E. ALIFANO, *Il grano, il pane e la politica annonaria a Napoli nel Settecento*, Edizioni scientifiche italiane, Naples, 1996, pp. 297.

This book, which is the fruit of a long period of arduous research in the archives, is a valuable contribution to the history of Naples in the eighteenth century. Adopting a rigorous methodological approach and showing great analytical skill, Alifano focusses on a subject which was hotly debated by eighteenth-century writers but which has received far less attention from contemporary historians: that is, the ways of supplying, distributing and selling bread in the Bourbon capital. It is evident that although the book takes the form of a specialist and monographical study it inevitably touches on more general themes such as the south Italian economy in the eighteenth century and the thinking of southern Italian Enlightenment scholars which began to take hold in that very period.

The connection between these two levels of enquiry is an extremely important question which emerges at the very beginning of the book: that is, the way that food supply was so closely interwoven with the great size of the city's population, so much so that both city and government authorities treated it as an absolute priority with the aim of averting the inevitable and always dangerous revolts and riots that broke out in the capital every time there was a famine or very serious grain shortage. However, government intervention was not merely supplementary or complementary to the food policies implemented by city authorities; on the contrary, as Alifano points out, government action often diverged from the policies of city authorities, giving rise to a prolonged dualism between the two bodies throughout the century which is brought out very clearly and persistently in Alifano's work. On the one hand the policy of the city authorities sought to protect its own role and power and that of the city's mercantile elite; on the other hand the government's policy was to defend more general interests, although it was excessively respectful or, more precisly, afraid of the autonomy of local bodies and was unable to make innovative decisions which would have brought about a radical change in the city's food-supply policies. This is not to say that government intervention was anything new in Neapolitan economic history; rather it was this difference in strategy and objectives - which in some cases led to overt conflict - that is one of the most distinct features of the history of food supply in eighteenth-century Naples.

In this review we will focus especially on periods of crisis which were sometimes to give rise to tragic famines. This is because in Alifano's view such periods are crucial for our understanding of the equilibria and the social and economic forces at work in the city's complex food-provisioning history.

In particular, the 1793 crisis was a turning point with the government's plan to override the local food-regulating bodies and to try and carry out measures to liberalise the supply and sale of grain. On that occasion, given the heated demonstrations in *piazza del popolo*, the *Eletti del Tribunale di*

San Lorenzo - which represented the city's food-regulating body - could no longer avoid addressing the basic issue since they were now forced by the central government to produce a long and thorough report on the causes of the poor quality of bread on sale in the city. From the report it emerged quite explicitly that one of the causes of the poor distribution and quality of bread was the monopoly which had developed over a long period when the whole mangement of public bakeries had been farmed out to just one company. The *Eletti* suggested increasing the number of public bakeries from fourteen to thirty, stipulating a separate contract with each manager and proposed that henceforth the managers should be responsible for purchasing directly the grain needed to make bread without using the mediation of the city's food Board. These proposals - especially the latter - introduced basic changes to food-provisioning management, freeing it from the very tight constraints it had been subject to in the past. Moreover, it involved the relinquishing by the *Eletti* of one of their most important prerogatives, that regarding the stipulation of contracts for food provisioning which more often than not led to opportunities for illegal earnings to the detriment of the city's coffers, as Alifano repeatedly points out in her study.

This project of reform was only partly implemented; the management of public bakeries continued to be farmed out to only one company of contractors and so it was not possible to reach the objective of fostering "competition and emulation" among the various managers. As Alifano notes, it was no accident that the solution to the food crisis did not so much derive from the implementation of measures proposed by the *Eletti* but rather from a combination of favourable conditions in agriculture which made it possible to lower the price of grain considerably and to resume normal grain supplies at lower costs .

But since the basic problem had not been solved, within a few years there was another crisis. In 1742-43 a series of poor harvests placed the city's traditional system of food-provisioning under tremendous strain. Moreover, the deficit in the city's finances that year did not allow the city to make an immediate purchase of a large quantity of grain. To help the city the government intervened, granting a loan. Nonetheless the costs continued to rise and the repeated attempts by the government to lower grain prices did not produce satisfactory results. The only solution was to ensure that the city received large purchases of grain and contracts were signed with various merchants to buy grain not only in traditional markets in Apulia and Calabria but also in Sicily and, if only in small quantities, in the Levant and Britain. Yet the conditions imposed by the merchants were harsh: the *Eletti* were forced to alienate most of the city's revenues, entrusting them directly to the grain merchants. The grain shortage was partly overcome but it is significant that during production crises the total inadequacy of the food supply system was laid bare.

However, a new and favourable cycle ensued after 1742-43, characterised

by stability in production and quite low prices. The ease of purchasing grain in the Kingdom' s traditional markets made a radical reform of the city's food administration. Once again the government was the promoter of the initiative, driven above all by the need to restructure and reorganise stations for selling flour and to impose precise limits on the powers and responsibilities of the *Eletti* in this sector.

The Dispatch of 8 April 1755 which was to regulate the matter up to 1764, set up 11 stations for selling flour in the city, spread over various districts and a fund called the *Colonna Annonaria o Frumentaria* which had the task of meeting the persistent financial needs of the food Board, seeking to increase its revenues. The 1755 law showed the government's desire to intervene in food matters with more determination than in the past, although it did not take up the liberalist positions expounded in the reform project which the *Eletti* had themselves presented at the time of the 1739 crisis. The confrontation was purely of a political nature, arising from the need both to deal with a production emergency and to lay down very clearly the limits within which the local food authorities should operate its policies and overall food strategy.

This was also the period in which the subject of free trade was widely debated by South Italian Enlightenment thinkers. Through a broad and detailed analysis of this debate Alifano describes the liberalist positions taken up by various writers and the need to radically overhaul the traditional food-provisioning system. Yet the government remained deaf to such calls for reform and in the 1759 crisis confirmed its desire to keep the restrictionist system intact. On the one hand it sought to solve these cyclical crises in the quickest way possible so as to avoid the disruption of law and order in the city. It therefore preferred to adopt traditional measures rather than introducing innovatory policies which might not be able to guarantee definite and satisfactory results. So once again the government stood behind the old system which was actually extended to all the *Università* in the Kingdom with a Dispatch of July 1759. After the crisis the public usefulness of the food administration Boards had still, therefore, not been questioned.

However, the 1764 famine was a real turning point in the history of the capital's food adminstration. It marked the end of a long and positive productive cycle which had been upset by only a few transient food shortages. More than any other crisis, 1764 laid bare the limitations of the old food-provisioning system. The measures carried out by the city authorities and by the government failed to put a brake on the soaring costs which soon dried up the city coffers since the authorities were forced to sell at prices which were much lower than the purchase price.

Yet what emerges most clearly from Alifano's analysis is the fact that the food Board was completely unequal to the task laid before it and that a radical change in the system was now indispensable. Yet this situation did not

prompt the government to fully embrace liberalism and to abolish the old restrictionist system. Indeed the measures taken after the 1764 famine continued along the same old, lines dictated as they were by the belief that only government intervention could allay the crisis and all its repercussions, and that only more efficiency was needed for the system to work well and solve the problems caused by bad cycles.

The 1764 crisis was followed by a new trend in rising prices of foodstuffs which were caused not so much by sudden and serious production crises but by the persistent imbalance between population growth and productive resources which continued to widen in the second half of the eighteenth century. The corollary was increasing indebtedness which led to the creation of a special Authority whose task was to investigate the causes of the food board's misadministration and to propose possible remedies. The reasons for the state of financial ruin were soon revealed and ascribed to the system of public provisioning and distribution; the remedy called for greater liberalisation of the grain trade in the city. The Authority's recommendations were not fully acted upon and after a slight improvement towards the end of the 1760s, the problems returned at the beginning of the 1770s with a new rise in prices which sharpened in the 1780s.

