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The World Bank and Development: the Early Years

We can't go messing around with education and health. We're a bank!

Robert L. Garner, Vice-president of IBRD, 1951 (as reported in Currie, 1981: 61)

The World Bank's Transition from Reconstruction to Development

One of the two international institutions created by the Bretton Woods Conference in 1944 was the World Bank (then called International Bank for Reconstruction and Development). Its principal mission was to help the reconstruction of war-torn European countries. In 1947, the Bank granted loans for about \$0.5 billion to subsidize the balance of payments of European countries that needed foreign currency (essentially dollars) to purchase raw materials and machinery for reconstruction. The Marshall Plan, announced in the same year, soon overlapped with the work of the Bank. Its much grander scale, with financial commitments totaling ca. \$4 billion per year, made the Bank's intervention in Europe redundant if not useless.

The Bank found a new *raison d'être* in providing economic assistance to the then so-called "backward" or "underdeveloped" countries. At a November 1947 meeting of the Bank's Executive Directors, Bank President John McCloy predicted that "we are going to be driven into a very different field sooner than I thought, into the development field" (quoted in Kapur, Lewis & Webb, 1997, p. 83).

Until that time, with a few notable exceptions, development as a topic had been all but ignored in academia, and there was little research on the economic condition of dominions and colonies (Meier and Seers 1984). Yet, the Cold War, President Truman's policy of containment, and decolonization movements, brought the issue of development of the poorest countries in the world under the spotlight (Myrdal 1968; Rostow [1960] 1990). The World Bank had to consider this new reality to prepare projects that met the needs of its new clients. From mid-1947 until the end of 1948, the flow of loans disbursed by

the Bank almost completely stopped, and the organization focused on research, collecting data, and preparing missions.

Recollections of those years, including accounts by Bank officials who took part in those events, give rather cursory treatment to this transitional period, concentrating on the outcome of the transition itself: the Bank as an institution devoted to financing infrastructure projects and productive investments (e.g. power stations, dams, roads and agricultural machinery). Yet the transitional period is worth analyzing as a crucial moment for the shaping and evolution of the Bank's policies.

Within the organization, different views emerged about the role of the Bank as an actor in the development process. Different individuals and groups had a different vision for the future of the Bank, or gave prominence to different aspects (e.g. project lending vs. financial creditworthiness vs. economic research). Leonard Rist, at that time the head of the Economic Department, pointed out many years later that the Bank's policy "was not *formulated*. It was formed. It evolved. It resulted from events. And it changed with different loans. [...] Policy formulations have been extremely rare" (Rist, 1961, p. 47).

In *The Political Economy of the World Bank. The Early Years*, forthcoming in early 2009 with Stanford University Press, as well as in other papers (Alacevich 2005; 2007; 2008a and 2008b), I examine the internal debate that informed and steered these policies.

The transition shaped the Bank as a conservative financial institution. Alternative policies were explicitly discussed at the Bank, but they ultimately lost out in the confrontation and were set aside for a variety of reasons. From then, the Bank experienced a long period of sustained

growth until Robert S. McNamara's appointment at the end of the 1960s, which marked a decisive change of direction for the institution. At the eve of McNamara's appointment the Bank's financial assets were solid, but the organization was not ready to lead the war on poverty worldwide. Hence, under McNamara the leopard changed its spots: no longer simply a bank, it evolved into a development institution (Asher, 1973).

The way the Bank shaped its own early political economy influenced its ability to interpret the development process, and to respond to the development challenge of the 1960s and the 1970s. Studying the early years, thus, permits to understand a meaningful period of life of the World Bank.

The Political Economy of the World Bank Toward Developing Countries

The story that emerges from archival material helps explain how the Bank's loan and investment policies were designed.

Debates on Loan Policies in Colombia

The first World Bank General Survey Mission to a member country –Colombia, 1949 – was a milestone. As Mason and Aher once remarked, “in tracing the evolution of [World Bank's] assistance to member countries in development programming, the historian quickly discovers that all roads lead not to Rome, but to Bogotá” (1973, p. 299). The Bank planned to establish a long-lasting collaborative relationship with Colombia, which also turned into a kind of “laboratory” for the definition of more general policies for developing countries. For its part, Colombia wanted to establish a strong relationship with an institution that could attract funds and resources necessary for its development. The relationship between the Bank and Colombia helps to understand how the Bank concretely experienced its transition from reconstruction to development and how it forged its policies.

Prominent “pioneers” of development economics played a role in the World Bank's operations

in Colombia, and their Colombian experience proved fundamental for their subsequent elaboration of development strategies. The head of the Bank mission, Lauchlin Currie, had been the personal economic advisor to Franklin D. Roosevelt.¹ Currie proposed an overall program for Colombia that provided for simultaneous action on many fronts: “Economic, political and social phenomena are so inter-related and interwoven that it is difficult to effect any significant and lasting improvement in one sector of the economy while leaving the other sector unaffected [. . .]. Poverty, ill health, ignorance, lack of ambition, low productivity are not only concomitants—they actually reinforce and perpetuate one another.” (Currie 1950, p. 5). The World Bank's top management initially agreed with Currie's approach, but it soon made clear its strong preference for loans for specific, infrastructural loans. The economist appointed by the Bank to replace Currie, Albert Hirschman, endorsed the “project approach” as opposed to the broader “program approach” proposed by Currie. Hirschman also elaborated his well-known concepts of “unbalanced-growth” and “backward and forward linkages” for investment opportunities on his Colombian experience and on his disagreements with Currie (Hirschman [1958] 1963). Yet, on another side, Hirschman disagreed with the Bank's emphasis on strictly infrastructural loans, and agreed with Currie on the need to also address the social aspects of the process of development.

These concepts and policies, which were pioneered in Colombia, continued to be debated and constituted an important intellectual framework for the discipline and the practice of development economics in the subsequent decades.

The World Bank's “Politics of Productivity”

In negotiations with member countries, the World Bank very often refused to finance loans. Observing which loans were turned down by the

¹ On Currie see Sandilands 1990.

Bank is particularly revealing of the convictions behind the shaping of the Bank's economic policy during those years.

The Bank's loans for the housing sector make a particularly interesting case study. This issue was of primary importance in the 1940s and the 1950s, also and especially in the negotiations between the Bank and Colombia, and it again became a priority in McNamara's agenda. Housing is at the same time a matter of infrastructure – the principal focus of the World Bank since it opened for business – but also social, since the living conditions of the poor could be improved – through building rehabilitation programs. The archival material is very rich on this topic, and the extensive debates that it provoked are well documented. Through these documents, it becomes possible to map out the different positions held by different offices or individuals in the Bank on the housing issue. This gives several insights on how the decision-making process functioned in the Bank.

The World Bank refused to finance a rehabilitation program of a slum in Barranquilla, Colombia.² Also, the Bank's top management opposed the Bank's involvement in a ILO proposal for an International Institute for Building Loans.³ It did so despite the Bank's focus on infrastructure, and against the favorable opinion of the World Bank's Economic Department, which stated that "no doubt, there are areas where the housing shortage seriously hampers the development of new resources and industries, so that financing of new houses would in those areas be directly productive even within a narrow understanding of that term."⁴

Yet, As Richard Demuth, the head of the Bank's Technical Assistance and Liaison Staff Office, put it: "the first test of any project to be financed by the Bank is its productivity," and housing

² *The Barranquilla case has been analysed in Alacevich 2005.*

³ *This episode is further examined in Alacevich 2008a.*

⁴ *Svend Andersen, Economic Department, General Studies, 'An International Institute for Building Loans,' 26 August 1949, The World Bank Group Archives, Washington, D.C. (henceforth WBGA).*

projects were not considered sufficiently productive.⁵ The Bank's Vice President Robert Garner emphasized this concept: "The Bank should concentrate its efforts on projects which will yield the greatest and quickest increase in output and productivity."⁶ Projects that most contributed to increased output and productivity were thus deemed, as many Bank documents reported, "bankable," or "sound."

The Bank's top management implicitly assumed a causal link existed between economic growth and modernization of a country. As Robert Garner pointed out, by lending for projects which met the so-called productivity test, "we believe we can most effectively assist our member countries to develop new sources of wealth and income which would enable them to provide out of their own resources better municipal services, better housing, better health and education – in fact, all of the fruits of greater economic productivity."⁷

The Debate on "Impact loans" and "Social loans" at the World Bank

Nevertheless, the Bank did not exclude the opportunity of granting loans beyond infrastructural and directly productive needs of borrowing countries. Proposals of this nature focused on two possible types of loans: so-called "impact loans" and "social loans."

Impact loans recognized that some countries had internal resources for financing infrastructures, but lacked the foreign exchange necessary to tackle balance of payments pressures deriving from local expenditures. Impact loans, therefore, were loans in hard currency (mostly US dollars) made not to sustain a specific project, but to counteract the subsequent inflationary impact of that project on the borrowing country's economy.

This analysis was based on ideas by Paul Ro-
⁵ *Richard H. Demuth, 'Financing of Housing,' May 22, 1952, WBGA.*

⁶ *Robert L. Garner to Emilio Toro, April 21, 1953, Lauchlin Bernard Currie Papers, Rare Book, Manuscripts, and Special Collections Library, Duke University, Durham, NC (henceforth LBCP).*

⁷ *Robert L. Garner to Emilio Toro, April 21, 1953, LBCP.*

senstein-Rodan, then a member of the Bank's Economic Department, on the loan application submitted by the Italian government to the Bank at the end of 1948 for the development of Southern Italy. The Italian government had the means to undertake an investment program whose capital equipment would be provided out of domestic sources, but it lacked large reserves of foreign currency. Rosenstein-Rodan predicted that the increased income resulting from the investment program would generate increased demand that would either create additional demand for imports or a reduced supply of exports. In both cases, the country would be subject to inflationary pressure and would need a greater amount of foreign currency. Making this additional foreign currency available should be the Bank's task. The loans would thus 'finance the *impact* of an investment program which the Italian government undertakes' (Rosenstein-Rodan, 1961b, p. 14). The loan to Italy proved successful, but it was not repeated: "it was contrary to many people's thinking, notably to [...] the most conservative business thinking in the Bank" (*ibid.*, p. 13).

Another discussion derived from the experience of the first comprehensive survey missions undertaken in less developed member countries. These missions recognized from first-hand observation of the social and economic conditions of the countries visited that not only directly *productive*, but even directly *social*, interventions were indispensable for a sustained process of development. This process would change sectoral growth rates, the mechanisms of demand and supply, and the growth rates of urban and rural populations, thus placing the social structure of countries already facing profound social hardship under great strain. However, neither the concept of impact loan nor the possibility of matching social aims with sound economics changed the Bank's position. The Cuba mission of 1950 recommended that urgent action be taken to greatly increase the supply of drinking water to the city of Santiago, which was at risk

of humanitarian disaster (IBRD, 1951). The Jamaica mission urged the replacement of almost 30 per cent of the houses on the island (IBRD, 1952), while the Nicaragua mission opened its final report by declaring that 'expenditures to improve sanitation, education and public health should, without question, be given first priority [for] the development of the Nicaraguan economy' (IBRD, 1953, p. 22).

All these proposals were discarded by the Bank, as was the Barranquilla program.

What Forces Forged the World Bank's Early Political Economy?

Several reasons contributed to shape the World Bank's early political economy. In my book I focus on four. First, it was necessary to convince U.S. investors that the Bank was creditworthy, and that its bonds – its main source of funds – were sound (Oliver 1995). Directly productive project loans were sound, social loans were not. This was a compelling reason that goes some way towards explaining the propensity to manage the institution cautiously. Yet, it is not sufficient to explain why potentially sound investments were avoided (housing, for example), and why no consideration was made of solutions that could be both "sound" *and* "social". The second reason can help on this: the top management of the Bank – the Presidents and their closest staff – came from the financial community of Wall Street (Kraske et al. 1996), and it was in the culture and in the interests of their social milieu to conceive the Bank as strictly a bank, a sound conservative institution whose investments should "yield the greatest and quickest increase in output and productivity."⁸ Third, the top management of the Bank shared the post-war vision of what Charles Maier, in a fundamental article, called the "politics of productivity," that is a politics of national and international economic growth considered the key to resolve the distribution problem among social classes (Maier 1977). Fourth, the first World Bank's

⁸ Robert L. Garner to Emilio Toro, April 21, 1953, LBCP.

loans proved very successful in that they were completely repaid. Hence there was no reason, at least in the view of conservative bankers, to change policy.

The World Bank's Early Political Economy and Its Heritage

The transition from reconstruction to development opened a window through which one can see new perspectives and ideas on development that challenged the somewhat one-dimensional perspective of senior Bank management. Kapur, Lewis, and Webb spoke about this as “cracks in the marble” (1997, p. 130). The Bank generated from within opinions that were different from the model of “directly productive loans,” and that offered several creative solutions to the financial and technical needs of developing countries. Colombia is a great case study for these dynamics.

Eventually, the window closed following the expulsion or the normalization of incompatible positions, or those considered as such. An internal reorganization in 1952 unequivocally signaled a desire by management to curb forces perceived as centrifugal. For example, the Economic Department was eliminated and its staff reduced to a merely consultative role. This. Several economists – Lauchlin Currie, Paul Rosenstein-Rodan, Albert Hirschman – manifested increasing difficulties when confronting with the top management's orthodoxy. After 1952 there was greater continuity and stability under the direction of Eugene Black, whose presidency still stands as the longest in the history of the institution.

Examining the years before 1952 allows us to better understand the roots of the power later shown by Black's long and stable tenure. It was a power forged, at least partially, through the conflict with positions that in Roy Harrod's words, tried to “depart from orthodox caution in the direction of greater venturesomeness” (Harrod 1951, p. 580).

Still, my analysis helps not only to understand the strengths of this long season but also to reveal a deep reason for the Bank's subsequent crisis. That strength and the growing success in managing loans prevented the Bank, fifteen years later, from recognizing the failure of the hopes for developing countries that the first season of development economics had raised.

