the Great Depression, and the breakdown of multilateral trade and financial relations during the 1930s. A third, concluding part surveys the wartime plans for the restoration of trade and international payments in Europe once the hostilities were over. The book devotes some attention to the United Kingdom, France and the United States – the key non-European player – but the developments in and as seen from Germany and Italy are at the centre.

The story of the restoration of the gold standard after the First World War is of course inextricably interwoven with the issue of reparation payments imposed on Germany by the Versailles Treaty and with the episodes of inflation – and hyper-inflation – that followed the war. To this day, a key research question remains whether reparations wrecked the German economy and thereby ruined the Reichsmark, or, the other way around, whether the German government more or less deliberately ruined the currency to undermine reparations. Reviewing recent research findings, Roselli concludes that immediately after the war, and in spite of reparations, the German economy was in a better shape than usually assumed and that hyper-inflation might well have been avoided had the government increased taxation rather than relying on monetary financing of the burgeoning budget deficit. However, Roselli stresses, actual policy was dictated by Germany's domestic situation and aimed primarily at forestalling political and social turmoil. There was no premeditated intention to provoke a collapse of the currency and sabotage reparations. Once stabilisation had been achieved, Germany decided to follow the UK's example and restore the Reichsmark to its pre-war gold value, thereby creating an overvalued currency that would cause a lot of hardship during the Great Depression. During the 1926–9 boom period the world deluded itself that all problems could be solved with borrowed money. The 1924 Dawes Loan introduced a dangerous element of moral hazard by insisting on a transfer protection (exchange value guarantee) to the benefit of foreign private creditors – in the words of Albrecht Ritschl a 'crucial design flaw'. The 1929 Young Plan, providing more of the same, was an unmitigated failure. In spite of these seemingly intractable problems, Roselli argues, the gold exchange standard might have worked if only it had been applied more flexibly (i.e. allowing for parity adjustments). This, however, would have required strong international cooperation and leadership which were in short supply, particularly after 1929.

The slide towards nationalism in the 1930s is recounted largely on the basis of the German experience. In a matter of only two years, Germany evolved from an open, free-trade country to a predominantly closed economy, preferring bilateral barter over multilateral trade. Roselli reminds us that this was not just the result of the Nazi party coming to power in January 1933. In many respects the Nazis continued and reinforced policies that had already been initiated under the previous governments. This also applied to monetary and financial policies, including the decision not to devalue the Reichsmark but instead to shield it by strict foreign exchange controls. It was new to me that already in late 1932 Hjalmar Schacht started planning –

discreetly, but with the knowledge of the likes of Bank of England Governor Montagu Norman – the suspension of transfer payments on account of Germany's foreign debts that would become law in June 1933, after Schacht had been reinstated as President of the Reichsbank. The unorthodox financing of rearmament and the drive towards autarky were, of course, more 'original' features of Nazi policy. It is, however, important to remember that Nazi Germany was an extreme but by far not unique case of economic and financial nationalism. In certain respects, the United States under Roosevelt and the United Kingdom – devaluing the pound and introducing imperial preferential tariffs – acted in a similar way.

The chapter dealing with the payments and clearing agreements Germany concluded with its main trading partners between 1932 and 1939 is of particular interest. Roselli handles this complex and highly technical subject in a masterly way, providing a very clear, systematic exposition. He exposes how Nazi Germany exploited such technical tools as foreign exchange controls and clearing agreements to achieve its economic, and ideological, goals of increasing Germany's self-sufficiency, minimising currency transfers abroad, and guaranteeing the indispensable supply of raw materials for its armaments' industry. In dealing with its trade 'partners', Nazi Germany demonstrated a large degree of adaptability dictated by power relationships: the United States and most of Western Europe were treated with a certain degree of circumspection, while in particular south-eastern Europe and the Balkans, important suppliers of raw materials, were, more or less willingly, forced into a state of dependence vis-à-vis Germany. On the basis of original research Roselli also provides interesting insight into the often strained relationship between Nazi Germany and fascist Italy, whose financial and economic interests often collided, despite being close political and ideological allies.

The final part of the book reviews war-time planning for Europe's post-war monetary and financial future. The Anglo-American plans that would eventually lead to the 1944 Bretton Woods agreements are only dealt with in passing here. The focus is on the so-called Funk Plan, analysed in a chapter written by Paolo Fonzi. It was developed in the summer of 1940 – when German victory seemed imminent – under the aegis of the Nazi Minister of the Economy and Reichsbank President Walther Funk. In essence the Funk Plan was a high-level design for organising a pan-European clearing and payments system centred on Germany and using the Reichsmark as the key reserve currency. In its technical aspects it ressembled some of the features of Keynes' plan for an International Clearing Union and of the European Payments Union (EPU), which handled intra-European clearings so successfully during the 1950s. However, it was also fundamentally different in that it was explicitly based on Germany's hegemonic position and could only have worked under duress. The elaboration of the plan and the reactions to it make for an interesting story. However, I have the feeling this book overstates its importance somewhat: it was after all little more than an intellectual exercise without any immediate practical implications, particularly since Hitler put any decision regarding the Funk Plan on ice pending the final outcome of the war.

This is a well-researched and well-written book. There is a lot to be praised and very little to find fault with. Chapter 3 opens with an interesting section about the theory and fundamentals of the interwar gold exchange standard. It might have been better to place this theoretical discussion, which provides an essential basis for the entire book, at the front not in the midlle, but that is a really minor quibble. The postscript to the book, in which the current situation of Greece – debt-ridden and paralysed by the straitjacket of an inflexible currency system – is compared with Germany's predicament in the early 1930s, is a promising excursion into comparative history. Unfortunately, it falls a little bit flat as it is not fully elaborated and no clear conclusions are drawn from it. It reads as if the publisher, almost as an afterthought, pushed the author to 'say something about Greece' shortly before the book was due to go to print.

Given its subject matter, this book, unsurprisingly, covers a lot of familiar ground. It is nevertheless in many respects a very original book, not least because much of the story is told from the German and Italian perspective based on novel research in the archives. Moreover, Roselli really is on top of his subject matter. He has succeeded admirably in analysing an often dry and technical subject by way of a compelling historical narrative. This book is a very useful addition to the already abundant literature on interwar international finance, and an indispensable one for students of Nazi Germany's financial policies and of German–Italian relations in the run-up to the Second World War.

Bank for International Settlements[1] PIET CLEMENT

doi:10.1017/S0968565015000128

South-Eastern European Monetary and Economic Statistics from the Nineteenth Century to World War II (Athens, Sofia, Bucharest and Vienna: Bank of Greece, Bulgarian National Bank, National Bank of Romania and Oesterreichische Nationalbank, 2014, 405 pp.)

South-Eastern Europe was a focal region in European political history in the second half of the nineteenth century and the early twentieth century. However, its economic history has been largely neglected by the mainstream literature. This book is a significant contribution to fill this gap. In this sense, the volume goes further than the title indicates as it offers also an important contribution to the history of South-Eastern Europe, with fairly homogeneous country chapters (certainly in the wake of the

[1] The views expressed are those of the reviewer, not necessarily those of the Bank for International Settlements.