The growing financial deficit rendered necessary and inevitable a complete reform of food administration and a progressive liberalisation of the grain trade and of the general trade in foodstuffs. Reform was further encouraged by the spread of influence of the Physiocrats whose ideas on the economy began to emerge more clearly in that period and were gaining currency in the Kingdom. The abolition of the monopoly over the sale of bread held by city bodies which was decreed in 1794 was the epilogue to the city's old food adminstration.

But why did it take so long to bring about such a radical reform? Underlying this considerable delay Alifano sees the so-called subsistence ideology which weighed heavily on the government's action. The tacit agreement between politicans and merchants to guarantee subsistence for the poorer classes prevented the government from radically changing its food policy and even when there was a slight move in this direction, action was determined by unfavourable economic cycles rather than by a real change in thinking which could have improved overall conditions in the Kingdom. The food-administration issue was a fundamental part of government policy aimed at keeping the status quo and defending law and order. In this respect the growing divergence between the ruling class and south Italian reformers derived mainly from political exigencies which hampered every attempt to move towards a more liberalised system.

The government changed its policy only at the end of the eighteenth century. Once again the cause did not stem from the influence of south Italian Enlightenment thinkers so much as from the financial ruin which the food Board had been facing for several decades. The rise in the price of grain, the

persistent use of ceiling prices for grain sold in the capital decided by the government and city authorities led to a widening deficit and called for a radical change in the old system of food provisioning. The 1794 reform marked the end of an era, that is to say the end of the old food-Administration and the beginning of a new chapter in state intervention. The government continued to act over food questions but such action was no longer monopolistic and henceforth the government preferred to compete with the private sector. At times the new policy was marked by contradictions, rethinking and a return to the past. This happened especially when a crisis loomed and the threat of popular uprisings drove the government and city authorities to intervene heavily in the organisation of food resources. Yet such action was dictated solely by the existence of an emergency situation, contrary to what had happened in the past.

In conclusion, this book is a well-written and well documented piece of research and is a valuable and original contribution to our understanding not only of food administration in eigtheenth-century Naples but also of the relationship between central institutions, local bodies and economic and social forces in Naples in the period under study.

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TH. A. BARTOLOSCH, *Das Siegerläender Textilgewerbe. Aufstieg, Krisen und Niedergang eines exportorientierten Gewerbes im 18. und 19. Jahrhundert*, St. Katherinen, Scripta Mercaturae Verlag, 1992, pp. XXV-771.

This book publishes the findings of a meaty doctoral thesis on the "rise and fall" of textile manufacturing in Siegerland (the area through which the Sieg, a tributary of the Rhine, runs) in the eighteenth and nineteenth centuries. The fact that it is a region means that there are important methodological implications, which the author states clearly.

Bartolosch points out in the Introduction that the history of industry has always favoured macro-analysis. When we speak of industrialisation, we generally refer to a process at a national level: the limits of this approach are particularly evident in the case of Germany, where political unity is a recent conquest which happened after the conventional dating of the "big spurt" by many historians (this contradiction is less obvious in the case of Italy, where unification was late in coming, but where the industrial take-off was even later). Without going into too much detail, Bartolosch touches on a series of internal problems related to German socio-economic history, such as the relationship between economic unification and *Zollverein* on the one hand and political unification on the other. However, above all else, Bartolosch

seems to have assimilated Pollard's theory (the *Festschrift* in honour of Pollard has been published in this same series) about an industrialisation process that takes place and spreads independently of political barriers in which economic geography is independent of political geography, in what is one of the most original applications of a tolerant, pacific liberalist approach to economic history.

In any case, in Bartolosch's research, theory never prevails over facts; instead, he verifies and intelligently develops a series of indications that come from a broad viewpoint that is revisionist compared to the traditional approach which tends to see the process of industrialisation as being homogeneous and continuous. On the other hand, examining a region allows Bartolosch to understand what is really behind the take-off (he rightly quotes Luedtke who criticises periodisation based on a take-off as a great national turning-point where every difference and specificity is lost) and to bring to light regional dynamics concerning growth, stagnation or backwardness. Here another problem is touched upon: what became of proto-industrial areas? The German interpretation (as seen in Kriedte - Medick - Schlumbohm) shows that there was not a necessary progression from protoindustry to industry, and that the "putting-out" system led to a wide range of developments.Bartolosch's research covers one and a half centuries. He identifies three great phases in the textile sector from the mid-eighteenth century until the end of the nineteenth century: rise, crisis and decline. Although Bartolosch paints a rapid picture of the initial situation at the beginning of his book, the choice of a rather clear-cut periodisation gives at times the impression that certain general processes that lasted for a longer period were forged on the history of textile manufacturing, neglecting the fact that certain processes took a long, or a very long, time. Numerous sources have been used in this piece of research, and they enable the author to reconstruct many aspects of the problem, although the book at times remains too close to the sources. Nonetheless, alongside more descriptive parts, the historian, especially if not German, can find aspects which are more deeply analysed and which refer to broad problems that are very interesting from a comparative point of view too.

In Siegerland, before the rise of textile manufacturing in the mid-eighteenth century, a productive system already existed based on the *Verlagsystem* and on domestic craftsmanship for self-consumption; flax cultivation was very widespread and the region had many watercourses which favoured the building and use of mills and other machines. Roads in the mid-eighteenth century were somewhat lacking and the local princes of the Nassau-Orange family saw to their improvement and the consequent growth of exports. And so in the second half of the eighteenth century the textile sector became more significant and the important goal of a mercantilist economic policy.

Bartolosch's research does not merely record the quantity of growth in

the sector, but analyses the qualitative changes, dwelling particularly on the problem of the corporative nature of manufacturing. In the second half of the eighteenth century, the muddled corporative machinery was creaking, although it still tried to control most of urban production by means of increasingly rigid formal systems. In this respect, the division between town and country was very marked. Rural craft, directed to consumption within the family before it grew into proto-industry, traditionally opposed corporative urban production. In the country, production eluded the traditional corporative framework. More importantly, cotton and silk enjoyed a particular status and could be worked freely. From this point of view local princes adopted anti-corporative policies to favour exports. Furthermore, thanks to the non-restriction scheme, cotton manufacture was able to yield a particularly high rate of technical innovation and an early division of labour into spinning and weaving.

In fact, it was the cotton sector that developed considerably in the mid-eighteenth century. The Dresler, Glaeser and Jung families were leaders in this new sector, whereas the relative importance of the corporative production of linen and wool declined quickly. Barlolosch takes one hundred pages (p. 226-325) to examine systematically the modes and the problems of this complex and anything but mechanical transition from proto-industry to a factory system which characterised the whole of the second half of the eighteenth century and coincided with the period when the regional textile sector developed. This is the most interesting part of the book. Bartolosch singles out several phases: the first is that of the classic "putting-out" system, characterised by the decentralisation of all activities which were in linked to one another only by the merchant-entrepreneur who distributed the raw materials and collected the finished articles. The earliest manifestation of centralisation were the offices where the goods were weighed and accounts were kept, and there were many other forms that were a mixture of *Verlag* and manufacturing.

Later stages were "decentralised" and "centralised" manufacturing: in "decentralised" manufacturing, only certain operations, such as bleaching and dying the textiles took place in a single location, whereas in "centalised" manufacturing, every operation took place in the same place. Concerning this, it is interesting to note that the first cases of centralised manufacturing were linked to the initiative of the princes, who loaned the entrepreneurs first the Hospital of the Poor at Seigen, and then the Jesuit College, and allowed the building of factories on their land. The possibility of controlling much more efficiently quantity and quality, as well as the work processes and the finished goods, plus the saving in delivery costs, played an important role in the decision to abandon the "putting-out" system in favour of establishing centralised manufacturing. We could say that this validates Paulinyi's theory that separates the factory system from technological innovation, and links it instead to the economic advantages of controlling the work force.