The failure of the hopes for greater well-being as a result of the efforts to promote growth during the 1950s, which became unquestionable during the 1960s, was twofold. For one, the promise of improvement in the well-being of the poorest people, who were the object of these policies, was not fulfilled: the unemployment rate in many countries increased, and the benefits from growth were more unevenly distributed than originally expected. For another, policies that were thought to be virtuous actually turned out to have dramatic, unintended consequences. Albert Hirschman remembered that “it look[ed] increasingly as though the effort to achieve growth, whether or not successful, brings with it calamitous side effects in the political realm, from the loss of democratic liberties at the hand of authoritarian, repressive regimes to the wholesale violation of elementary human rights” (Hirschman [1979] 1981, pp. 98–99).

While the scientific and academic world discussed these problems, the International Bank persevered with the line imposed by Black and Garner in the early 1950s.

Only with McNamara's presidency (1968–81) did the Bank try to catch up with the new frontiers in development, especially during his second term. The Bank started to study and implement policies directly related to the fight against poverty, and to grant loans that were “poverty biased” and not only “directly productive.”

Although born from an initiative by Lord Keynes and the New Deal thinkers, from the very beginning the Bank had a strong cultural imprinting that can be traced to conservative and Republican circles of U.S. high finance. This explains its long-held conservative attitudes on development

problems and policies toward disadvantaged countries. However, as my research shows, during its early years the Bank was also exposed to voices closer to the complex economic and social realities of the less developed countries. Still, the Bank rejected these points of view and actively distanced itself from them.

The echoes of these discussions within the institution had almost faded when, in the mid-1960s, the debate within economic development emphasized the need for complementary approaches to economic growth. The Bank had forgotten its early studies on development issues, and so it was unable to adapt readily to new demands. The profile of success that the Bank had given itself during the 1950s kept the institution from understanding and addressing the changes that were occurring around it. Its success was the basis of its inability to change. When the Bank later discovered that it was out of touch, it reacted to regain an edge.

This oscillating movement, from the cutting edge of the discipline to its backwaters and vice versa, was not exclusive of this one period of the institution's history. On the contrary, it is a mechanism that may be found in other decades and that may help explain the highs and lows of the sixty-year-long history of the World Bank.

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Faking it!

300 years of Scottish banknote forgery at Museum on the Mound

Museum on the Mound's summer exhibition for 2008, looked at the fascinating subject of banknote forgery. Running for a period of eight weeks in July and August, some 15,000 visitors came through the doors.

Owned and operated by HBOS plc, Museum on the Mound is one of only a handful of banking museums in the UK (the others being the Bank of England museum in London, and the Lloyds TSB Savings Bank museum in Ruthwell, Scotland). Drawing on material from the HBOS cultural collections, the Museum documents the story of money and banking through the ages. Highlights include £1 million in genuine Bank of Scotland £20 notes; Scotland's oldest surviving banknote from 1716; and unusual forms of money from around the world. There are also a number of interactives designed to appeal to younger visitors, such as the chance to crack a safe!

Since opening in 2006 the Museum has proved to be an extremely popular visitor attraction,

with over 37,000 visitors so far this year. It is also regularly used by HBOS colleagues for corporate events and induction programmes. A menu of hands-on workshops for school children is also being developed, and is proving to be a real hit with local schools.

Besides the permanent displays, the Museum runs a regular programme of temporary exhibitions. For 2008, the chosen topic was banknote forgery. The HBOS archive contains a wealth of information about banknote forgers and forgeries. Due to space constraints, only a small number are featured in the permanent displays. The summer exhibition provided the perfect opportunity to delve further into the subject of forgery. It also meant we could develop some new interactives for the Museum - including an



General view of one of the rooms in Museum on the Mound. Founding act of the Bank of Scotland from 1695 in the foreground. Photograph by Douglas Robertson

'identikit' based on a description of an eighteenth century forger which survives in the archives! This article looks at some of the forgery cases featured in the Museum and the *Faking It!* exhibition. Who were the forgers, and what motivated them? What punishments were meted out? And what impact did forgery have on banknote design?

Scotland's first forgery

One of the most intriguing cases featured in *Faking It!* was that of Thomas McGhie, who holds the dubious honour of being Scotland's first banknote forger.

Banknotes were first issued in Scotland in 1696 by Bank of Scotland. These early notes were very simple in design and some sections were handwritten – a tempting target for would-be forgers.

In February 1700, the Bank reported a '*Vitiation*' (corruption) in one of its £50 notes. Some enterprising individual had changed the word 'five' to 'fifty' on the Bank's £5 notes – thus increasing the value of the original note by 900%!

The Bank hastily put out notices in the press, recalling all its £50 notes and promising to exchange them for cash or smaller notes.

Then at 6pm on 27 Feb 1700, a '*tall slender young man about 25 years, of a faire Clear Complexion, wearing a wigg Commonly faire, very Courtly & Gentill*', came into the Bank of Scotland's office in Edinburgh. He presented two £50 notes to the teller - both apparently forgeries.

Suspensions were aroused, and the young man, Thomas McGhie, was hauled in for questioning about how he had come by the notes. His answers were very vague and confused. He thought he may have got the notes from an Englishman he met in a coffee house some months earlier.

Rather foolishly, the Bank's officials allowed McGhie to go home, ordering him to report back the following morning '*to vindicat himself*'. Predictably enough, McGhie never showed up,

and – too late – the Bank learned that he had fled across the border to England.

Despite a lengthy and vigorous pursuit by a number of the Bank's officials, McGhie got away. He was briefly tracked down and brought into custody at Newcastle, but the city mayor ordered him to be released, on the grounds that the Bank had insufficient evidence to hold him. John Haldane, one of the officials sent after McGhie, was:

... inreaged [enraged] to be so disapoynted & see our Nation so much slighted & dispysed in short I am of opinion that the greater the crym be that on[one] comits against our Countrie the better treatment he'l meet with in this.

Nothing further is reported of McGhie's whereabouts.

Apart from being the first Scottish banknote forger, McGhie's case is fascinating for a number of reasons. For one thing, it's difficult to understand his motives. He came from a reasonably well off background. His father was a merchant in Kirkcudbright and sufficiently wealthy to send his son to Edinburgh University. Afterwards, McGhie worked for a time in the service of Lord Elcho.

McGhie wasn't exactly poor either, as far as we



Early Scottish banknotes were very simple in design. Although none of the notes forged by Thomas McGhie have survived, this 12 pounds Scots note from 1716, gives us an idea of the appearance of banknotes at this time. Photograph by Antonia Reeve.

can tell. An inventory of his possessions survives, which includes a huge number of books –valuable and expensive items at the time. He also ran a salt panning (salt making) business in East Lothian – salt again being a valuable commodity.

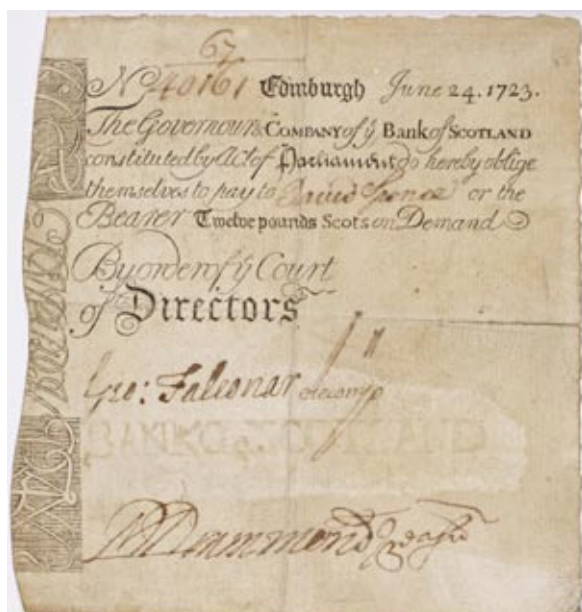
Moreover, when he committed the forgery, McGhie had just married Jean Wemyss, a member of the wealthy Wemyss family. When he fled Scotland he effectively abandoned his wife of just 14 days. Some of the letter's Jean wrote to McGhie when he was on the run survive in the archive. They offer a heartrending insight into her situation. She tells him:

I am a poor wearie desolate Creature forsaken of all friends and relations...

We can only really guess at the reasons why McGhie attempted such an audacious forgery. Perhaps, as a newly married man, he was under financial pressure; or perhaps it was simply the satisfaction of trying to 'get one over' on the Bank. We'll never really know.

A fate worse than death?

It's not surprising McGhie took to his heels, considering the consequences if he had been convicted.



One of the forgeries made by John Currie. His attempt to reproduce the 'Bank of Scotland' watermark, by scratching the surface of the paper, is very clear. Photograph by Antonia Reeve.

Forgery was viewed as a very serious crime: it not only caused monetary losses to the banks but, perhaps more significantly, undermined confidence – something we are only too aware of in the current 'credit crunch'.

Until 1832, the penalty for forgery was death by hanging. In Scotland, there were ten public hangings for banknote forgery between 1731 and 1800.

Sometimes however the Scottish banks opted for more lenient punishments, as in the case of John Currie. Currie, a bookbinder from Edinburgh, was accused of forging Bank of Scotland 20 shilling notes in 1726. A search was made of his workshop and incriminating evidence found – including a piece of paper with the words 'Bank of Scotland' scratched into it, in imitation of the watermark used in the Bank's notes.

Currie was imprisoned and brought to trial. The court however stopped short of sentencing him to the death – perhaps because, as Currie himself argued, the evidence against him was largely circumstantial. Instead he was sentenced to an 'arbitrary', but nonetheless extremely unpleasant, punishment. His 'lug' (ear) was nailed to the door of the Tron kirk (church) on Edinburgh high street, and afterwards he was 'whipt and banished' (exiled) from the country.

Another forger who managed to wriggle out of the hangman's noose was Thomas Watling, who also featured in the *Faking It!* exhibition. Watling was a young artist based in the small Scottish town of Dumfries. In 1788 a number of hand-drawn forgeries of Bank of Scotland guinea notes appeared in the town. Suspicion fell on Watling, after acquaintances reported seeing him with suspiciously large sums of notes in his wallet. A search of his lodgings uncovered a half finished sketch note, and 18 pieces of paper of a similar size (presumably intended for further forgeries). It appeared that Watling had been putting his artistic talents to somewhat dubious purpose!

Again however the evidence against Watling was largely circumstantial. No one could actually say

they had seen him either making or uttering (circulating) forged notes. The Bank seems to have been in some doubt that it would be able to prosecute Watling successfully. Robert Dundas, acting as the Bank's legal counsel, stated that although he had not:

the smallest doubt of Watling's guilt yet I hesitate much whether a Jury will hold the evidence sufficient to convict him. The circumstances of the Hair dresser coming in unexpectedly to Watling's room and the confusion which he betrayed on being found painting with a Bank note lying before him... and the finding of the unfinished notes in his possession seem to me the fair sum of the evidence against him.

So when, on the first day of his trial, Watling submitted a petition to be transported to the new convict colony of Botany Bay (modern Sydney), the Bank agreed. Not that Watling in any way wanted to give the impression he was guilty. In his petition, Watling suggested that it was actually he who was the injured party, since:

being suspected and accused of such a crime [I] cannot remain longer in this country with any degree of credit...

Watling was sentenced to 14 years' transportation. After spending several years cooped up in a prison hulk in Portsmouth, he was finally put on a ship to Botany Bay, arriving in October 1792. Once there, Watling was assigned to the services of the Surgeon General, John White, a keen amateur naturalist. Quick to recognise Watling's talents, White put him to work on a series of illustrations for a proposed book on the natural history of the colony. The book was never published but happily the drawings survive. Today they are in the care of the Natural History Museum in London. They are some of the earliest drawings by a Western artist of early Australia, and we were lucky enough to borrow three of the originals for the *Faking It!* exhibition.

Watling's story does have a final, strange twist. After serving his time in Botany Bay he returned to Dumfries in 1803. He found work as an art master and also a coach and house painter.

However, this obviously wasn't lucrative enough for him and in 1805 he was accused of a second forgery – this time of a Bank of Scotland £5 note. He was arrested and brought to trial, with the Bank's Dumfries agent, David Staig, again giving evidence against him. Incredibly though Watling was fortunate a second time, as the case was found 'not proven'. He appears to have died in penury in Scotland some years later.

Them bones, them bones

Possibly the most unusual forgery related item in the HBOS collections is an early nineteenth century 'forgery kit', made from carved bones. These curious pieces were made by French prisoners being held at Valleyfield POW camp near Penicuik, Scotland, during the Napoleonic wars. They were probably made from mutton bones left over from their meals.

Conditions in the camps were hard, and many inmates turned their hand to making ornaments and other items that they could trade for food and clothes with local townspeople.

Some turned their skills to more criminal activities: forging coins and banknotes. These were passed into general circulation by soldiers guarding the depot, who would receive a commission for doing so.

In 1811 it came to the attention of Bank of Scotland that forgeries of its guinea notes were



Carved bone forgery kit made by French POWs being held at Valleyfield near Penicuik, Scotland, c1812. The bones were used to reproduce the watermark and seals found on genuine notes.

appearing in the vicinity of the POW camps. In February 1812, the bank issued placards and notices in the press – in French and English – warning the public about the forgeries, and offering a reward of £100 for any information on the culprits. The forgeries were apparently done by hand, and the inscriptions ‘*had the appearance of Foreign handwriting*’.

It seems that the bones were used to add the finishing touches to the forgeries. By pressing them into the forged note, they left an impression similar to the pattern of the watermark and seals found on genuine notes.

It is not known what became of the prisoners who carved the bones or made the forged notes. We do know that several forgery cases were brought before the courts around this time. Some individuals were imprisoned in the notorious prison hulks, and at least two were executed.