Furthermore, this solution was no less efficacious than the "putting-out" systems in hiring underemployed workers, thereby giving rise to the phenomenon of commuting.

According to conventional wisdom, the transition from manufacturing to the factory took place with the adoption of machinery, first powered by hand, then by water or animals, and lastly by steam, which happened in the region fairly early. Already by the end of the century Arkwright's waterframe was widespread.

The stages outlined here constitute a sequence that is more logical than chronological: various forms of production could coexist. Since the book is concrete, based on facts and not on ideas, an attentive reader may see a progression that is not dissimilar to the industrial revolution, and is parallel to it. Indeed it may be said that through a process of feedback, this analysis of single cases rather than of groups in turn affects our perception of the English case, and confirms the varied picture of production systems, differing enormously among themselves but existing alongside one another, as Maxine Berg, for example, outlines in her book *The Age of Manufactures.*

Another big historiographical problem that Bartolosch touches on is the connection between the Protestant ethic and the entrepreneurial spirit. Recently there has been a tendency to restore credibility Max Weber's theory on the connection between "Protestant ethics and the spirit of capitalism", going beyond the old controversy about structure and superstructure, and to subject it at long last, after so many theoretical discussions, to an empirical examination. In the light of the case-study on the Siegerland, although it is not measurable in common with any other issues concerning "Mentality", the importance of Calvinism in the economic policies these textile entrepreneurs pursued was confirmed, in that their business management was very severe. They refrained from lavish lifestyles in order to reinvest heavily in their enterprises and they adopted a paternalistic attitude to the workers which had religious origins. Bartolosch goes on to examine other socio-cultural variables, such as matrimonial strategies, aimed to strengthen the enterprise, and the "class consciousness" of these entrepreneurs, who tended to identify themselves with a wider aristocratic, land-owning élite, and to copy their behaviour.

Was it proto-industry or not? The question in itself is somewhat abstract if we try to verify through the study of specific historiacal cases what is above all a type of ideal. Bartolosch shows that Siegerland does not correspond to the dual model of a corporative manufacturing system concentrated in the towns, and a "putting-out" system in the rural areas. The line of demarcation has to do instead with the type of manufacture; as has been said, cotton and silk, both in the town and in the country, benefited from the anti-restriction policy of the princes and a broader evaluation of the variable constituted by economic policy is a further suggestion that Bartolosch makes in the direction of a more flexible model of proto-industry.

The nineteenth century deflated the hopes that growth in the eighteenth century had fuelled. In the first half of the nineteenth century a combination of factors - the Napoleonic Wars followed by the end of the Continental System with fearful English competition starting again, the growth of other German regions, hence internal competition - produced profound effects, hitting most of all centralised manufacturing, which had more rigid production operations because of the greater investment in fixed capital. In the second half of the nineteenth century the decline became an out-and-out crisis: competition in other industrial sectors that were growing strongly, such as the railways, attracted labour and made the survival of a textile sector based on subsistence wages impossible.

In any case, textile manufacturing which expanded from the mid-eighteenth century, a cross between centralised production and the "putting-out" system, did not stop making its contribution to industrialisation after it had lost its importance in the economy of the region, in that it had created a work force suitable for the secondary sector. Evaluating the proto-industrial experience in the light of its results in terms of industrialisation and modernisation means, as Bartolosch points out, also highlighting its far-reaching - one could say pedagogical - effects on the transformation of human capital and of mentality.

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H. MAZERATH (ed.), *Stadt und Verkehr im Industriezeitalter*, "Stadteforschung", Série A, n°41, Boehlau, Cologne-Weimar-Vienna, 1996, pp. XXIII-282, index, cartes, tableaux et illustrations.

There is a lack of general publications in the field of comparative urban history. However, thirteen papers collected by the Institute of Urban History in Munster present a survey of communication routes and urban traffic flows at the time of the urban and technological boom in western Europe (from the mid-nineteenth century to the 1930s); that is to say, when towns built for horses and pedestrians, the latter suffocating within their walls but disdaining developments on the outskirts or out of town, became commercial centres and places of transit - ripped apart by railways and stations (1865-90) - and then outlets for approach roads (the Berlin concept of the Autostadt dates from 1970).

This book deals with both general problems and specific urban situations which cannot be explained by drawing on any one theory. It is about German history, but whenever possible comparisons are made with other countries (especially France, the U.S.A., England and Scandinavia).

There are five subjects of universal significance:

1. Taking Berlin as his example, H. Jaeger shows that as soon as a town of the industrial era had a railway, it developed by means of horsedrawn buses (when the outskirts were 4 kilometres from the centre), tramways (outskirts 7 kilometres from the centre about 1950) and then motor cars (20 kilometres about 1970). In Leipzig, communications between urban settlements were provided by 18 secondary stations which fed the huge main station, the most important in central and eastern Europe. It is significant that around 1939 in Germany electric trams were used for 75% of travelling from one town to another, state railways (*Reichsbahn*) for 10% and cars already for 8%. As far as transport by car is concerned, more than 16% of passengers in 1961 were commuters going to and from work, and more than 77% were commuters in 1988!

2. W.A. Boelcke investigates private and public investments in transport. He shows that German capitalists financed first inter-regional transit traffic and then international traffic. The transport revolution took place between 1877 and 1907 (single tariff, agreements among the German states). Transport costs fell, railways and canals triumphed, industrial cities developed and isolated cities (notably university cities) became impoverished. The huge population increase in all industrial centres with more than 2,000 inhabitants (+23% between 1871 and 1910) was possible because means of transport existed. At the same time, the total goods transported in tonnes/kilometres increased by 773%.

3. A general problem which W. R. Krabbe examines in towns such as Karlsruhe, Dortmund and Munster is the way in which people tried to overcome the "weight of the past". Both urban railways and technical buildings were open and run in these historic towns by companies specialising in industrial freight.

4. H. J. Schwippe has made a study of Berlin in the period from 1860 to 1910 when the municipal administration was decentralised and a single administrative body for both surface and underground transport (*Gesellschaft fuer elektische Hoch- und Untergrundbahnen in Berlin*) was created in 1902. Schwippe has published a very interesting table of correlations between the rise of 12 large and middle-sized towns in 1910 (from Berlin, population 2,978,323, to Elberfeld-Barmen, population 339,409) and the mobility of travellers passing through them. Leipzig, Dresden and Cologne had more transit passengers than Berlin, Hamburg or Munich because they were important railway junctions. The paper ends with a pertinent analysis of the deficits of the railway services in the new urban areas of Berlin (Alsen, Dueppel, Westend, Lichterfelde). Berlin was then a town waiting for its urban agglomeration to be defined (Greater Berlin).

5. Using Sheffield as his example, A. Sutcliffe writes about the mechanisation of urban transport in Europe. Long-distance lines became necessary because of the rise in price of building land, which in the Sheffield

area doubled between 1870 and 1896, then fell with electrification and became stable about 1910.

The monographs present researches in other areas with a host of interesting considerations.

1. According to H.E. Specker's study, Ulm, once a fortress-town, became in 1867 the residence of railway-employees, with a peculiar double-station (the Wuertemberg railway and the Bavarian railway). There was rapid urban and industrial growth outside the city walls: Neu-Ulm (1877), the reopening the Danube to navigation, the second bridge in 1910, and the ring-road (Strassenring) connecting the Old Town to the railway station.

2. K. Czok writes about Saxony, where hotels sprang up to cater for international traffic and tourism (Dresden) or trade fairs (Leipzig, where the rail pioneer was the consul Friedrich List). In 1871 in Leipzig there were as many visitors staying at least one night as there were inhabitants living in the city centre, which at that time boasted 35 hotels and over 500 restaurants.

3. G. Zang informs the reader that in Constance, on the contrary, the process of modernisation was slow and deficient. Compared with the international connections of the medieval city, the nineteenth century was di sappointing in that there was no real connection between the railway and international navigation on the lake. Whereas about 1500 Constance provided the link between Franconia and Lombardy, the development of railway services round the lake (1853-1911) was slow.