There is however a record of the forged notes

and forgery bones being received at the Bank from Valleyfield in December 1812:

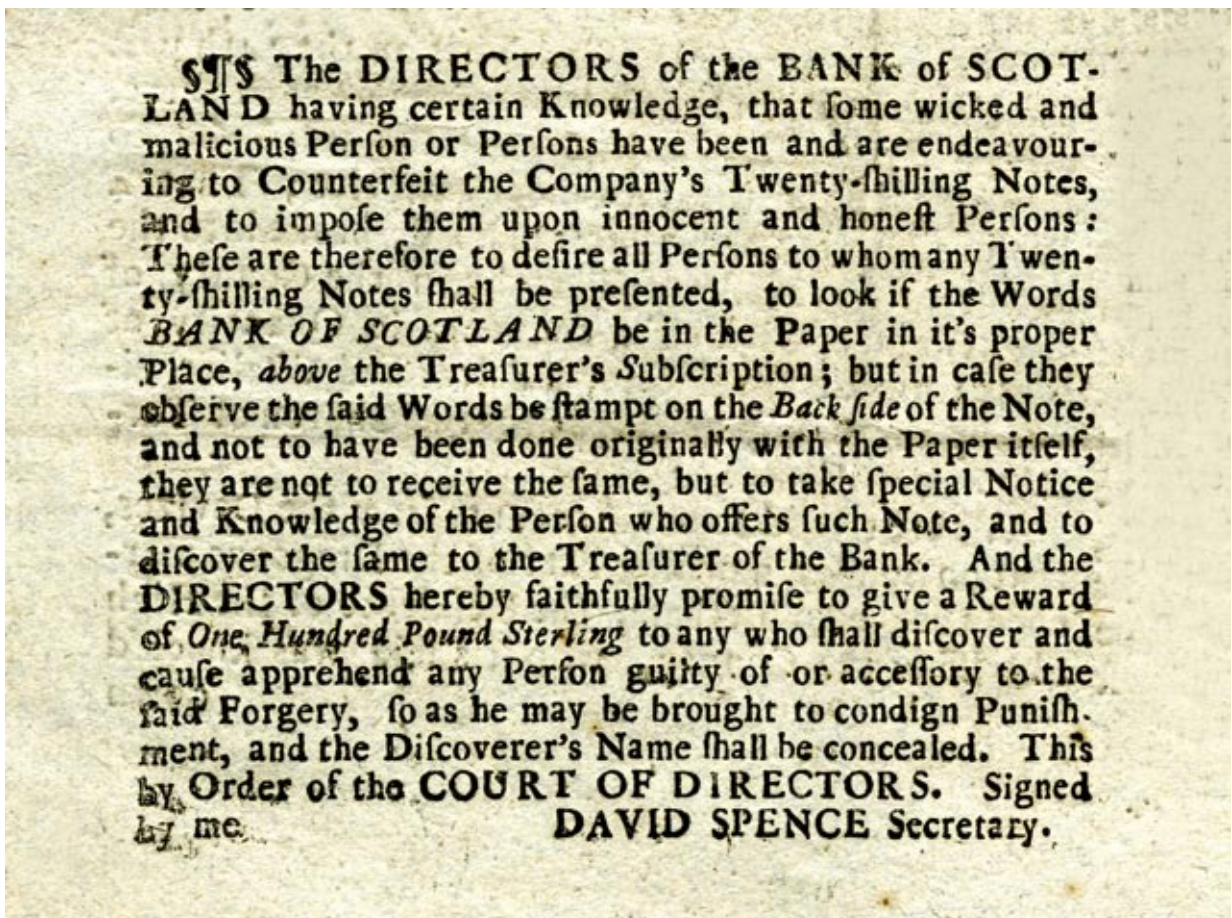
18 Dec. 1812. Mr A. Munro Clerk at Depot at Valleyfield transmits sundry forged notes with the seals used by the Prisoners of War in fabricating them.

The bones are on permanent display in Museum on the Mound, alongside a forgery thought to have been done by French prisoners.

Back to the drawing board: forgery and banknote design

Inevitably, forgery has influenced the whole history of banknote design. With every forgery that appears, banks have to re-examine the security features of their notes. Modern banknotes now feature a whole host of anti-forgery elements, including micro-printing, watermarks, ultraviolet devices and metallic threads.

Back in 1700, the early Scottish banknotes that



When forgeries were discovered, banks would issue notices in the press alerting the public. This notice from the *Caledonian Mercury*, December 1726, relates to the forgery of the Bank of Scotland's 20 shilling note, for which John Currie was convicted.

McGhie attempted to forge were very basic. All the different denominations (£5, £10, £20, £50 and £100) were the same size and the same design. And, as mentioned earlier, parts of the notes were handwritten, including the signatures of the Bank officials.

When McGhie's forgery was discovered, the Bank immediately commissioned new notes. Fresh banknote printing plates were made, with a separate plate and design for each denomination. Other features were also incorporated including, it appears, a watermark in the note paper.

Overall though, banknote design remained fairly simple for much of the eighteenth century. Banknotes continued to be produced by copper plate engraving, which limited the sophistication of design. Some anti-forgery elements were introduced, for example the use of vignettes and also the addition of colour. However, forgery remained a persistent problem.

The switch to steel printing plates in the early nineteenth century allowed banks to produce notes with much more elaborate designs, which were more difficult to reproduce. However the forgers continued to be inventive. The mid-nineteenth century saw the emergence of photography, and forgers were quick to make use of this new technology to produce forgeries.

Such was the perceived threat of photographic forgeries that in 1880, Bank of Scotland commissioned an eminent Professor of Chemistry at Edinburgh University, Alexander Crum Brown, to design a banknote that was photograph proof. Over the next three and half years, Crum Brown conducted countless experiments, which he recorded in detail in his report books. These survive in the archives today and provide a fascinating insight into how forgers used photography to produce fake notes.

Eventually, Crum Brown came up with a design which he was convinced could not be reproduced by photographic means. His new notes featured several complex design elements, each printed in a slightly different colour. This made it

Notice announcing Professor Crum Brown's method of protecting against photographic forgery of banknotes.



extremely difficult to separate them out through photographic means. The Edinburgh banknote printer, George Waterston, thought that Crum Brown's method was a 'complete success' and as such 'Photography as a means of forgery must be given up for Bank of Scotland notes.' When the new notes were issued in 1885, notices were issued in the press to this effect.

Imagine the Bank's dismay when a few years later, in November 1888, a Glasgow shopkeeper reported receiving a forgery of its un-forgable note. More started appearing all over Scotland – Edinburgh, Leith, and as far away as the Orkney Islands. The forgery was so good that even experts found it difficult to tell them apart from genuine notes. Only the feel of the paper gave it away (even today, this is a reliable way of spotting a forgery).

How could this happen? Who was behind it? Rumours started that it was the work of an international gang. Then, following a tip-off from a shop assistant in Edinburgh, the culprit was finally found: John Hamilton Gray Mitchell, a 74 year old local artist and engraver. Crum Brown was right. His notes were photograph proof; but they were no match for an engraver of Mitchell's skills. When police searched Mitchell's lodgings they found engraved copper plates, a set of colours and a wadge of partially finished notes. All these have survived and are on display in the Museum.

The banknote forger John Hamilton Gray Mitchell as a young man. Photograph by Antonia Reeve.



When police interviewed Mitchell, he was asked why he had attempted the forgery. Partly, he said, it was because he had fallen on hard times, having lost money in a commercial failure. But he also wanted to disprove the Bank's claim, made in several newspaper articles, that its notes were impossible to forge:

having a natural propensity to overcome anything difficult in my trade, I was induced by that propensity to try if the notes could be forged...

Mitchell was sentenced to seven years' hard labour, but was released early on account of his age and ill health. He died a few months later.

The ones that got away...

These are just a few of the forgery cases that have featured in the Museum. There are others, but unfortunately there isn't space to go into them in detail here. For example the case of John Gardiner, who forged a bank bill for £650 in the eighteenth century (over £45,000 today) and then escaped to Rotterdam. Or the two men from Birmingham, who came up with the ingenious idea of laundering forged notes



Some of the forging equipment found in John Hamilton Gray Mitchell's home.

through the nineteenth century cattle sales in central Scotland.

More than a hundred examples of forged notes can be found in the HBOS banknote collection, stretching from the early eighteenth to the late twentieth centuries. The accompanying documentation for many of these has unfortunately been lost, so for many of them we know very little about how and where they were produced. But the very fact they survive in such numbers and for such a long period, is testimony to the cunning and persistence of that intriguing creature – the banknote forger.

Further information

For further information about the Museum please see our website:

<http://www.museumonthemound.com/>

You can also find more information about the HBOS archives and the various company histories on the HBOS heritage pages:

<http://www.hbosplc.com/about/bos/History/heritage.asp>

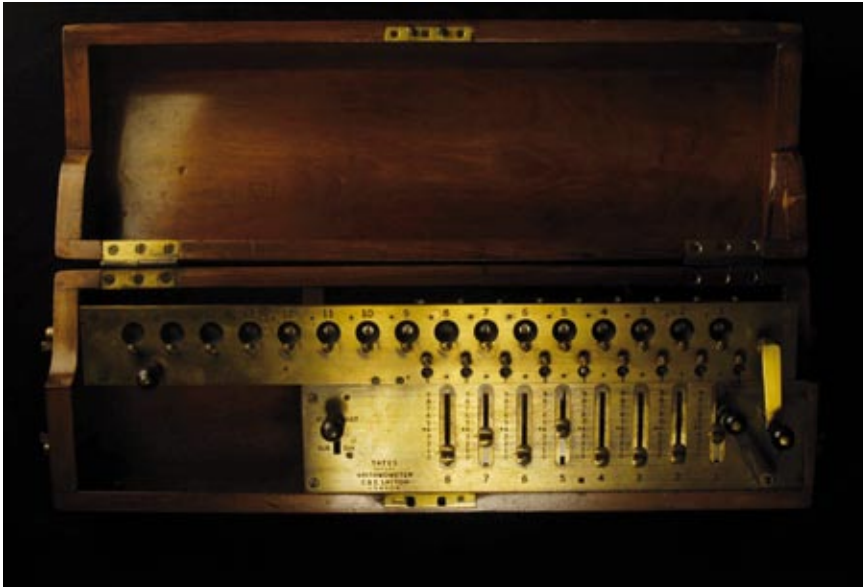


Cracking the safe interactive at the Museum. Photograph by Douglas Robertson.

Early calculators at Clerical Medical

This eye-catching machine, called an arithometer, was used at the life assurance company Clerical Medical in the 1890s.

The arithometer was the world's first commercially successful calculating machine, and could add, subtract, divide and multiply – invaluable to life assurance companies for producing data for their tables of premiums.



The arithometer was invented by a man called Charles Xavier Thomas, from Colmar in Alsace. He later went on to become manager of the Soleil Assurance Office in Paris.

Colmar made his first arithometer in 1820, and it was exhibited at the Great Exhibition of London in 1851. By 1878, around 1500 of them had been manufactured.

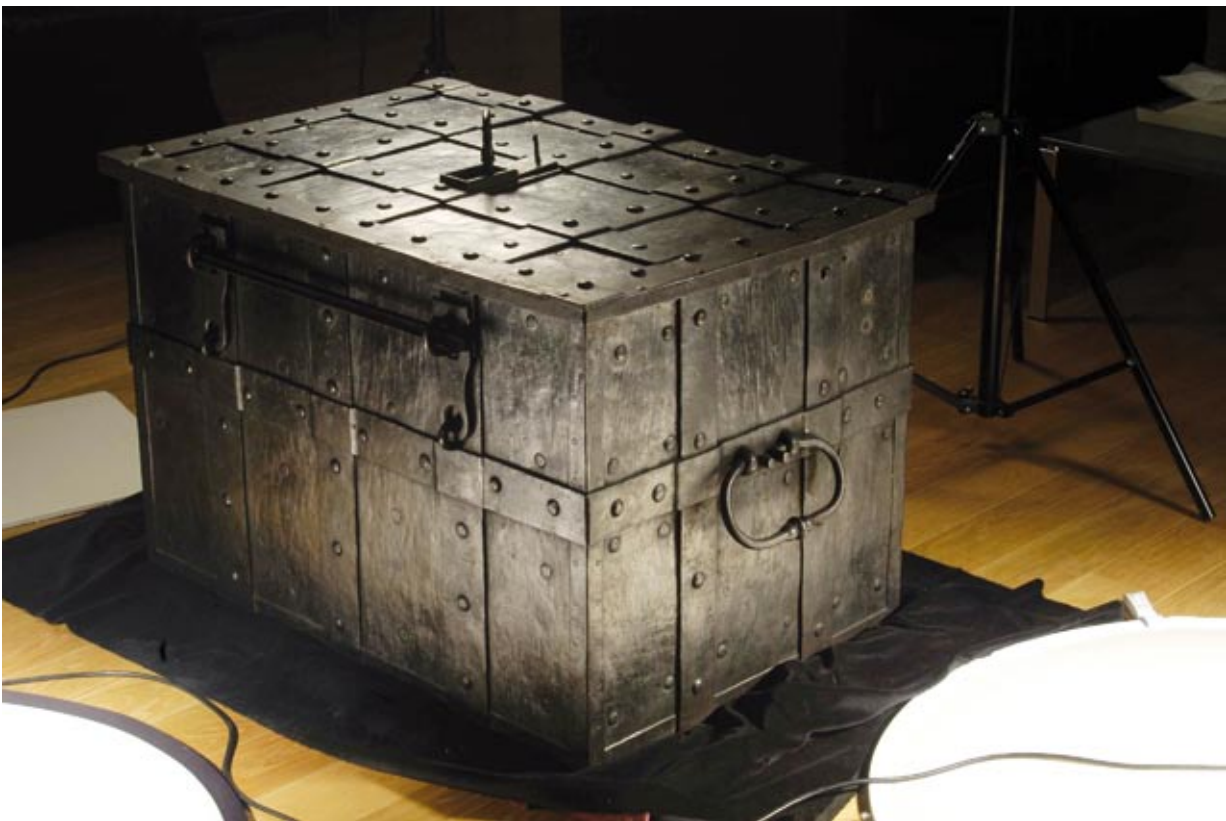
An English version of the arithometer, called the Layton or Tate arithometer, was produced from 1883



Bank of Scotland kist (chest)

Before the days of modern bank vaults and safes, this iron kist or chest was used by the Bank of Scotland to store cash and other valuables. Made of solid metal strengthened with cross bands, it would have presented a formidable challenge to any would-be thief. Forced entry was made even more difficult by the fact that the lock was cunningly concealed in the lid. Its construction meant it was also fire - and vermin - proof.

The Bank acquired the kist in January 1701 from a local tradesman, Thomas Wemyss, paying the grand sum of £7 10 shillings for it – about £600 today. The purchase was possibly prompted by events a few months previous. A great fire had completely destroyed the Bank's office in Parliament Close, Edinburgh. Fortunately, staff had managed to retrieve any valuables before the fire engulfed them.



Bank of Scotland iron kist.

Many years later, the kist was again caught up in dramatic events. When Bonnie Prince Charlie's army marched into Edinburgh in 1745, the Bank feared it might be a target. It hurriedly moved the kist to the safety of Edinburgh Castle. There it remained until the army left the city, and the Bank could begin business again safely.

The “tamed philosopher” and the Commercial Bank Economists

Intesa Sanpaolo Historical Archives have recently published a new archival guide concerning the private papers of Antonello Gerbi, head of the Economic Research Department of Banca Commerciale Italiana (BCI) from 1932 to 1970.

These papers, kindly donated by his heirs, take part in the Historical Archives strategy of acquiring private records of significant managers: this was the case of marquis Massimiliano Majnoni's papers and diaries, as already pointed out in this “Bulletin” (n. 1/2007).

The book “Un filosofo in banca”, by Francesca Pino and Guido Montanari, published in 2007, describes Gerbi's activities not only as a bank economist but also as a philosopher, a journalist, a bibliophile and an amateur photographer. This book alternates traditional inventories, short stories and more than 150 pictures, including photos, and selected images of records and rare books and curious press clippings, belonging to the same Gerbi's Papers.



Biographical sketch

Antonello Gerbi (1904-1976) was born in a Leghorn Jewish family of bankers and stock brokers. He graduated in law at Rome University in 1925, with a dissertation in History of Ideas. Afterwards, he was active as a journalist and contributed to various newspapers and journals (1923-1931), alternating this activity with the apprenticeship at a lawyer's office and with his thorough research in the history of political thought. Thanks to a grant from the Rockefeller Foundation, he could live two years (1929-1931) in Berlin, London and Vienna, attending University courses and research libraries. At the same time, he visited some banks and served an apprenticeship with at Midland Bank in London.

In 1932 he was recruited by BCI by the senior manager (later managing director) Raffaele Mattioli, who entrusted him the direction of the bank's Economic Research Department. Thus, in Mattioli's words, Gerbi became a “tamed philosopher”, devoted to the routine of a bank job. Although he won a professorship in 1933 (as a specialist in the History of Political Ideas), he preferred to remain with BCI.

Following the Big Crisis, BCI was restructured as a commercial bank and Gerbi harmonized the role of the Economic Research Department with the bank's new course.

In October 1938, as a consequence of the fascist Racial Laws, he emigrated to Peru and became the director of the Economic Research Department of Banco Italiano – Lima (later Banco de Crédito del Perú), controlled by BCI. In Lima he realized pioneering research about Peru economic history and reality. Most of all, he began to investigate

the history of the European vision of America, following the methodology of Arthur Lovejoy among others.

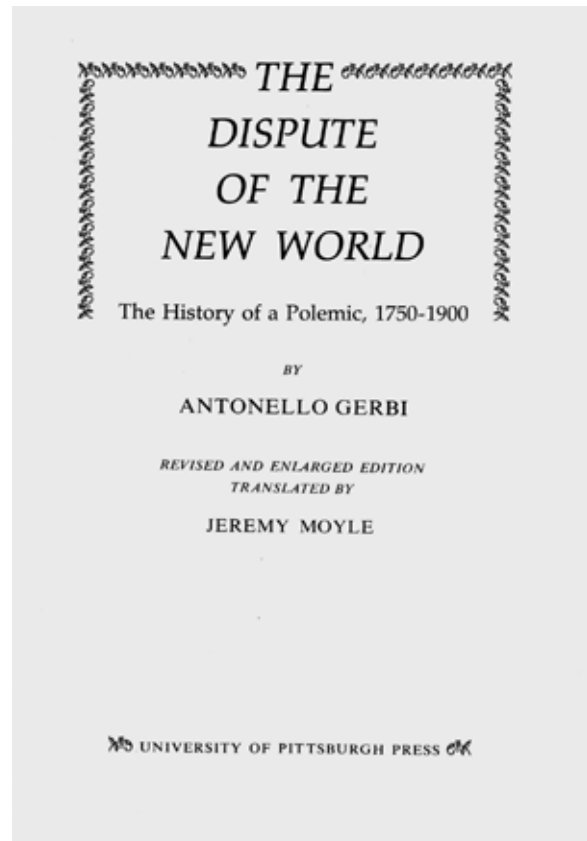
In 1948 he came back to Italy and was entrusted again with the guide to the Economic Research Department of BCI, continuing his "American studies" as well. He published in 1955 *La disputa del Nuovo Mondo* (*The Dispute of the New World*) and contributed to the initiatives of the publishing house Ricciardi, owned by Raffaele Mattioli.

He left BCI in 1970 and subsequently published in 1973 the English translation of *The Dispute* and in 1975 a new book on the early voyagers to the Americas, *La Natura delle Indie Nove* (translated in English after his death in 1985 with the title *Nature in the New World*).

Economic Research Department of BCI and the ICCBE

Under the Fascist dictatorship Italy was suspicious of any contact with the international culture, mostly after the League of Nation's sanctions originated by the Ethiopian War at the end of 1935. Despite this, Gerbi was able to maintain continuous contacts with foreign countries, buying books and international magazines notwithstanding the limits fixed by fascist censorship. Thanks to these both intellectual and human relationships, mostly in the Anglo-Saxon area (from Keynes to New Deal and Labourism), Gerbi allowed his collaborators to compare the Italian economic situation with that of other foreign countries. So doing, Gerbi was consistent with the international orientation of BCI since its foundation (1894), strongly maintained by Raffaele Mattioli.

Gerbi instilled into the banking environment his passion for international cooperation, developed during his stages abroad: after the 1930 stage in London, where he matured a long lasting friendship with Wilfrid Crick (head of the Economic Advisers Office at Midland Bank), in Summer 1932 he went on a training



trip to Switzerland, Belgium, The Netherlands and Luxembourg, visiting the Economic Research Departments of about 15 banks.

In June 1937 Crick organized, in Eastbourne (Great Britain), the first International Conference of Commercial Bank Economists (IC-CBE), with the support of prominent economic bank advisers like Robert Arzet of Berliner Handels-Gesellschaft, George Roberts of First National City Bank and P.G. Norberg of Svenska Handelsbanken.

This first Conference was a peaceful undertaking of international cooperation, despite the emerging political tensions in Europe. Eleven countries were represented in this conference and Gerbi, from Italy, was the youngest attending person. Besides the above mentioned people, at Eastbourne the other economic advisers were delegated by Amsterdamsche Bank, Banque Nationale pour le Commerce et l'Industrie, Deutsche Bank und Disconto-Gesellschaft, Reichs-Kredit Gesellschaft,

Den Danske Landsmanbank, Bank of Nova Scotia, Royal Bank of Canada, Bankers Trust Company, Bank of New South Wales.

Gerbi took the initiative of drafting comparative tables about the structure and activity of various Economic Research Departments. Moreover, he took pictures of all the conference members, providing a sort of photographic portfolio [photo below]. During the following meetings, Gerbi continued in producing booklets as photographic 'mementoes'.

These Conferences, still organized nowadays, lasted about two complete weeks and took place every three years in different countries of the world. Gerbi's Papers contain the witty reports of these meetings by Crick, *An Historical Record of ICCBE* (editions 1953 and 1966) and by Russell Clark (1978), printed in limited editions.

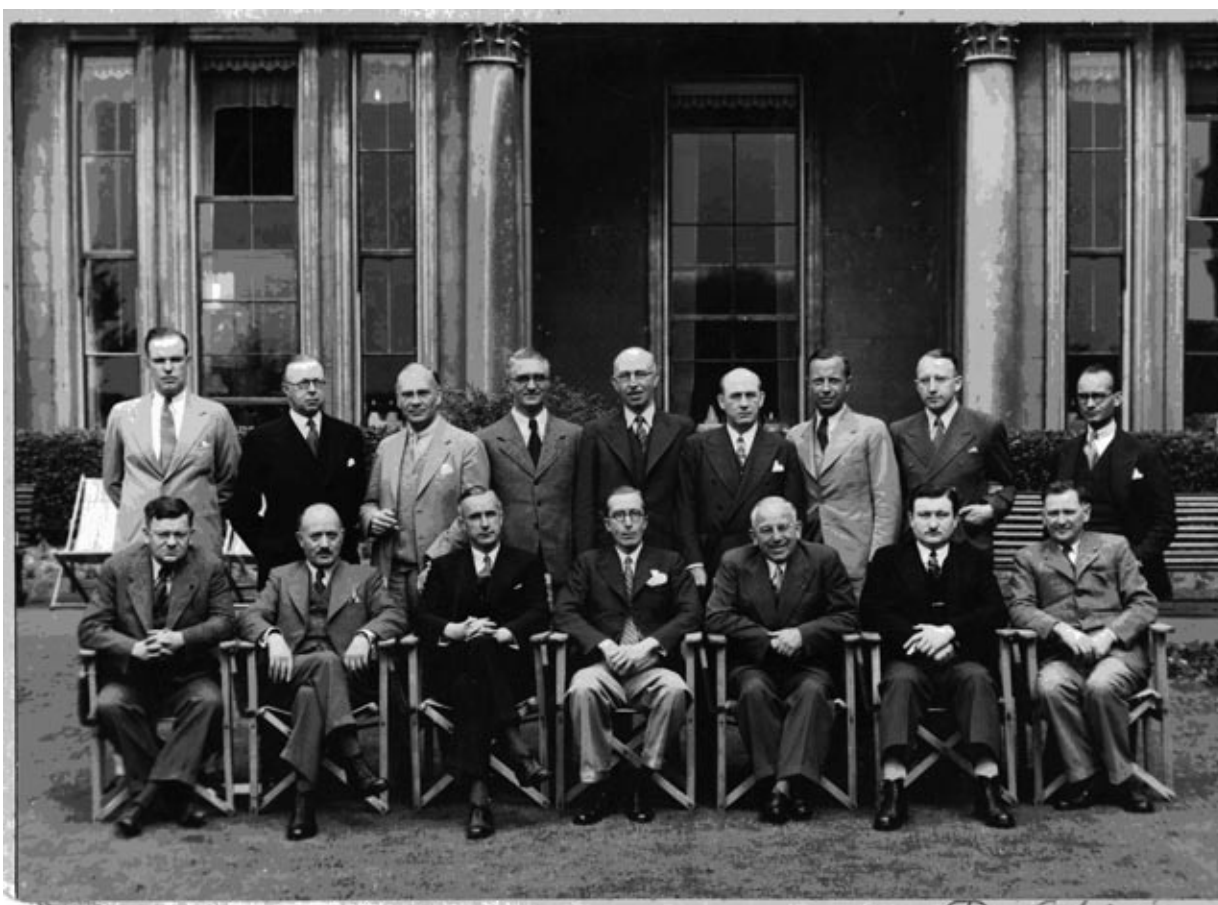
Thanks to the Conferences, Gerbi disseminated abroad the knowledge of the Italian

banking system and steered on behalf of BCI the 1959 Conference in Italy (in Milan, in Sirmione on the Garda Lake and in Rapallo, near Genoa).

The private Archive of Gerbi: structure and contents

This personal Archive, composed by 121 boxes, has a very complex structure, because it contains personal documents as well as philosophical and journalistic writings (arranged into 6 boxes), correspondence (16 boxes), more than 7000 photos (24 boxes), selected booklets and press clippings, mostly in the English language (32 boxes).

Gerbi's Papers represent an original, very rich evidence of Italian intellectual life during and after Fascism and of the *élites* selected by Raffaele Mattioli (both for BCI's management and for his long lasting cultural initiatives). They also tell the vicissitudes of a number of



Conference of Eastbourne 1937: members picture

Jewish families affected by Racial Laws. These papers will be of interest not only to Economic and Banking historians, but also to those interested in philosophy, history of ideas (especially in American Studies), ethnography, history of journalism, photography **[photo 4]**, cinema and bibliomania, history of fine arts and iconology.

To celebrate the opening of Gerbi's Papers to the public a meeting took place on 27th February 2007 at the University of Milan, titled "Antonello Gerbi between the Old and the New World", of which we shortly expect of the proceedings to be published.

Guido Montanari
Curator of BCI Archives

The inventory of Gerbi's Papers is available also on line, in the Historical Archives web site www.intesasanpaolo.com. The website pages on the Historical Archives will be soon translated in English.



Antonello Gerbi photographer, early thirties

The Historical Archive of the Bank Austria

In May 2008 a celebration was held to mark the opening of the Bank Austria Historical Archive, the first publicly accessible bank archive in Austria.¹ This international-calibre central archive is responsible for managing all historically relevant documents of the bank and its predecessor institutions - Creditanstalt-Bankverein, Länderbank Wien and Zentralsparkasse und Kommerzialbank Wien.

Legal prerequisites

The Historical Archive of the Bank Austria was established in accordance with the decision by Judge Shirley Wohl Kram of the United States District Court, Southern District of New York, "In re Austrian and German Bank Holocaust Litigation", after a US-Class Action against Deutsche Bank, Dresdner Bank, Bank Austria, Creditanstalt and German and Austrian banking institutions in October 1998. Bank Austria reached a Settlement Agreement² agreed to by both plaintiffs and defendants on March

15, 1999. US\$ 40 million was to be provided for a settlement fund, whereof US\$ 30 million was reserved for a humanitarian fund to settle claims of Holocaust victims who suffered losses caused to them by the predecessor institutions of Bank Austria during the period from 1938 to 1945, when the National Socialists controlled these banks. A further US\$ five million was to be provided for the Conference on Jewish Material Claims in favour of Austrian Holocaust victims. The Settlement Agreement became effective in August 2001.