4. In his paper, N. Niederich describes a great industrial success in Stuttgart. The major factor was the merging of two big companies SSB and AEG in 1892 which led to an early electrification of means of transport: the number of kilometres covered by electrically-powered transport increased by 860% between 1900 and 1935 (the population increased by 250%), but it must be remembered that we are in the middle of an industrial-urban area with extensive commuter traffic.

5.W. Holmann takes us back to Greater Berlin at the beginning of the twentieth century, the era of Wettbewerb, town-planning rivalry, and of the architect Jansen. By 1927, about 25% of all travellers crossed through three areas (town centre, inner belt and outer suburbs) and more than 50% used the tram every day. From 20 kilometres away, the town centre (Alexanderplatz etc.) could now be reached in 30 minutes: the Schnellbahn was opened, together with the metro-train link, as in Paris, London, New York, Boston and Chicago.

The book ends with two papers on politics and mentalities.

Taking Helsinki and Stockholm as examples, M. Hietala shows that the introduction of public of transport was one of the most positive and most concrete aspects of the democratisation of public institutions in Scandinavia.

Looking for an overall model of urbanisation and industrialisation, R.E. Mohrmann rightly sees England as the Mecca for technological tourism and a journey into modernity. Alfred Krupp visited England under a false name.

Reversing the situation, nineteenth - and twentieth-century development gave rise to a reaction against the town: hence modern-day town-dwellers' taste for the rustic and for objects brought in from the country.

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L. PIERI – P. PECORARI (eds), *Luigi Luzzatti e il suo tempo. Atti* del convegno internazionale di studio (Venice 7-9 November 1991*), Istituto Veneto di Scienze Lettere ed Arti, 1994,* pp.557.

Among the many initiatives of the *Istituto Veneto di Scienze, Lettere ed Arti* aimed at valorising its very large colloction of historical records, one of the most important was the conference organised for the one hundred and fiftieth anniversary of Luigi Luzzatti, whose proceedings are presented in the book under review. Far from being a mere celebration of the writer, the conference was an important occasion for presenting and analysing the work and thought of Luigi Luzzatti as well as major issues in Italian economic history such as the growth of its banking system., labour and cooperation and foreign economic and financial policy, all fields in which Luzzatti played an influential role for over fifty years.

Of equal interest are the papers which set out to elucidate the political ideas of the Venetian statesman, particularly his views about the constitution which are examined by Italian and foreign scholars in relation to British, German, French and Belgian systems and are in line with the comparative approach that Luzzatti himself frequently adopted in his own works. Another interesting contribution is the paper on Luzzatti's role in Italian politics and parliamentary history, from the birth of the unitary state to the crisis in the liberal system and the rise of Fascism.

Luzzatti emerges as a complex figure whose views were far from being one-sided. A typical exponent of the 'historical right', as Carlo Ghisalberto vividly portrays, stressing Luzzatti's pragmatism and the principle underlying all his work, according to which "institutions live in history" (p. 18), on more than one occasion he showed his belief in the need for state intervention to ensure society's growth and progress and to guarantee a continuous dialogue between society at large and the world of politics. Still young and attracted to European models as a possible alternative to certain guiding principles in Italian policy which appeared to him to be outdated - and this awareness of a crisis in the values of the Risorigimento is, in our opinion one, of the distinctive features of Luzzatti's clear-thinking - Luzzatti drew near to the German liberal reformer Schluze-Delitzsch in the 1860s, embracing his ideas on cooperative banking and social security but later forged close ties with the historical school of economics and with the *Kathedersazialismus,* as Hartmut

Ullrich shows in his long essay.

His association with such schools did not preclude his appreciation of the British constitution, firstly from a legal point of view, an appreciation shared by other nineteenth-century Italian intellectuals[1] and more specifically on the management of state finance in a parliamentary regime. This comes out in Paolo Pombenti's paper which mentions Luzzatti's great admiration for the British system, although it is a shame that Pombenti does not examine the more fully question. Using great discernment and a lively style, the Bolognese historian considers Luzzatti as representative of a "typically Venetian" school: a somewhat weak theoretical framework was countered by strong political convictions and Luzzatti's belief that liberalism signified government through social and economic change which was to be carried out through a continual dialogue between all parties and groups and an intelligent use "of the government budget" as a lever for redistribution (p.36). This way of governing, which is defined as typically Italian, stemmed from the need to control the "impact of democracy" and from the emergence of the people as a political force. In this respect, the British experience from the 1880s could provide valuable if somewhat traumatising lessons for Italian liberals since it was interpreted as a period of crisis for a "morally superior" ruling class and for an over-idealised system of government.

In Emil Poulat's essay on the influence of the French experience on Luzzatti, the many sides to Luzzatti's thinking are once again highlighted, with Luzzatti emerging as a true liberal statesman who pioneered social economy and cooperative banking and was a staunch advocate of controlled state intervention in the economy. Such views originated from a historical training which drew from the double basis of doctrine and experience, as Paolo Pecorari, one of the book's editors, illustrates in his paper (p.213).

A man of faith and a man of science, a Jew by birth with deep respect for Christian religious values - as Marino Berengo shows, quoting from Luzzatti's own memoirs[2] - Luzzatti pursued the objectives of man's progress and improvement in the poorer classes' standard of living.

It was precisely the broad-based nature of his ideological outlook which made it possible for Luzzatti to take up positions which would have appeared

[1] Admiration for the British system was widespread among Italian moderate liberals throughout the nineteenth century. On this theme see the detailed study by Carlo Ghisalberti on "Il sistema costituzionale inglese nel pensiero politico risorgimentale" in *Rassegna storica del Risorgimento, LXVI*, 1979.

[2] Berengo's quotation (p.527) is very appropriate for casting light not only on Luzzatti's religious views but on Luzzatt's personality. In 1899 in a reply to Bishop G. Bonomelli, Luzzatti wrote: "I was born an *Israelite* and I return to this with pride every time I am rebuked for being one and every time my being one exposes me to danger. But outside of this may education and aspirations embrace a broad-based Christianity..." (from L. Luzzatti, *Memorie autobiografiche e carteggi*, Bologna, Zanichelli, 1933), vol. II, pp.553-554, italics in quotation.

contradictory if they had been embraced by other politicians. For example he advocated government running of the railways but at the same time he was aware of the risks inherent in this policy and several times called for government control over public spending, giving the government full powers for drafting budget laws and removing such powers from Parliament with its "ever-changing and spend-thrift tendencies" (pp.25- 26.).

Yet such a rigorous approach in the complex sector of state finances did not always characterise Luzzatti's actions. This was perhaps inevitable considering the very long time that Luzzatti was active on the Italian political scene. Shortcomings in his character are brought out in the writings of contemporaries and historians; inevitable errors and compromises are pointed out, as in the period when he supported Minghetti's moderate *trasformismo* and the agreement with Depretis. Aldo Berselli describes Luzzatti's work of mediation in the early 1880s. Although Luzzatti was grenuinely concerned about the increasing "moral poverty" of the ruling class after the "heroic" period of Unification, he put the dangers of profiteering and socialism on the same footing and underestimated the sometimes unprincipled use of public spending, an instrument for political and parliamentary agreement which was matched, moreover, by a programme for more explicit state intervention in promoting economic development, of which Luzzatti was himself a staunch advocate[3]. A close examining of some of the papers bring to light valuable insights which help us to understand more fully the complex shifts in the positions of many right-wing politicians and indeed of Italy's political class overall regarding such issues from the 1880s onwards.