As part of the Settlement, Bank Austria was to create and maintain an independent Historical Commission responsible for the historical investigation and analysis of the former institutions of the banking group Creditanstalt, Länderbank, and Zentralsparkasse during the National Socialist period. The commission headed by Gerald D. Feldman was founded in June 2000 and finalized its work with the publication of its final report³ in November 2006. Following the Set-



documents on the history and activities of Bank Austria and its predecessor institutions. The materials contained in this archive are undergoing constant physical organization and are also being recorded digitally. It is also planned to establish a wide ranging and effective concept for an overall record management service in accordance with logistic managers and legal personnel for the storage of historically relevant current business documents.

One of the objectives of Bank Austria's Historical Archive is to facilitate research on Austrian banking and business history and it provides assistance to internal enquiries and scientific research works. Access for scientific research to the records of the Historical Archive of the Bank Austria in general is granted up to 1946.

Current situation of archives of Austrian financial institutions

In comparison to other European financial institutions archives the significance and tradition of Austrian business archives are not as highly developed as in other countries like e.g. England, Italy or Germany. Apart from the archives

of the Oesterreichische Nationalbank⁷ [Austrian National Bank] and the Historical Archive of the Bank Austria, there has been no comparable bank archive in Austria until now, and also no policy of archiving which goes beyond internal regulations on preservation.

For Austrian largest bank the establishment of the historical archive is also tied closely to its numerous sustainability activities. Bank Austria hopes to fulfill a major responsibility to society and oncoming generations but also towards its customers and its employees. In times of rapid and fundamental change, the historical experiences of a company, the knowledge of its common values and its own identity are of essential importance and are a key basis for enabling the bank to master future challenges. By setting up a historical archive, Bank Austria certainly makes an important contribution in preserving and documenting the history of the Austrian banking industry and economy and hopefully becomes a national trailblazer in increasing awareness for the importance of bank and corporate archives in Austria.





Contact and opening hours

Bank Austria Historical Archive

Lassallestraße 1

A-1020 Vienna

Tel.: +43 (0) 50505 - 41053

Fax.: +43 (0) 50505 - 41328

Contact: Dr. Ulrike Zimmerl

E-mail: ulrike.zimmerl@unicreditgroup.at

<http://www.bankaustria.at>

Opening hours: by appointment

Paying a visit to ...

Endnotes

- 1 See news item of Bank Austria on May 21, Mai 2008. <http://www.bankaustria.at>.
- 2 Settlement Agreement "In re Austrian and German Bank Holocaust Litigation", March 15, 1999.
- 3 Gerald D. Feldman, Oliver Rathkolb, Theodor Venus, Ulrike Zimmerl, *Österreichische Banken und Sparkassen im Nationalsozialismus und in der Nachkriegszeit. Vol. 1: Creditanstalt-Bankverein – Vol. 2: Creditanstalt-Regionalbanken, Länderbank und Zentralsparkasse*. C.H. Beck, Munich 2006.
- 4 Confirmed in Memorandum, Opinion and Order of Judge Shirley Wohl Kram, January 6, 2000 "...to create and maintain a permanent and public archive of these materials."
- 5 By order of the Austrian State Archive for the preliminary protection of certain archive files in accordance with the law of preservation on March 12, 2001 due to § 25a Denkmalschutzgesetz (DMSG) BGBl. Nr. 533/1923 , last changes made by BGBl. I Nr. 170/1999.
- 6 74 private and public company, banking and insurance archives have been decreed as "denkmalgeschützt" (a preservation law).
- 7 The Oesterreichische Nationalbank has been building up the Bank History Archives since spring of 1999. See <http://www.oenb.at/>.

The Rothschild & Brazil Online Archive

The London banking house of N M Rothschild & Sons has a long history of involvement in Brazil. The firm's initial business with Brazil was in merchant banking activities and bullion dealing, but in 1855 it became the Brazilian government's financial agent in London and went on to handle the government's borrowing in the London capital markets and be closely concerned with the country's fiscal, commercial and exchange rate policies. With the bank at the heart of the development of Brazilian public finance, The Rothschild Archive is an important resource for an understanding of this aspect of Brazilian economic and political history, as well as the history of British informal imperialism and emerging patterns of globalisation.

Extensive documentation of this history – which is as much the history of Brazilian economic development as it is the history of the firm of N M Rothschild & Sons – is preserved in The Rothschild Archive in London: and therein lay a problem. Researchers from overseas can find it prohibitively expensive to come to London to carry out their research, and lack of access to archival material has, of necessity, the power to skew the research paths which researchers might otherwise have wished to follow.

Digitisation of key series seemed to be a popular option amongst Brazilian economic historians informally polled during their biannual conference in 2005. Whilst not the most scientific of market research techniques, the conclusions did tally with Archive and business objectives to raise the profile of both the Archive's Brazilian collections, and the modern-day business operating in contemporary Brazilian markets.

Around two hundred key files were identified, yielding over 25,000 digital images. The material chosen focused on three main areas: previously closed correspondence files from

the interwar years; files concerning government bond issues; and the correspondence sent by the bank's contacts in Rio de Janeiro in the first half of the nineteenth century.

Digitisation of archival collections is now a well-trodden road, and we endeavoured to follow the usual good practice guidelines: producing master scans as high resolution files in tif format; delivering low resolution files in jpeg format. Foliation and consistent file-naming conventions were indispensable. Nearly all of the files were sent to a bureau – MicroFormat – for scanning, and outsourcing all these technical and quality assurance issues was a great relief.

Copyright was an area of concern, since as a rule of thumb it lies with the sender and not the recipient of correspondence. As far as possible we contacted the probable present-day copyright holders to, I suspect, the bafflement of several company secretary departments of businesses which had long since swallowed and digested the firms doing business with Rothschilds in a previous century. We are grateful to everyone who gave permission, particularly colleagues at the Baring Archive and the Bank of England Archive.

The Rothschild & Brazil Online Archive went live at the end of February 2008, as a password-protected 'micro-site' within The Rothschild Archive main site. Software design and support was provided by the bank's IT department and contractors: these were not overly familiar with historical archives, but a strict remit to 'keep things simple' produced a functioning site just about within deadline.

Like the Rothschild Research Forum area of the main Archive site, access to the Brazil site is restricted to registered members. There is no charge for using these sites, but the Rothschild

Archive Trustees do require that users should be bona fide researchers and applications for membership must be supported by written references.

As an Archive we place a high value on our close relationship with researchers who use our Reading Room in London, and it will be a new and perhaps disconcerting experience to have a research community with whom that kind of contact will largely not be possible. It feels a little like the moment when the Portuguese court set sail for Brazil from Lisbon two hundred years ago to escape Napoleon, but in setting up home in Rio de Janeiro they empowered an emerging Brazilian nation. I hope our virtual Archive will have a good reception in its new home and in some small way fuel the developing historiography of modern Brazil.

For further information see: www.rothschildarchive.org

“Meet the Archivists”

At the end of November 2007, The Baring Archive hosted “Meet the Archivists”, an event co-sponsored by The Baring Archive, the LSE and the Economic History Society. The aim of the day was to make post-graduate students more aware of the opportunities for research in business archives. Most of the attendees were first year PhD students.

The idea was a product of a conversation between Alexander Apostolides and Melanie Aspey during lunch at the 2007 EABH conference in Malta. Alexander Apostolides, himself a PhD student at the London School of Economics (LSE), felt business archives were underused by PhD students, perhaps because they were unaware of just how valuable these archives can be. With the generous offer of a venue from The Baring Archive, and with funding from the LSE and the Economic History society, Alexander organised the event.

The event was organised in two parts: the morning session was centred on practical advice on business archives usage; the afternoon session was devoted to an “archive expo” and presentations by the participating archivists. The morning session was chaired by Joint Deputy Chairman of the Business Archives Council Dr Mike Anson, who is currently undertaking research for the fourth volume of the history of the Bank of England. The first speaker was Peter Scott, Professor of International Business History at the University of Reading. In his paper, “Building a thesis on business archives”, he began by talking about the different business archives he had used for his own PhD, before moving on to discuss various ways of locating them. He also compared using business archives which are held in public collections with those in private hands, both professionally managed and otherwise. His talk was clearly very helpful for the students in tackling practical questions arising when working with business archives.

The following speaker was Dr Valerie Johnson, who is experienced both as researcher and archivist. Her presentation focused on the wide range of research where business archives can

be useful. Dr Johnson provided numerous examples where research in business archives contributed in the fields of gender studies, colonial and economic history and the history of ideas. During an extended lunch period the “archive expo” took place, with around fifteen archives and archive-related organisations hosting stalls to enable researchers to chat about their individual research interests. This was the highlight of the event as PhD students received feedback from senior archivists about their research interests and informational needs. The event was considered by both students and archivists alike very useful; hopefully the social networking will result in new co-operations and increased archival usage.

In the afternoon no fewer than eleven archives and archive-related organisations gave fifteen-minute presentations about their collections and research opportunities. Participating archives were AIM25, The Baring Archive, BT Archives, Guildhall Library Manuscripts Section, HSBC Archive, LSE Library, Porthcurno Telegraph Museum (Cable and Wireless Archive), Reuters Archive, The Rothschild Archive and The Women’s Library.

The day ended with a short drinks reception. There was a general view that it had been a useful day for both the archivists, who were able to promote their collections to potential researchers, and for the students, who discovered new possibilities for their research. A similar event is being organised for later this year and interested parties should contact Alexander Apostolides at a.apostolides@lse.ac.uk

Moira Lovegrove , The Baring Archive

Alexander Apostolides LSE

The Wallenberg Archives

Since the 1950s, the historical archives of Stockholms Enskilda Bank, one of the for-runners of the present bank SEB, have been among the most important private archives for research into Swedish industrial history. Essential parts of several monographs on the history of Swedish industrial companies are based upon sources found in those archives, including Ericsson, ABB, StoraEnso, AstraZeneca and the investment company Investor. In addition, these archives have proved particularly fruitful for a long series of monographs of the history of the bank and its leaders. Biographies of the founder André Oscar Wallenberg (1816-1886), his sons Knut (1853-1938) and Marcus (1864-1943), and grandsons Marcus (1899-1982) and Jacob (1892-1980), all leaders of the bank, have been published. Recently the Swedish filmmaker Gregor Nowinski used the Archive's photographs and moving pictures in his historical documentary "The Wal-

lenbergs", which was shown on the Swedish television and was well received. The film is available both in Swedish and in English. In connection with the making of the program a lot of the material was digitized.

Owing to the centrality of the bank and the representatives of the Wallenberg family – in their capacity as owners and leaders of the bank for five generations – much of the Swedish industrialization process is mirrored in the archives that are the outcome of their activities. This contributes to the special value these archives represent.

The archives are well preserved and accessible to serious academic research (post-doc). The Foundation for Economic History Research within Banking and Enterprise in Stockholm, founded in 1996, is now in charge of the preservation of the archives and for their accessibility after the right of ownership was transferred to



the Foundation. The Foundation has no capital of its own, but gets its founding from three of the largest Wallenberg Foundations. Two scholarly advisers are at the disposal of the Foundation for advice regarding applications for access.

The archives is housed outside the city center of Stockholm in what used to be the stable at the former summer house of Knut and Alice Wallenberg, the founders of the foundation which bear their names. The archives consist of 2 000 linear meters and the Foundation is planning to double its capacity during the next year by building an extension and acquiring more of Investor's current archives.

Pehr Hedenqvist



Isbank Museum The Museum Of The First Bank Of Turkish Republic

As an institution coeval to the Turkish Republic, established by the founder of the state, Kemal Atatürk, and one of the locomotives of modern Turkish economy for 84 years, Isbank first began gathering its mementos dating back to 1924 in the 1980s and formed a modest museum in 1986 on the first floor of the third headquarters building in Ankara. The items the Museum displayed from various times had enormous sentimental value. Then, in 2005 the Bank started to concentrate on forming a modern museum in Istanbul, collecting and classifying the collections according to contemporary norms. After two-year intensive effort, on 9 November 2007 Isbank Museum was opened in its oldest branch Yenıcamı, located in Eminönü, the worldwide famous historical peninsula of Istanbul.

Traces of Isbank's past had been assiduously guarded in various locations. Banking tools and documents were augmented by symbols of social culture and public consciousness. Over a period of two years, the art collections were gathered in the Isbank Painting Collection, the banking tools and other material which witnessed to the Bank's past at the Isbank Collection and the documents, photos and films at the Isbank

Archive Collection. Members of the Isbank family and various bank units dispatched many objects, priceless in sentimental value, to the museum. Many objects were collected here, now forgotten in the swift passage of time, yet so familiar still, as well as documents, photographs and films; in so doing, it is hoped to have reviewed the relationships between them all, fully conscious of their *raisons d'être*.

Now, the collection offers the chance to meet memories thought to be forgotten. Latest technological advances were used to record every single item in order to preserve each for posterity. These precious items were conserved; the destructive effects of time were removed. A digital archive was created by scanning one million paper documents. 114 reels of film were re-recorded with the latest technology, almost 1000 items were catalogued with individual inventory cards and more than 10.000 photographs were converted into electronic format.

Isbank's Yenıcamı branch, a mainstay of the Bank's good relationship with its clientele since 1928, was transformed into a new monument, a museum that joins the city's cultural scene. Every corner of this historic building was searched



diligently to reveal traces of the Bank's heritage that leads into today. It was tried to find a balance between the contemporary and the historic. In taking every foreseeable precaution so that these values may be conveyed to future generations, the comfort of the visitors was kept paramount.

At the top floor of the three-floored, approximately 2500 square meters Museum, the evaluation of the Bank can be followed in chronological order from its foundation to today, from 1924 to the 2000s. At the ground floor, the visitors may see the history of Yenicami branch and also get some information about the human resources and education policies of Isbank in the 1930s and 1940s. There is also temporary exhibition hall here, consisting of two separate galleries. In the basement, the main safe and safe-deposit boxes that the bank used since 1928 are open to the visitors. A meeting room, accommodating sixty people and used for workshops, seminars

and film screening is located next to the safes. A quite successful exhibition was organized on coin boxes in the Museum's temporary exhibition hall. Accordingly, educational programs were prepared for children about the crucial importance of saving, the hard years in Great Depression and the hazardous ways of today's consuming culture. The coin box exhibition is now traveling around the Turkey.

Since its foundation, Isbank Museum has been visited by more than 45.000 people, in various ages, coming from different social classes. It is open everyday except Monday, from 10.00 to 18.00

Celebrating its first anniversary in November 2008, Isbank Museum is now an integral part of Istanbul life, offering themed exhibitions that change throughout the year, permanent collections, scientific and cultural events.



**EABH Annual Conference in association with the Bank of Cyprus,
15 & 16 May 2009
The Critical Functioning of History in Banking and Finance**

The Conference will explore the mutual relationships between banking and finance and their histories, covering issues such as democratization, nationalism, decolonization and more recently regionalization and europeanization and how banking and financial institutions and systems have shaped or been shaped by them.

The conference will also examine the changing boundaries and concepts of European banking and finance (including their origins, functions, products, orientation, education and the role of history in memory and identity: how do banks construct and administer their past and present?). In particular, it will include papers that explore the following themes:

- a) The political context of European banking and finance over time (what has been the role and impact of political structures and systems?)
- b) Unity and diversity in European banking and finance (is there/ has there been a 'European' model?)
- c) Is there a relationship between the size of an economy and the success of banking and financial institutions located there? (Does size matter? Or is there an advantage to being a small country?)
- d) How have memory and identity of banking and financial institutions been constructed over time? (Does history matter in determining an institution's sense of itself? How have archives and cultural artifacts been used to construct that identity?)

Welcome to Cyprus!

The EABH 2009 Conference will be hosted by Bank of Cyprus PCL in Nicosia, from the 14th to the 17th of May 2009.

The Conference will be the first of a series of events marking the 110 years of the Bank. Part of the academic and social programme, will be held in the newly restored 1930's Phaneromeni building, home to the Bank's oldest branch, the Bank of Cyprus Cultural Foundation and recently, the Bank of Cyprus Historical Archive.

The conference participants will be given the opportunity to get to know the city of Nicosia, especially the part within the Venetian walls, as most museums, churches and other important historical sights, as well as the commercial centre of the city are all within walking distance from the Conference venues. (Bank and Hotel).

As for accompanying persons, the hosts have prepared an interesting programme of activities and visits to various places of interest around the island.

Whatever the case, the combined EABH Secretariat and Local BOC Historical Archive team will make every effort to ensure that all colleagues and friends of the EABH enjoy a worthwhile and pleasurable stay in Cyprus.

The Bank of Cyprus PCL

The Bank of Cyprus Public Company Ltd (“the Bank”) was founded in 1899 and is the holding company of the Bank of Cyprus Group (“the Group”). The Bank is the leading financial services organisation in Cyprus.

The Group offers a wide range of financial products and services, which include banking services in Cyprus, Greece, United Kingdom, Australia, Romania, Russia and Channel Islands, finance, leasing, factoring, brokerage, fund management, investment banking, general and life insurance services in Cyprus and Greece.

The Bank operates 140 branches in Greece. Bank of Cyprus has been operating in the UK for more than 50 years and during that time it has established itself as a refreshing alternative to the mainstream clearing banks. The Bank serves a diverse business customer base across the UK from 5 offices in London and the Midlands.

The Group’s international activities were further enhanced in 2000 with the operation of a wholly owned subsidiary bank in Australia, which operates eleven branches.

In March 2007, the Bank expanded its operations in Romania with the provision of leasing services. In June 2007, the first banking branch became operational in Bucharest. Today the Bank operates four branches.

In August 2007, delivering on its strategic plan, the Bank expanded its operations in Russia. In May 2008, the Bank acquired 97,2% of the share capital of the Ukrainian bank AvtoZAZBank and will



The Bank Headquarters in Nicosia.

dynamically commence the provision of banking services in Ukraine.

The Bank of Cyprus Group has obtained the approvals of the Central Bank of Cyprus and the Central Bank of Russia in relation to the agreement to acquire 80% of Uniastrum Bank in Russia.

The completion of the acquisition is expected by the end of October.

With the addition of Uniastrum Bank to the Group, Bank of Cyprus will operate a well diversified network of more than 550 branches in Cyprus, Greece, Russia, Romania, Ukraine, the United Kingdom and Australia.

The Bank has representative offices in Canada and South Africa.

The Bank of Cyprus Group employs 6.996 staff worldwide.

The shares of the Bank are listed on the Cyprus Stock Exchange and the Athens Exchange.



The Banking Hall in the Phaneromeni Building, circa 1970



The Limassol Co-operative Savings Bank

The Limassol Co-operative Savings Bank (LCSB) was established in June 1946 by a group of small shopkeepers and was initially registered under the name “Co-operative Savings Bank of the Small Shopkeepers of Limassol”.

The LCSB proved instrumental in eradicating extreme poverty and the then prevalent usury and black market as well as the exploitation of the less privileged classes. It also contributes towards the idea of thrift.

It is a non-profit motivated institution having as its sole purpose to serve its members meeting their needs in the best possible way. The members of the LCSB elect every three years a five member Committee, which appoints the Management.

The progress of the LCSB has been rapid and its success far beyond the expectations of its founders.

Today the LCSB is the largest co-operative credit institution in Cyprus. It operates as a modern bank institution with 12 branches, all located in Limassol, and 142 employees, providing its 46.807 members with banking and other ancillary services. The LCSB's own funds amounted to €147m as at December 2007. At the same time the Balance Sheet totals amounted to €892m, loans to members €681m and deposits by clients €732m. The market share of the LCSB in Limassol is about 25%

The LCSB actively contributes towards charitable causes as well as in financing or sponsoring cultural, social and sporting activities.

MA Loucas Gregoriades

Historian and Art Historian

Responsible for the historical archives of the LCSB





**SAVINGS BANKS: MAIN BUILDERS OF EUROPE'S REGIONS,
Conference on Savings Banks History, Brussels, 2 October 2008**

The European Savings Banks Group (ESBG)^a recently organized a bi-annual conference on Savings Banks History that was held during October in Brussels. Chris De Noose, ESBG Managing Director; Marc Lemaître, Head of Cabinet of Commissioner Hübner in charge of Regional Policy; Gerhard Stahl, Secretary-General of the Committee of Regions; prominent university professors and chief executives of savings banks from various EU countries highlighted the multi-faceted contribution savings banks have made in the past and continue to make today to the regions of Europe

The conference gathered almost 100 participants comprised of representatives from ESBG member organizations, the European Commission, the Committee of the Regions, academics, and many regional representation offices. This diverse audience allowed for an interesting exchange of views and ideas. The program of the conference was divided into two sessions. The morning session, "Savings Banks: Key players in

the Regions' economical development," focused on the continued importance of savings banks as key players in the development of regional and local economies and was composed of high quality speakers from the savings banks world, such as Mrs. Susan Rice, Chief Executive and Chairman of Lloyds TSB Scotland and Mr. Hubert Herpers, Deputy CEO of Sparkasse Aachen, who enhanced the debates together with University professors, i.e.



View of the Conference Room – Savings Banks: Main Builders of Europe's Regions, Brussels, 2 October 2008

Prof. Angelo Varni from the University of Bologna, and Dr. Christian Dirninger, from the University of Salzburg, Austria.

For the afternoon session, “Savings Banks: Active Members in Society”, the same screenplay was used. This session focused on the role of savings banks in society. Indeed, the role of savings banks is not limited to economical and financial activities. They were created in the 19th century with humanitarian and philanthropic motives, and their deep commitment to the public welfare, in all its dimensions is still present today.

The continuing efforts and commitment of savings banks to the well-being of the people of their regions has been highlighted in the keynote speeches of the afternoon session. Different topics that were discussed include the promotion and sponsorship of sports and current environmental efforts being made, such as those by the Norwegian Savings banks as presented by Mr. Arne Hyttnes, Managing Director of the Norwegian Savings Banks Association. Mr. Netzel, Executive Member of the Board, German Savings Banks Association gave a highly appreciated presentation on the sponsoring and promotion of sports by the DSGV (Deutscher Sparkasse- und Giroverband – German Savings Banks Association) in the German regions. Their sponsoring is not focused on “top-sport” or the promotion of the Olympic Team but the access to sports for every citizen of the region is of their interest.

Through these conferences, ESBG is trying to establish and promote interaction between the academic milieu and the European savings and retail banks in order to enhance the debate on several current topics. The latest conferences were held consecutively in Bonn in 2001, Paris in 2004, Madrid in 2006 and now Brussels

in 2008. In 2001, the conference in Bonn entitled “Savings banks between State and Market” focused on savings banks’ position between and behavior towards state and market in different countries. The existence of the different European savings and retail banking models (from strongly state-regulated savings and retail banks institutions towards extremely market oriented companies) resulted from three major challenges: the relationship with the state on different levels (municipalities, regions, national states); the competition with commercial banks and the extension of the markets. In 2004, in Paris, the ESBG raised the topic of Corporate Identity and Corporate Culture of Savings banks in Europe. In 2006, in Madrid, the topic of discussion was the evolution of the social commitment of savings banks towards Corporate Social Responsibility.



Mr. Chris De Noose, Managing Director of the European Savings Banks Group

The proceedings of these conferences have been published in English in the “Perspectives” series of the ESBG and can be downloaded from the ESBG Website (www.esbg.eu). The last conference has just been held and the outline for the next edition is already in preparation. The upcoming conference on Savings Banks History will be organized in Edinburgh in 2010, coinciding with the 200 year celebration of the creation of the first savings bank in Scotland (1810-2010) by Reverend Henri Duncan. This savings bank became a model for the creation of other savings banks throughout the European continent.

The organisation of these historical conferences on savings banks history is done by the ESBG Study Group on Savings Banks History. This

working group was founded in 1989 and consists of academics and savings banks managers from different countries and backgrounds with a profound interest in the research of savings banks’ history, and has evolved into a dynamic core group of enthusiasts who are deeply concerned by the promotion of academic research on savings banks and banking in general.

Another interesting initiative of ESBG’s Study Group on Savings Banks History is the “Savings Banks Academic Award”. As it is ESBG’s strong belief that it is of prime importance to encourage and support research on savings banks in order to appreciate and to improve awareness of the characteristics of savings banks, both against the background of the European retail banking sector and of the world of banking in its different dimensions, the ESBG launched the initiative of



Award Ceremony: From left to right: Mr. Jean Borenstein, Secretary General of l’Association pour l’Histoire du Groupe Caisse d’Epargne; Ms. Fatima Vegholm, 2nd laureate of the Savings Banks Academic Award Edition 2008; Mr. Vincent Tournié, 3rd place Winner of the Savings Banks Academic Award Edition 2008; Mr. Chris De Noose, Managing Director, European Savings Banks Group; Mr. Stefan Gärtner, 1st laureate of the Savings Banks Academic Award Edition 2008; Dr. Thorsten Wehber, Referent, Deutscher Sparkassen- und Giroverband

the “Savings Banks Academic Award” in 2004. The objective of this Award is to stimulate, promote and reward academic research into any aspect of the savings banks industry in Europe, to strengthen the collaboration with European research centers and the academia and to promote and stimulate future comparative research projects on European savings banks.

The total prize money of the Savings Bank Academic Award amounts to € 9.000 and is awarded to three outstanding contributions, with the winner receiving € 5.000, the runner-up 2.500 € and the third place laureate receiving 1.500 €. In addition to the financial award, the winning manuscript is published in the ‘Perspectives’-series of the ESBG.

The first prize of the 2005 edition was awarded to Mrs Beate Sturm, from the University of Hannover, for her study on the system of personal loans in early modern society, and second prize

to Mr. Olivier Butzbach, from the European University Institute of Fiesole, Italy, for his comparative study on French and Italian savings banks in the last three decades. The laureates of the Savings Banks Academic Award Edition 2008 were celebrated on the 1st of October 2008 on the eve of the conference on Savings Banks History in Brussels. Dr. Stefan Gärtner, post-doctoral research fellow in the Institute for Work and Technology of Gelsenkirchen, Germany, received the 2008 Savings Banks Award from ESBG for his work on the significance of German savings banks in regional structural and cohesion policy. In his study Stefan Gärtner notably tackles the question of whether regionally-limited savings banks are able to be as economically successful in poorer regions as in prosperous ones and if they can contribute to a balanced regional development by outrunning ‘downward spirals’ in less developed regions. The findings



Savings banks are small, but togetherthey filled the conference room

of this research provide very relevant information for the future regional policy of savings banks and for structural policy in Europe.

Other laureates this year include Ms Fatima Vegholm from The Royal Institute of Technology, Stockholm, Sweden and Mr Vincent Tournié, from the University of Paris VII.

In her paper, Ms. Vegholm studies the relationship between banks and small- and medium-sized enterprises (SMES) in terms of bank identity and image, more in particular the gap that might exist between corporate identity and image of a bank and the impact that this may have on the relationship with SMEs in Sweden.

Mr. Vincent Tournié conducted a very interesting research entitled “Money, Savings and political crises in 20th Century France” on the behavior of savings and savers confronted with different types of crises – banking, economic or political crises. Until now, the work of economic historians focused on economic crises, leaving political crises aside.

To read more on all these outstanding research projects, I invite you to go to ESBG’s website. Also if you’re interested in participating to the next edition of the Savings Banks Academic Award, please check out our website for regular updates on the upcoming Savings Banks Academic Award 2010 Edition.