A very careful reading of Luzzatti brings out these conflicting political and ideological positions which at least in one important case were due to the evident limits of Luzzatti's generation. In this connection the essay by Roberto Vivarelli on the crisis of the liberal state is very interesting. In this essay Vivarelli suggests possible areas of research to be carried out on the growth of nationalist sentiment among Italy's ruling class on the eve of the first World War and sketches very skilfully Luzzatti's leanings towards Fascism which - with some short-sightedness - was seen by Luzzatti as defending national prestige and as the heir to the *Risorgimento*.

In the light of the many contradictions, Luzzatti's strength lies above all in his steadfast and practical commitment to pursuing national interests and the country's economic and social growth throughout his political career and his administrative career. Other than his activity as a scholar, Luzzatti founded cooperative banks, was elected a member of Parliament under fourteen governments, acted as Treasury Minister several times (1891-92; 1896-98; 1903-1905; 1906) and was appointed Prime Minister for a brief period

[3] On this aspect see the study by Pecorari, *Luigi Luzzatti e le origini dello "statalismo" economico nell'età della Destra Storica*, (Padua 1983).

(1910-1911). He also took part in the principal trade, monetary and financial negotiations conducted by Italy in the long period spanning from Unification to the first World War, holding positions of great responsibility.

This aspect of Luzzatti's work is examined in many of the papers presented at the conference, albeit with different approaches. Giovanni Zalin, who is an expert on Luzzatti, reconstructs the Venetian statesman's long experience in trade negotiations in the period 1866-1911, showing how Luzzatti grasped the close connection between economic growth, equilibrium in trade balances both from a qualitative and quantitative point of view, and financial and monetary stability. Over a period lasting almost fifty years, Luzzatti responded to the swings in Italy's foreign economic policy, adapting his theoretical precepts to actions which stemmed not from economic nationalism - as his role in bringing Italy closer to France at the end of the century bears out - but rather from the need to defend the country's economic interests.

For example, as Pecorari illustrates in an earlier study[4] and recalls in his paper, he very quickly abandoned liberal principles and became convinced that Italy could not just restrict itself to paying for imported manufactures and technology by exporting agricultural products, but rather that it had to embark on the path of full industrial development. Consistent with this idea, Luzzatti paid much attention to industry, particularly to certain sectors, such as the silk industry[5]. More research needs to be done in this area, using the valuable Luzzatti Papers which are held by the *Istituto* in Venice and are currently being catalogued.

Luzzatti also possessed great skill as a mediator. The long process of *rapprochement* with France, begun under the Rudini government in 1896-98 owed much to Luzzatti's understanding of the differences between the two countries and on the network of personal contacts he had built up abroad. In his paper Mario Belardini stresses the full agreement between Luzzatti and the Foreign Minister, Visconti Venosta, on introducing new objectives in foreign policy which were carried forward up to the debt conversion in 1906. Luzzatti also played a leading role in the success of this latter operation, which is described in great detail by Pier Luigi Ballini. Luzzatti was at that time Treasury Minister and carried out the operation in close alliance with Stringher, with whom he had already successfully performed other operations. The operation of 1906 had been made possible by the improvement in Italy's financial situation, both with regard to government finances and to the balance of payments, at a time when international

[4] P. Pecorari, *Il protezionismo imperfetto. Luigi Luzzam e la tariffa dogonale del 1878*, Venice, 1989.

[5] See the short article by G. Federico, "Dalle carte Luzzatti: mediazioni di affari e strategie di lungo periodo nel settore serico" in *Archivi e Imprese*, gennaio-giugno 1994, n.9, pp.46-57.

conditions showed sigus of instability. Consistent with the policy that Luzzatti had pursued over the long term, it success gave Italy a more stable financial autonomy, as recent contributions to the Bank of Italy's history series illustrate[6]. Luzzatti's long-standing relationship with Stringher is also considered in Franco Bonelli's paper which centres on the role played by Luzzatti in Italy's banking policy and in particular on his contribution to the project which was to lead to the founding the Bank of Italy. Although it is difficult to separate Luzzatti's contribution from that of the others who engineered the complex operation (Giolitti, Sonnino, Stringher), Bonelli identifies key episodes which help us to make a judgement. Luzzatti's action was disappointing and inconclusive because he did not take resolute measures at the time of the 1891-92 crisis and the drafting of the banking law in 1894. In connection to the latter, Luzzatti would not abandon his position which favoured a "gradual" transition from the pluralistic system of issuing banks to a onebank system. Above all he refused to overcome his opposition to Giolitti who favoured a much more rapid transition. Luzzatti 's action was clearly more incisive in 1896-98 when as Treasury Minister he introduced a policy to overhaul issuing banks and ascribed great importance to the role of the Bank of Italy which henceforth was to give a steady contribution to the government's financial and monetary policy. Thus the way was paved for Stringher's actions as head of the bank at the beginning of the new century.

In the essay in which he examines the banking crisis in the period 1888-1894, Luigi De Rosa agrees with this essentially positive judgement on Luzzatti's actions in 1896- 98 and their effects on the *Banco di Napoli* which was then undergoing a very difficult period. Luzzatti appointed Nicola Miraglia as head of the Neapolitan bank and prepared the ground for its recovery. He laid down the rules for reorganising the bank and for lessening the burden caused by the immobilisation of funds which had stifled the issuing banks and in particular the *Banco di Napoli*, whose already precarious finances were aggravated by imbalances in its land credit operations. Moreover, Luzzatti entrusted the Neapolitan Bank with the task of looking after emigrants' savings in America and transferring them to Italy. In this way the Bank secured an important service which it had long contested with private bankers; at the same time Italian workers were given greater guarantees for the safe handling of their money.

The attention paid by Luzzatti to problems related to emigration, which had increased significantly in Italy by the end of the century, was shown by his involvement in drafting and in drumming up political support for the 1901 emigration law, as Zeffiro Ciuffoletti illustrates. The law sought to protect emigrants from the sharp practices used by travel agencies and shipping

[6] In particular we refer to the documents and comments contained in the book *L'Italia e il sistema finanziario internazionale 1861-1911*, edited by M. De Cecco Rome-Bari, Laterza (1990).

emigrants from the sharp practices used by travel agencies and shipping companies, setting up a control authority which was at least partly successful in pursing its objectives, on the basis of a proposal Luzzatti had made several decades earlier.

Once again therefore, there emerged the need for state intervention against power factions, monopolies and parasites, which had been repeatedly signalled by Luzzati, in order to guarantee real economic liberty without damaging the weaker classes in society. Luzzatti had already taken this stand many years before when he agreed on the need for social legislation aimed at protecting workers, especially child labourers, opposing Alessandro Rossi's calls for complete *laissez-faire* in the labour market. While Luzzatti shared Rossi's general vision of society, as Deputy Chairman and then Chairman of the committee enquiring into industrial labour in 1875 he declared in a lucid report which was occasionally punctuated by irony, that the country could not simply rely on the good will and charity of industrialists to carry out what was "a rigorous social duty", as Renata Allio quotes in her vivacious paper (p.405).

In the social sphere, Luzzatti's most noteworthy initiative was surely that related to the creation of mutual-help societies and cooperative banks, in which he played a leading role. Such institutions were considered as an instrument "to defuse the social question" (cf. Maurizio Degl'Innocenti p. 437). Luzzatti's action led to the opening of cooperative banks, cooperative bodies which had many functions ranging from the management of savings to social security operations and the granting of credit to "segments of the market previously condemned to the scourge of usury" (p.463). This subject is examined in the papers by Degl'Innocenti and Giuliano Petrovich. The two contributions complement each other, as do all the papers in the section concerned with Luzzatti's commitment to labour issues, which provide a very complete picture not only of Luzzatti's actions but more generally on the social question in the first forty years after Unification.

After a very short but appropriate definition of Luzzatti as an "excellent pragmatist" (p.460), Petrovich provides us with an interesting collection of tables on the finances of the cooperative banks and on the amount and kind of credit created by the banking system in the period under study and also on the geographical distribution and professional sub-divisions of the banks' members in the period 1876-1908. The latter data bring out the differences in economic and social development between the North and South, which is currently the subject of new interest among scholars, as is borne out by the recent initiative of the Luzzatti Centre for Cooperative Studies, aimed at organising debates in Italian universities on the achievements of the sector .