Furthermore, I would like to draw the attention to the important archives safeguarding project that has been conducted by the ESBG-WSBI (European Savings Banks Group – World Savings Banks Institute). At its premises in Brussels, ESBG-WSBI safeguards the historical archives of the International Savings banks Institute (ISBI, 1924-1994). The International Savings Banks Institute was founded in 1924 in Milan at the occasion of the First International Thrift Congress. In 1994, the International Savings Banks Institute was dissolved. The newly created World Savings Banks Institute (WSBI) was established in Brussels on 9 June 1994 to be managed by

a World Savings Banks Institute - European Savings Banks Group (WSBI-ESBG) common secretariat.

These historical archives are an important source for historical research on any aspect of the financial industry and its evolution. A detailed inventory has been established of these historical archives, which are not only composed of documents of the statutory bodies, working bodies and task forces created during the existence of the ISBI, the minutes and reports of the World Congresses of Savings Banks, the periodicals edited by the International Savings Banks institute, but also promotion materials (such as dias, videos,...) and an important historical library on savings and savings banks throughout the world.

Detailed requests for consultation of these historical archives or any other information on the activities of ESBG’ Study group on Savings Banks History can be addressed to Nancy Lockkamper, Archivist, ESBG-WSBI, Rue Marie-Thérèse 11, 1000 Brussels.

(Endnotes)

a **The European Savings Banks Group (ESBG)** is an international banking association which represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of €5,215 billion (1 January 2006). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects. ESBG members are typically savings and **retail** banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their **region**. ESBG members banks have been reinvesting **responsibly** in their region for many decades and they are a distinct benchmark for corporate social responsibility activities throughout Europe and the

world.

World Savings Banks Institute (WSBI) is the only global representative of savings and retail banks. Founded in 1924, it represents savings and retail banks and associations thereof in 92 countries (Asia-Pacific, the Americas, Africa and Europe – via the European Savings Banks Group). As the international voice of savings and retail banking, WSBI works closely with international financial institutions and donor agencies. It thereby represents savings and retail banks' interests at an international level while also facilitating the provision of access to financial sectors worldwide, e.g., through training, consultancy services, etc., be it in developing or developed regions. WSBI members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. WSBI member banks have reinvested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout the world.

**International Summer School for Archivists
Electronic Records Management
7 - 12 September 2008
Historical Archives, National Bank of Greece, Athens**

The Historical Archive of National Bank of Greece hosted an International Summer School for Archivists from 7 to 12 September 2008, focusing on the subject of Electronic Records Management, organized jointly by the European Association for Banking and Financial History (EABH), the Hellenic Open University and NBG's Historical Archive.

The Summer School for Archivists—first conceived by the EABH and designed for archivists working in the historical archives of banks—focuses on a different theme at each Summer School, which is held every two years.

The sessions of this year's Summer School were attended by 32 students, eighteen from Greece and fourteen from abroad. Of these, seventeen Greeks work in four banks (NBG, Bank of Greece, Piraeus Bank and Alpha Bank) and one at the Open University. Of the fourteen foreign participants, eleven work in nine foreign banks (1. European Central Bank, 2. Is Bank, Turkey, 3. National Bank of Romania, 4. Central Bank of Cyprus, 5. Bank of Cyprus, 6. Limassol Co-operative Savings Bank Ltd, 7. Bank of Lithuania, 8. Societe Generale, 9. National Bank of Bulgaria),

and three in other international organisations (The Rothschild Archive, The Foundation for Economic History Research within Banking and Enterprise, and the Johann Wolfgang Goethe University).

Participation in the Summer School surpassed every expectation. While the break-even number was 18 participants, and the optimum number 25, there were so many applications that we had to raise the final number to 32 and even, reluctantly, turn down a few.

Historical archives are set up to preserve, exhibit and facilitate access to information deemed to be of historical importance to researchers. Until relatively recently the information amassed by historical archives was by and large recorded on paper and the archives were charged princi-



Participants at the Archive of NBG

pally with the task of preserving and classifying this material. Today, things have changed, as information is increasingly recorded in electronic form. In the future, therefore, archives will be called upon to handle, preserve and present for research information recorded by such means. This was the core theme of this year's Summer School, which was divided into the following four units:

The first unit included presentations by Margarita Dritsa, Professor of European Economic and Social History, Hellenic Open University, on *What are the Needs of Researchers? Evolution from Classical Research Tools to Electronic Records Management* and Alexandros-Andreas Kyrtis, Professor of Sociology University of Athens, on *What Kind of Historical Data do Banking Information Systems Produce? and Banking History and the Social Science Approach to Information Systems and Financial Technologies*.

The second unit focused on IT systems at banks, and included workshops by Dimitrios Vrailas, Director of the IT Department at NBG, on *What are Banking Information Systems? Concepts, Practices and Technologies of Data-Mining*, and George Vlastos, Deputy Head of IT at NBG, on *Storage and databases: What is Preserved and What is Deleted*, and *Where to Find What:*

Strategies and Methods of Searching.

The third unit included workshops run by Stuart Orr, Head of the Document/Records Management and Archives Section, European Central Bank, on *"Standards" Relevant to Electronic Records Management and Lessons Learned from Major Electronic Records System Implementations*, and Adrian Brown, Head of Digital Preservation, National Archives UK, on *Long-term Electronic Preservation*.

The fourth unit presented two case studies.

The first concerned the archives of the Bank of Portugal and was presented by Luis Nunes, Head of Documentarion, Historical Archives and Museum, Banco de Portugal, under the title *Case Study on the Archives of the Banco de Portugal and How to Choose a Solution for Electronic Document and Record Management-EDRM*.

The second case study was run by Nikos Pantelakis of NBG's Historical Archive under the title *The Development of Information Systems at the Historical Archive of National Bank of Greece*, which focused on the implementation at the Bank's Archives of the International Standard of Archival Description (ISAD-G) of the International Council on Archives.



Nikos Pantelakis showing the premises of the Archive of NBG

The participants returned very positive feedback on the organization of the Summer School. They also made a number of proposals for further enhancing the workshops so that in the next Summer School they can play a more active role in the teaching process.

The NBG Historical Archive organized various social events for the Summer School participants. On the day of registration, Sunday 7 September, a welcome reception was organized in the Historical Archive premises where participants had a chance to get to know each other, speak with the organizers and view the NBG Historical Archive exhibition on security printing procedures and machinery. On the other days participants were able to view the permanent exhibition of the Historical Archive, which presents the history of National Bank of Greece and the history of the Greek banknote. On Wednesday

10 September, the Summer School visited the Cultural Foundation of Piraeus Bank, which presented the Bank's efforts to preserve aspects of the Greek industrial heritage, followed by the screening of a documentary on the preservation of old Greek industries transformed into Museums of Industrial Archaeology. On Friday 12 September, after a visit to the Benaki Museum, and at the close of the Summer School, which was marked by a farewell dinner, participants were presented with attendance certificates.

It was a special pleasure for NBG's Historical Archive to run this year's Summer School on Electronic Records Management, particularly since it has itself been running an electronic archive management system since 1998, based on ISAD-G of the International Council on Archives, while it is also investigating ways to preserve the electronic records today produced by NBG.

Nikos Pantelakis

Summer School for Archivists Athens

It was a warm and quiet Sunday evening in Athens when a prodigiously diverse group of business archivists from all over Europe converged on Tritis Septemvriou Street to attend the Second EABH Summer School for Archivists. Our host was the Historical Archives of the National Bank of Greece, presided over by Professor Gérassimos Notaras, who is helped by his dynamic, and professional team of archivists, headed by Nikos Pantelakis, the Archives' Assistant Director.

After an opening address by Prof. Notaras, the group was treated to a tour of the impressive Archive itself, which was an inspiring experience. In recent years, the Archive had received an accession which doubled its document *mileage*, but the archivists appeared to have taken it in stride. Not only were they dealing with the new collection but they were also running three exhibitions simultaneously in dedicated areas of the building, as well as managing major micro-filming and digitisation projects. The challenges our Greek colleagues were facing, and rising up to, set the tone for the Summer School. After

the tour, the participants were given a taste of the ever famous Greek hospitality around dinner in the courtyard of the Archives as the sun was setting on Greece's glorious capital city. This enabled us to introduce ourselves to one another, sample Greek specialities, and discuss expectations for the week.

A week of lectures and presentations followed, from which each participant will have their own highlights, I'm sure. It was particularly interesting for me to hear from other archivists and record managers how they implemented state-of-the-art digitisation and cataloguing programmes whilst keeping up-to-date with international standards and regulations. In this respect, the presentations of Nikos Pantelakis, Luis Abreu de Nunes, and Stuart Orr, all speaking for the second year running at the EABH Summer School for archivists, were particularly relevant.

All the other presentations and lectures were interesting as well but it was most enlightening to talk with the other participants, and find out how they handle particular situations, what they believe their responsibility to be, where their



*Closing Dinner: Benaki Museum
Participants of the International Summer School
for Archivists 2008*

loyalties lie, and what philosophy underpins the everyday practice of their job. As banking archivists, or historians working in the archives of a bank, we serve a set of ‘clients’ with different agendas: we serve our institution and we serve the academic community; we serve researchers and do research ourselves; we are a group of people with a passion for history, but we also have to know more than most about developments in the banking and technological sectors, if we want to secure funding for our Archive and run successful digitisation projects. In sum, we banking archivists are a special breed, and represent a rather unique branch of the Archives profession. This Summer School confirmed this impression, and will hopefully serve as a basis for the constitution of a more cohesive body of banking archivists across Europe, and as a forum where professionals can exchange ideas, share information, and address common issues in a more standardised way. Perhaps it will also help empower archivists into defining a role for themselves within their respective institutions, and interact more efficiently with the various departments of their Bank.

The social events throughout the week included a tour of the permanent and temporary exhibitions of the National Bank of Greece, and a presentation and cocktail reception at the Bank of Piraeus, located in the beautiful area of Plaka. The Bank of Piraeus has focused its corporate

social responsibility programme on the preservation of Greece’s industrial heritage, and we received a most interesting presentation on the preservation of old Greek industries which had been transformed into Museums of Industrial Archaeology.

The concluding event was a guided tour of the impressive Benaki Museum, followed by dinner on one of the terraces of this spectacular neo-classical building. Takis Arapoglou, the Chairman of the National Bank of Greece, Panagiotis Siafarikas, the President of the Hellenic Open University, and Manfred Pohl, Deputy Chairman of the EABH, presented the participants with their “Certificates of Attendance” for the Summer School.

I feel I echo all the participants’ feelings by offering most grateful thanks to Karin Einzelmüller and Katja Böhmer from the EABH for their organisation of the Summer School; to the National Bank of Greece for hosting the event; and to all those who participated in one way or another, for making it both so enjoyable, so promising for future years, and so challenging of the usual perception of archives as static institutions, somehow stuck in the past by their very nature. As some of us were lucky enough to spend a few more days exploring other areas of Greece, an adaptation of Socrates’ phrase about libraries, very appropriately came to mind – perhaps Archives *“should be the delivery room for the birth of ideas - a place where history comes to life”*



Social event at the premises of Piraeus bank Group Cultural foundation, Professor Notaras, National Bank of Greece and Dr. Aspasia Louvi-Kizi, Piraeus Bank Group Cultural Foundation

Stephan Barisitz

Banking in Central and Eastern Europe 1980-2006

- A comprehensive analysis of banking sector transformation in the former Soviet Union, Czechoslovakia, East Germany, Yugoslavia, Belarus, Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, the Russian Federation, Serbia and Montenegro, Slovakia, Ukraine and Uzbekistan”

Routledge, London, New York, 2007

This book provides a thorough study and overview of the development of banking systems in Central and Eastern European transition countries since the communist era until the present time on a comparative basis. Taking into account historic changes, particularly the emergence of independent states after the collapse of communism, all relatively large countries (in terms of population) are dealt with: the largest four in Central Europe: Hungary, Poland, Czech Republic, Slovakia; the largest four in South-Eastern Europe: Bulgaria, Romania, Croatia, FR Yugoslavia (Serbia and Montenegro); the largest five in the Commonwealth of Independent States: Russia, Ukraine, Belarus, Kazakhstan, Uzbekistan. East Germany (the former GDR) is partly also covered. East Asian transition countries, like China or Vietnam, are not dealt with.

As far as possible, the book analyzes and compares the evolution of legal foundations, banking supervision, banks' major sources of assets, liabilities, earnings and related changes, banking crises, restructuring, rehabilitation programs, the role of foreign-owned banks and FDI. In the knowledge of the author, no other publication exists that analyzes the banking systems of such a large number of transition countries in such detail and comparative manner over such a long stretch of time. Given that the analysis covers at least a quarter of a century (starting in detail at the beginning of the 1980s, i.e. prior to transition, and reaching up to late 2006), one can argue that it belongs to the domain of economics as well as to that of (economic) history.

Chapter 1 sheds some initial theoretical light on what banks do in modern market economies. The *raison d'être* and functions of banks in developed capitalist economies are dealt with as a basic point of reference. Chapter 2 explains theoretical and practical aspects of banks' activities within the regime of socialist central planning. The Soviet model of a monobank system, its strengths and major weaknesses are discussed, leading to repeated reform attempts, incl. Hungarian “market socialism” after 1968.

Another socialist system is that of “workers' self management” erected in former Yugoslavia. Deteriorating performance triggers new urgent reform efforts, incl. measures aiming at decentralization of banking systems in the second half of the 1980s. But these cannot prevent the collapse of communism.

Chapters 3 and 4 explore banking developments in the 13 largest Central and Eastern European countries from the beginning of transition up to the fall of 2006. East(ern) Germany is also dealt with (but only up to about 1995, when its banking sector was fully absorbed by the Western German one). This is done successively, country by country, not simultaneously. It is felt that the large number of analyzed countries and the variety of experiences merit consecutive treatment in the interest of clarity. However, comparative summarizing chronological region-wide tables complement the analysis.