In conclusion we can say that, above and beyond the interest of the individual papers, the book's merit lies in its capacity for stimulating debate not only on the long political and economic career of Luzzatti the statesman

his great capacity for tackling problems on different fronts obtaining practical results, a man of ideals but at the same time a true politican, if by politics we mean the art of the possible.

A last brief note on the very useful name index which has been compiled using a unitary criterion for the numerous papers. Although it could be perfected, it does make the book something more than a simple collection of conference proceedings and provides us with a comprehensive tool for understanding Luigi Luzzatti and is thus a valuable aid for historical research.

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P. SCHOLLIERS, *Wages, Manifactures and Workers in the Nineteenth-Century Factory. The Voortman Cotton Mill in Ghent*, Berg Publishers, Oxford-Washington, D.C. 1996.

It is widely known that the cotton industry played a major role in the initial phase of European industrialisation. Yet although this fact has been amply documented by general studies there is still a need for more detailed research on specific areas and specific periods to enable us to chart more accurately the process of economic growth in the various countries of the "old continent". The book under review takes up such a line of enquiry: Scholliers carries out a detailed analysis of a cotton mill in Ghent, one of the centres of European textile manufacture, focusing, in particular, on the employment and wage policy pursued by the factory's managers and comparing it with the economic, social and labour conditions in other factories, both in Ghent and in other manufacturing centres in Europe. Overall Scholliers has achieved his objective: he provides a well-documented study that throws greater light on European industrialisation in the nineteenth centuty, a subject about which there are still questions left unanswered and gaps to fill.

Voortman's cotton mill was situated in a very favourable area from a geographical point of view; lying at the confluence of the Rivers Leie and Scheldt, Ghent had a good network of communications which was a basic pre-condition for rapid economic growth. Apart from connecting the various towns in the surrounding area, the two rivers made it possible to reach major economic centres, such as Antwerp, Bruxelles, Bruges and Paris, with relative ease. Ghent immediately showed all the characteristics of an industrial town: among the industries which began to develop, the textile sector was already at the forefront in the first half of the nineteenth century. From the 1830 census it emerged that tèxtiles absorbed 20% of total labour, a figure which

census it emerged that tèxtiles absorbed 20% of total labour, a figure which rose to 67% in 1846. Among the textile industries, cotton manufacture had a leading role: from 1840 to 1910 Ghent absorbed around 50% of total labour employed in cotton manufacturing in Belgium. Cotton products were largely coarser articles with the aim of satisfying mass demand both in Belgium and in Dutch and French cities.

To understand the reasons underlying Ghent's quite conspicuous industrial growth, Scholliers believes that it is indispensable to place economic developments in Ghent within the context of European and overseas institutional and political systems which inevitably had an influence on specific and local economies. Such an approach greatly benefits Scholliers' study: although it is bascially a monograph, the reference to wider and more complex realities enables Scholliers to explain more fully events and problems whose origins derived from international developments.

Thus Scholliers shows that, already in the early years of the century, Ghent's cotton industry grew thanks to a vast protected market whose origins are to be found in the political events which were then taking place in the old continent. The annexing of the Beglium provinces to France during the Napoleonic period opened up a vast mass market comprising large regions in western and southern Europe which, as a result of the imperial decree of 22 February 1806 and the subsequent creation of the Continental System, was transformed into a far-reaching protected market. These never-to-be-repeated circumstances led to a rapid and conspicuous expansion of the cotton industry. However, such highly favourable conditions were not destined to last for long: after Waterloo, as is well known, the situation changed quite significantly and the technological and productive inferiority of the Ghent cotton mills vis-à-vis British manufactures was immediately apparent and led to a serious decline in employment.

The worst period for the cotton industry in Ghent had yet to come. This occurred following the proclamation of Belgium's independence in 1830 when Holland imposed protective tarifis on Beglian imports with the consequent loss of the Dutch colonial market. Ghent was overcome by a profound economic depression. Nonetheless during this very difficult period the cotton industry did not die out but on the contrary the crisis acted as a stimulus to technological modernisation which began precisely in the 1840s. From local statistics in 1860 it emerged that around 10,000 workers were employed in the sector and about 500,000 spindles and mechanical looms. If we compare these figures with those of the 1820s we can see that the number of workers remained roughly the same while the number of spindles had risen by 66% and the number of mechanical looms by an ever greater 600%. Mechanisation and reorganisation of labour were accompanied by a contemporaneous process of industrial concentration: the average number of workers in each factory rose from 144 in 1829 to 209 in 1860. In this respect

irresistible and fundamental technological innovations of those years.

Another very critical phase for the Belgian cotton industry and especially for the cotton industry of Ghent, was the period following the American Civil War. In the depression which became increasingly more evident after 1870, international competition intensified considerably and forced the cotton lords in the Belgian towns to react with the adoption of new technologies, although not everyone reacted so quickly and at the same time. Towards the end of the century after around thiry years of stagnation, the industry benefited from new investments and the Ghent cotton mills succeeded not only in fighting off foreign imports but also in expanding exports in cotton yarns and cloth.

After having carried out this general and necessary reconstruction, Scholliers turns his attention to Voortman's cotton mill, emphasising several new and important features in Voortman's management. Especially in the 1820s, when British competition made itself increasingly felt, Frans Voortman proved to be one of the most decisive and fast-acting of the industrialists in the area and carried out a complex technological restructuring using as capital for investment the large profits he had made in the previous period. The modernisation process had a significant effect on wages: in relation to total production wage costs began to fall, decreasing from 40% in 1800 to around 30% at the start of the 1820s. The benefits of such policies soon became evident: from 1825 to 1859 factory sales boomed with a considerable increase in net profits. The Voortmans were able to sustain this position up to the cotton shortage in 1860-65 when the factory lost many of its advantages. It is no accident that employment fell noticeably in the following decades and that there was little technological innovation. In order to deal with the crisis in 1876 it was decided to refound the company with the arrival of fresh capital which was to be invested in technological modernisation. A fire in the factory speeded up the process and by 1890 restructuring had been completed.

It is evident that throughout the whole century and in the first decades of the twentieth century, the Voortmans paid attention to every aspect of production, keeping total control over the mill. Yet, as Scholliers points out, their experience as industrialists can only be understood if related to events regarding the development and transformation of the international market.

Let us now turn to the question which has been most fully explored in this monograph: the employment and wage policies pursued by the Voortmans in the period under study. This was an extremely important aspect of the Voortmans' management strategy. If wages represented 30% of overall costs around the 1820s they were in continual decline for the rest of the century and for the first decades of the next, representing just 15% in 1910. This reduction was largely due to the progressive decline of the printing mill and the fact that it was no longer indispensable to employ well-paid workers who were the mainstay of the labour force. But there

were other reasons for such a decline in costs, in particular the significant increase in women employees which had a profound effect on the traditional wage structure. If women labourers were a new element in Ghent's textile factories, over time they became a basic part of the Voortmans' labour strategy; the wide employment of women enabled them to cut their labour costs considerably.

In practice this strategy did not just involve women but also children and young people working for the first time. Generally speaking, throughout the nineteenth century the average age of the work-force employed in the Voortman cotton mill was lower than in all the other factories in Ghent. The employment of so many women, children and young people who did not belong to any trade union explains the peaceful nature of labour relations which characterised factory life for most of the century. Again the temporary nature of employment contracts in the Voortman factory was also part of a well-defined and coherent plan which aimed to prevent workers from advancing any wage claims and rights.Yet, as Scholliers points out several times, such a policy in no way jeopardised production; recruitment was carried out using a wide network of family and friendship ties and so methods and information about manufacturing techniques used in the factory were handed on with great ease exploiting family and informal channels. This procedure was part of a vicious circle which was encouraged by the conditions of labour imposed by the Voortmans. To make up for the continual loss of purchasing power of real wages, workers in the factory had two alternatives: either they had to increase their hours through piecework - although this was a partial solution which did not enable them to fully recover wage losses - or they had to bring other family members into the factory. So, while wage levels kept low, it was possible to keep abreast of increases in the cost of living and even, in some fortunate cases, to improve a family's precarious economic conditions.

From this analysis Scholliers draw several conclusions which we shall briefly allude to here. Firstly by saving on wages the Voortman managed to overcome the crisis and increase profits. Although such a statement may seem obvious, in the case of the Voortman factory it takes on special significance. Although at the beginning the policy of low wages was carried out with somewhat crude methods and devoid of any coherent plan, over time it became increasingly more sophisticated and precise and came to be part of a general and rational employment plan which had two basic principles. The first was the employment of a large number of women, children and young people; the second was the periodic change-over of employees with workers who had been in the factory for a fairly long period being replaced by people with no previous work experience.

Another general conclusion drawn by Scholliers regards the effects of low wages on the employees' standard of living and the fact that the latter were obliged to procure aspiring workers for the company from among

family and friends. Such a system had two advantages for the factory owners: they were able to rely on an abundant supply of labour at very low costs without having to implement special training programmes since technical know-how about the use and type of production means were handed on through family and informal channels.This combination of a low-wage policy and a specific employment strategy did not require the adoption of a parternalistic system; on the contrary relations between the owners and workers rested on a clear division of roles in which tasks, positions and responsibilty were all clearly defined.

This book is certainly a good framework of reference for studies on the origins, development and dynamics of wages in individual factories in the nineteenth century. It is to be hoped that analagous studies can be carried out and occasions for debate encouraged in an international context so that historians will be able to provide a more complete picture of European industrialisation in the nineteenth century.

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T. SUZUKI, *Japanese Government Loan Issues on the London Capital Market 1870-1913*, The Athlone Press, London, 1994, pp. XV-307.

This study concerns the international capital market from the end of the nineteenth century to the first World War. In particular, Suzuki examines the growth of the Japanese government's international loans and tries to find answers to two general questions: first, how did the governments of countries not belonging to the British Empire raise capital on the London market; second what role did the London financial institutions play in promoting such operations? The Japanese case-study can be used, therefore, as a way to further our knowledge of how the international capital market worked.

The book is divided into two parts. In the first part attention is focused on the growth of government financing on the London market during the nineteenth century. Initially such operations were limited and handled by a small number of banks which placed loans among a narrow group of capitalists and financiers who were generally related to each other by family and ethnic ties. However, in the second half of the nineteenth century loans to foreign governments were handled by an ever-growing number of intermediaries - even though merchant banks continued to have an important role - and were issued to a much wider public. Suzuki shows that major changes occurred in the 1880s when the bank syndicates which usually issued loans did not always underwrite securities but organised the market for placing the securities they issued through stockbrokers. That is to say, the

system became increasingly more specialised and this fact helped to spread risk by enabling a large number of institutions and intermediaries to take part in the subscription. The stockbrokers' role, observes Suzuki, was vital because they were the ones who knew all the details of an operation. The success of a subscription depended on their ability to persuade and on their credibility.

In the second part of the book Suzuki examines the channels used by the Japanese government to obtain loans on the international market. The study is based on a wealth of material which enables the author to provide various insights into the operations involving the issue of securities. The reconstruction is based on both British and Japanese sources and draws on unpublished bank records which allow Suzuki to analyse in depth the ways that governments acceded to capital markets.

Firstly we should note that the Japanese government did not use international loans to promote the country's industrialisation. It is well known, in fact, that Japan's economic growth from the end of the nineteenth century and the beginning of the twentieth century was based mainly on domestic accumulation of capital and on the mobilisation of savings through a more efficient banking system. Between 1870 and the Russian-Japanese War the Japanese government negotiated only one loan which had the explicit aim of modernising the country's economy, providing it with major railway infrastructure. Most of the loans were raised in relation to the wars fought firstly against China and then against Russia and had the aim of financing rearmament and war expenditure. Although the Japanese government had been in contact with the international capital market since 1870, it was only at the end of the century and especially after 1904-5 that it made use of the services offered by the big international financial operators. In fact the loans served to sustain Japan's policy of colonial expansion, largely through the purchase of British military technology.

Considering that Japan had opened its doors to foreign trade only in the 1850s and that it had had no previous experience in dealings with the international capital market, it was by no means easy to establish relations with foreign operators in order to secure a sufficient flow of funds. One of Suzuki's merits lies in his meticulous analysis of how Japanese governments, starting from an unfavourable position, managed to win over the confidence of the big international financial operators, demonstrating their ability to honour their commitments while maintaining full control over the domestic economy. In the first decade of the twentieth century the Japanese government was no longer forced to accept the conditions imposed by international financial institutions, but was able to choose between various alternatives which were not tied to the London market.

A study of the various issues shows that initially British financial operators placed Japan in the category of high-risk countries, to whom only high-interest loans should be granted. Running up debts with international

financial markets could be very risky, as many contemporary cases showed. The resources to cover the foreign debt could be lacking and international creditors could interfere with the organisation of a country's economic and financial policy, undermining the country's autonomy. The Japanese government was very careful not to allow the economy to become dependent on foreign capital and managers, seeking foreign finance only in cases of great necessity. All foreign investments were controlled and required government authorisation. Such investments had to pass through the Industrial Bank, a government-controlled bank which had the role of mediating between foreign investors and the Japanese economy.

The priority given to safeguarding autonomy also influenced the decisions of the Japanese government during negotiations for the issue of international loans. Except for the first loan in 1870, which was managed by European intermediaries and which revealed a limited understanding of the ways the capital market worked, all the other foreign loans were negotiated by government officials who were instructed to carry out investigations and to fix the conditions of the loan with foreign European intermediaries. From the end of the nineteenth century, the Japanese negotiators were sustained in their task by the Yokohama Specie Bank, a Japanese merchant bank which by participating directly in the issuing syndicates, guaranteed the presence of Japanese capital. Suzuki gives a detailed picture of the difficulties facing negotiators in contacting qualified intermediaries in order to ensure the success of the operation. Apart from the return, the securities offered and the country's credibility, the success of a loan depended on the way it was placed and on the influence of the banks and stockbrokers involved in the operation.

Two crucial aspects are pointed out in explaining how Japan acquired an international reputation. The first of these was the adoption of the gold standard in 1897, made possible by Japan's collection of an enormous war indemnity which had been imposed on China. This led to more exchange stability and greater confidence in foreign transations which encouraged closer relations with the capital market. Despite this, however, the big merchant banks like Baring and Rothschild still did not have complete confidence in Japan and did not participate in the issue of loans at the end of the century. What changed the attitude of the big London investment banks were Japan's first successes in the war against Russia. This was the other important factor which gave the Japanese government international prestige and credibility. After the first victories the issue of big loans on the London market resumed and British savers rushed to purchase Japanese stock. This enabled Japan to increase its war effort and to give a qualitative boost to Japanese expansionism.

Suzuki notes that Jewish funds sustained such loans quite significantly, as a result of the Russian government's anti-Jewish policies. It was precisely because such loans served to finance the war against Russia that Rothschild

and other merchant banks who had previously sustained loans to the Russian government now abstained from any intervention. Only after the end of the war were they prepared to back the issue of further loans.

Then the Japanese government was able to raise loans on other markets like Berlin and Paris, from which it had previously been excluded on account of the importance of such markets for Russian finance. After 1905 Japan was thus able to choose between various alternatives and broke its dependence on British capital.