The turn of the millennium, i.e. approximately the year 2000, has been chosen to separate chapters 3 from 4. This was done for two reasons: First, it was thought necessary and beneficial to subdivide the eventful history of banking development in former socialist countries into more easily “digestible” parts. Second, 2000 (or 1999

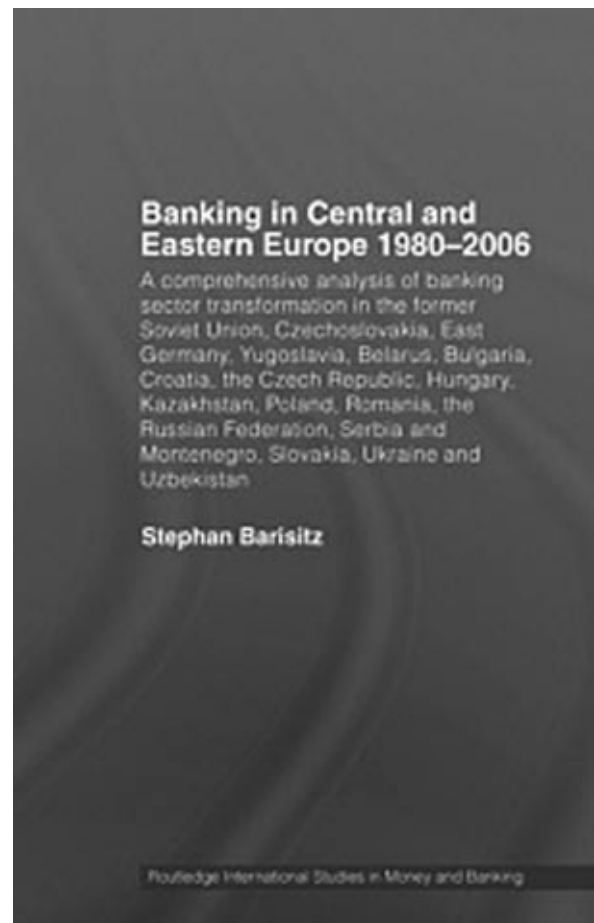
or 2001) seems to be an interesting turning point or year to make an interim appraisal of banking developments in transition economies. In most countries, the 1990s have been a decade of major banking upheavals, turmoil and reform. The turn of the millennium featured sector consolidation, or it has been a culminating point of restructuring efforts. The first years of the new millennium have generally featured calmer, stronger and more open banking sectors than the 1990s.

Both chapters 3 and 4 feature concluding subchapters that attempt to catch the essence of banking transition developments across all analyzed countries in respective periods and in comparative perspective. The focus is on distinguishing traits of the overall evolution, without ignoring outliers or laggards. Although one can argue that (almost) all countries proceeded from a more or less common institutional point of departure, and that a general, reform-oriented mainstream can be detected, the variety of experiences among the analyzed countries is impressive. Today we can find advanced reformers (like Hungary, the Czech Republic) as well as countries holding on to constituent elements of the traditional central planning system (like Uzbekistan, Belarus).

Two “banking reform waves” are distinguished, which all countries have to run through in order to mature. The first reform wave immediately follows the collapse of communism, and features extensive liberalization measures, initial limited restructuring (up-front rehabilitation, “surface privatization”) and tightening efforts. The macroeconomic situation temporarily stabilizes. But underlying distorted incentives favor the renewed accumulation of bad loans and set the stage for new banking crises. Only the second reform wave ushers in hard budget constraints, in-depth privatization and “real” owners (which are mostly – but not exclusively - foreign direct investors). Banking regulation and supervision improve substantially. A detailed assessment is given of when which country went through which

stage. Notwithstanding outliers, the author then pulls together the various strands to give the reader a general model of how banking reforms have actually proceeded in transition economies and which challenges (and sequencing issues) countries that have not yet advanced far will probably have to face, based on historical experience.

An interesting finding is that Western European FDI has come to dominate banking in all former socialist countries that have either already become members of the EU or are candidates or have been given an official “perspective” to (eventually) join the Union. Where this is not the case - in Russia and other CIS countries - domestic ownership (conglomerates) or the state have strengthened their positions, although foreign strategic investors have made some inroads into Ukraine recently. Recently, dynamic catching-up processes have gathered momentum in many countries. Against the background of sustained economic recovery and expansion,



credit booms have unfolded, not without risks. With some hesitation, authorities have reacted to these booms in various ways. Some shortcomings remain widespread, including insufficient rule of law and creditor rights.

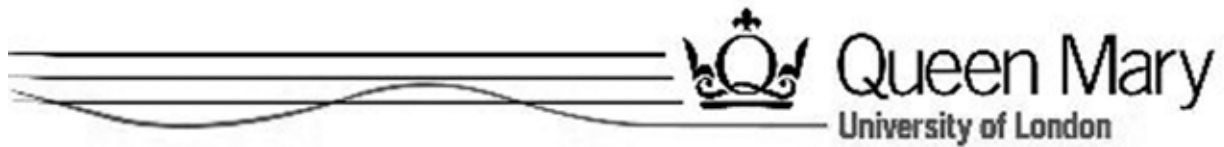
Chapter 5 discusses perspectives of banking in Central and Eastern Europe. These have to be seen in the light of the expanding EU as well as of prospects of further enlargement of the euro area. No doubt that strong ownership ties have already linked banking sectors across large

parts of the continent. This has strengthened business structures, but also opened routes to potential contagion. The majority of CIS countries analyzed in the study – incl. Russia – have chosen EU regulatory standards as a primary benchmark for further reforms. While increasing financial integration so far seems to have yielded largely positive results, the future also holds important challenges, which may call into question existing regulatory structures.



Stephan Barisitz studied economics at the University of Innsbruck, Austria. His doctoral studies included a research stay in 1984 at Carleton University, Ottawa, Canada. His doctoral thesis focused on: Government Investment Incentive Policies in Canada – A Public Finance and Public Choice Analysis. After passing his doctoral examination with distinction in 1986, he started out as an economist at the Vienna Institute for Comparative Economic Studies (WIIW) (1986-1990), where he specialized on East-West trade and Austrian trade with the (then) COMECON countries as well as on (former) East Germany. Then (until 1995) he worked at the Austrian Institute for East and South-East European Studies (OSI), Vienna. His responsibilities included economic research and editing of the publications “Presseschau

Ostwirtschaft” and “Oesterreichische Osthefte”. This was followed by a job at the OECD, Paris: Jointly with another colleague, Stephan took over the Russia-CIS-Bulgaria Desk of the OECD Economics Department. In this function he co-authored OECD Surveys of Russia and Bulgaria. Since late 1998, Stephan has been senior economist at the Foreign Research Division of the Oesterreichische Nationalbank (the Austrian central bank). His areas of specialization have been macroeconomic monitoring, monetary and exchange rate policies and banking systems in Russia, the CIS countries and South-Eastern Europe. In May 2008, Stephan passed his Habilitation exam at the Wirtschaftsuniversitaet Wien (Vienna University of Economics and Business Administration) in economic history. His habilitation thesis is: Banking in Central and Eastern Europe 1980-2006 – From Communism to Capitalism, published by Routledge (Taylor & Francis), London and New York 2007 (see summary). Since 2008, he has been lecturer at the Institute for Economic and Social History at the Wirtschaftsuniversitaet Wien. Stephan has published three books and close to one hundred journal articles on economic history, banking and financial market development in Central and Eastern Europe and the CIS, economic and monetary policy, foreign trade and FDI, regional development and European integration.



The Ledger of Filippo Borromei and co. of Bruges, 1438
Introduced, translated and calendared by
J.L.Bolton and Francesco Guidi Bruscoli
A Web Publication of the History Department,

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Database of The Ledger of Filippo Borromei & co. of Bruges,
1438 (Archivio Borromeo dell'Isola Bella, libro mastro no. 8)

Digital Images of the folios from the Ledger

Access to the Website is Free. Sections of the Introduction may be saved or printed off, for purposes of teaching or research. The accounts of companies or individuals can be transferred to MS Excel spreadsheets and either saved or printed. Under no circumstances may the digital images of the Ledger folios be saved or printed without the written permission of the Borromeo-Arese family of Milan.

The Routledge Companion to Accounting History

Edited by John Richard Edwards and Stephen P. Walker

Publishers: Routledge/Taylor and Francis, xvii + 619pp
ISBN10: 0-415-41094-0

The Routledge Companion to Accounting History provides a comprehensive overview of the current state of historical knowledge in accounting. Part of its purpose is also to convey to the academic community, within and beyond accounting, the extent to which accounting history has advanced beyond a narrow concern with accounting as technique: a calculative method found predominantly in the realm of business. The *Companion* contains, as shown below, 28 thematic-based chapters classified under seven sectional headings. Each chapter is international in scope, provides a balanced overview of current knowledge based on a comprehensive review of the literature, identifies key issues raised by researchers and discusses the major debates in accounting historiography. Authors

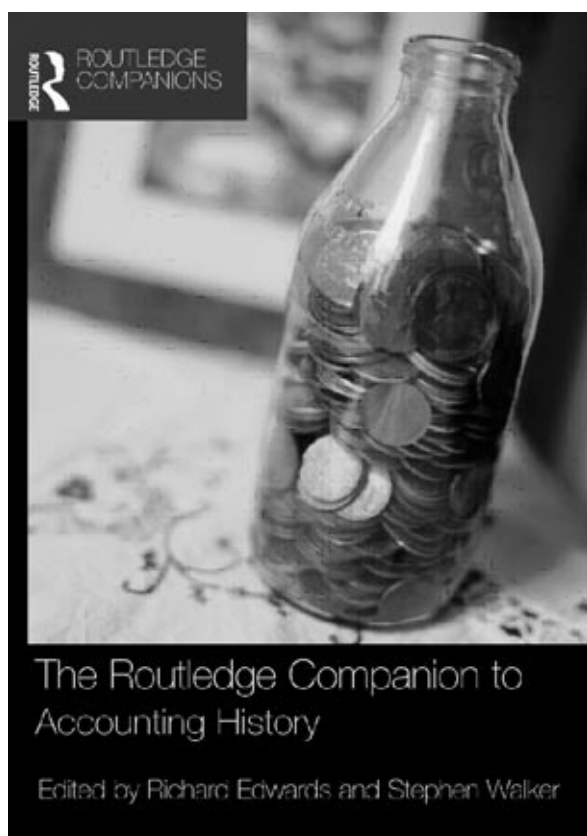
also reflect on where the research agenda is likely to advance in the future.

The *Companion* reveals that the seemingly innocuous practice of accounting has pervaded human existence in fascinating ways at numerous times and places; from ancient civilisations to the modern day, and from the personal to the political.

Placing the history of accounting in context with other fields of study, the *Companion* gives invaluable insights to subjects such as the rise of capitalism, the control of labour, gender and family relationships, racial exploitation, the functioning of the state, and the pursuit of military conflict.

Including chapters on the important role played by accountancy in religious organisations, a review of how the discipline is portrayed in fine art and popular culture, and analysis of sharp practice and corporate scandals, the *Companion* has a breadth of coverage that is unmatched in this growing area of study.

Bringing together the leading writers in the field, this is an essential reference work for any student of accounting, business and management, and history



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Rabobank van dichtbij

Joke Mooij (eds),

Utrecht 2008

174 pages illustrated

Rabobank van dichtbij offers an insight into recent developments in the domain of cooperative banking. It shows that the Rabobank Group is an innovative market leader, but at the same time - for its customers - it is the bank on the corner. This book is intended for a wide range of readers, from both inside and outside the bank. It will help explain what makes Rabobank so special, how it works and where its roots lie.

The book opens with a historical outline of the bank's development up to 1972, the year in which the two original agricultural credit institutions merged to form the Rabobank organization.



The roots of Rabobank are deep, going back to the end of the 19th century in fact. That was when the first farmers' credit banks, modelled on the German credit cooperatives, began in rural areas in the Netherlands. The farmers' credit banks and their central organizations were cooperatives from the start. Cooperatives have customers and members who are not only involved on a personal and a financial level, but who also have a say in operations. This is what distinguishes Rabobank from other banks that are listed on the stock exchange, as second chapter demonstrates. The third chapter considers some legal aspects. The cooperative structure means that internal procedures, consultation structure and even corporate governance work in a different way than they do in shareholder-driven banks. Also this chapter pays attention to the special role of Rabobank Nederland, whose relationship to the member banks is that of a daughter to many mothers. At the same time, it also supervises the member banks' operations, and it is itself the 'parent' of many subsidiaries with its own international operations. The unique character of the Rabobank Group is expressed particularly well in the financial relationships, as set out in the fourth chapter. Next, the fifth chapter picks up the historic thread again with the story of Rabobank's development into a broad-based financial services provider, set against the background of the changing banking landscape of the past thirty-five years. The sixth chapter focuses on corporate social responsibility and socially responsible entrepreneurship. In Rabobank's view, this is how a business should always be run. From the earliest days, the bank has recognized the importance of developments in financial services being sustainable and it has always accepted that it has a social responsibility. The final chapter looks beyond national borders. Since 1972, but particularly in the past decade, Rabobank Group's out-of-country activities have increased significantly. These international activities ensure a gradual reinforcement and expansion of Rabobank's profits and its funding base outside the Netherlands. They also increase awareness of the Rabobank brand worldwide and give substance to the bank's aspiration to be the 'number one food & agri bank in the world'.

In spring 2009 an English edition of this publication is foreseen.

Achteraf bekeken
Memoires van C.G.A. Mertens – katholiek,
boer en bestuurder in hart en nieren
Ton Duffhues (ed.),

Valkhof Pers, Nijmegen 2007,
336 pages illustrated.

Gérard Mertens, a farmer's son born in 1918, was an influential figure in the Dutch agricultural sector. His great abilities as a leader and tactical mediator made him a sought-after administrator. From quite a young age he had a seat on the board of various agricultural organizations. In the 1950's he was a member of the Upper House of the Dutch parliament. From 1957 he was President of the Supervisory Board of Coöperatieve Centrale Boerenleenbank and from 1967 he was also President of the Board of Directors. He stayed at this position until 1983. At the age of eighty Mertens decided to look back at his career and wrote his memoirs. Author Ton Duffhues edited the extensive manuscript to absorbing book and wrote the concluding observations.