Despite the best possible conditions, Japan was unable to avoid running up a large foreign debt in order to finance growing military expenditure. Japan's national debt grew enormously as did the costs of servicing such a debt. Japan, too, might have entered upon the downward spiral experienced by other non-European countries. Despite all the effort, Japan's expansionist policy might have thrown Japan into a debt crisis. However, Suzuki points out that Japan was fortunate and was saved from such an outcome by the outbreak of the first World War which by boosting exports and enabling the country to increase its trade surplus, allowed Japan to reduce the burden of its foreign debt.

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A. TEICHOVA - H. MATIS (eds.), *Österreich und die Tschechoslowakei 1918-1938. Die wirtschaftliche Neuordnung in Zentraleuropa in der Zwischenkriegszeit*, Böhlau Verlag, Wien/Köln/Weimar,, 1996, pp. 419.

The volume deals with the question of economic reconstruction of Central Europe during the interwar period; in this context, it focuses on the role of Austria ("Deutsch-Österreich") and Czechoslovakia. For two reasons, the issues treated in this book are far more than a matter of purely academic interest: in the first place, many present-day economic and political problems in the region can be traced back to the disintegration of the Habsburg Monarchy after the First World War. And, secondly, after the end of the socialist régimes, the restructuring of interstate relations in Central and South-East Europe is the task of the day. This means that a more profound knowledge of the economic and political structures and connections characterizing this area before 1945 should be useful.

After the end of the Cold War, historians could discuss problems frankly and mostly unhampered by ideology; scientific sub-communities which up to then had been largely isolated from each other could re-establish contacts. The collection of essays at hand has to be looked at against this background: Alice Teichova and Herbert Matis, the editors, have cooperated with

historians from the *Wirtschaftsuniversität Wien* and the chair of Economic and Social History at the Charles University in Prague respectively. The result was a double - Czech and Austrian - authorship of each article. This system of "checks and balances" fostered mutual correction; the intention was to prevent a one-dimensional or even distorted nationalistic view of the history both nations have in common. Last, not least, this mode of cooperation made it possible to bring the archival sources of both countries together.

The "leitmotif" of the volume are the difficulties of disintegration as well as the chances and limits of constructing a new political and economic order on the territory of the former Habsburg Monarchy after 1918. The main dimensions of the problem are the mutual economic and political relations of Austria and Czechoslovakia on one side, and a comparative study of the Czechoslovak and the Austrian way of dealing with their respective economic dilemmas arising after World War I on the other side. But this second aspect almost automatically leads the contributors back to the field of interstate relations: developments in both countries were closely linked; like a system of communicating tubes, one side cannot be understood without the other.

The starting point of the story (described by Jindra) is the politics of the Austrian-Hungarian Monarchy in the course of the war together with its growing economic decay and disintegration. The drifting apart of the Austrian and the Hungarian half of the Empire led to fatal consequences as the Hungarian side more and more restricted food supplies to the western part of the Monarchy. Problems were aggravated by the sluggishness of bureaucracy: the rationing system suffered severe deficits in administering scarce foodstuffs. It proved unable to prevent a sharp rise in prices, a fact leading to social unrest and strikes which, in turn, contributed to undermining the legitimation of the Monarchy. But perhaps the most dangerous problem became the immense growth of public debt by which the war was financed. Food crisis and financial crisis taken together brought about a fundamental weakening of the state and a general decline in its authority.

Finis Austriae. The continuation of the story is presented in ten contributions treating the internal as well as the external development of Austria and Czechoslovakia in the larger European context. Structures which had developed over a long period of time had to be reshaped and the way in which this was done in the first post-war years had a decisive impact on the following decades (Bachinger/Lacina, Butschek/Prücha). The territories of both republics, the Austrian and Czechoslovak (with the exception of Slovakia), had belonged to the most developed parts of the Monarchy. Both countries were comparatively advanced industrial states, with a predominance of the secondary and the tertiary sector. The Austrian average income level was higher than the Czechoslovak, but Czechoslovakia had a more balanced and "complete"industrial profile compared to Austria (even if, in general, the resources of the latter tend to be underestimated); gaps in industrial structures of both countries caused by the disintegration of the

Habsburg Empire were filled by founding supplementary industries. The two countries together were the major heirs of the industrial potential of the Monarchy; because of their relatively narrow inner markets this meant that export problems were going to be the decisive question of economic policy.

On the whole, the post-war constellation was less favourable for "Deutsch-Österreich": armament industries had been concentrated in the German regions of the Monarchy - consequently their economic collapse was more serious. Czechoslovakia could rely on larger supplies of food and energy; last but not least Austria was politically far less stable. A major problem for both countries was the fight against the inflationary pressure (Faltus/Teichova) caused by the financing of the war and the post-war disproportion of money and goods. Moreover, social tension had to be reduced, and this, too, inflated public budgets. Austria experienced hyper-inflation until the complete breakdown of the crown in the summer of 1922. Misery and desperation fostered the idea of "Anschluss" and the general conviction - to a large extent nourished by tactical considerations - that "Deutsch-Österreich" was not able to exist as an economic and political entity of its own. A League of Nations loan stabilized the currency, but it did not bring about a long-range reconstruction of the economy.

In Czechoslovakia, currency reform reduced the money supply and restricted inflationary trends. Financial stabilization helped to rebuild Czechoslovakia's foreign trade. Here, too, a fundamental restructuring of the economy did not take place. Foreign trade backed by a protectionist tariff system created considerable growth in the twenties, but the export problem continued to exist and became a major challenge only a few years later during the world economic crisis. One important intention of Czechoslovak politics which lay behind the severing of currency ties to Austria had been to put an end to Vienna's traditional financial predominance: establishing a currency was one major step towards the foundation of an independent national economy. A decisive contribution to this policy was the patriation law of 1919 which obliged firms operating on the territory of Czechoslovakia to shift their headquarters to the Republic; at least one half of the members of the administrative boards of enterprises had to be Czechoslovak citizens. Such patriation was completed around the end of the twenties. It was the precondition for the dissemination of Czechoslovak capital within the country. But economic nationalism was tempered by pragmatism, as shown by the example of the insurance business (Marvan/Mosser). In this sector, the leading foreign - i.e. Austrian - insurance companies were conceded a certain room for manoeuvre which enabled them to become partners of national Czech insurance companies.

If we summarize the internal developments in both countries, the consequences of the disintegration of the Monarchy were less serious for Czechoslovakia than for Austria, where the breaking up of the Monarchy had caused a deep shock with the consequence that the country experienced

almost total stagnation during the interwar period. In contrast to that the Czechoslovak Republic did rather well after the first post-war years. The country was hit hard by the world economic crisis, but in the late thirties the economy started to grow again. On the whole, the interwar years could with some reason be called a partial success story.

If we look at the mutual relationships between the successor states, we can assert that the breaking up of the Empire had serious effects on trade relations (Enderle-Burcel/Kubü/Resch/Sládek). The exchange of goods between different regions of the Monarchy was now converted into trade between independent states. Austria, for example, needed sugar and coal from Czechoslovakia. The first years after the war were filled with lengthy, often arduous, quarrels about the implementation of trade agreements between the two countries; only in 1921/22 could a certain normalization be achieved. But, apart from that and in contrast to political disintegration, the successor states in general still showed a fairly high degree of mutual economic integration in the 1920 s. The exchange of commodities basically followed pre-war lines, even if in quantitative terms trade had diminished. Austria and Czechoslovakia mainly exported industrial goods to their South-Eastern neighbours; agrarian commodities went in the reverse direction. A significant "progress" in the disintegration of this regional trade system took place only during the world economic crisis. In the thirties, Austrian and Czechoslovak foreign trade had diminished compared to the previous decade, and Vienna finally lost her old importance as the financial and trade centre of the Danube region. Traffic also had to cope with disintegration problems (Jakubec). Railway lines were oriented towards Vienna and Budapest. Czechoslovak railways - which had to be nationalised to a certain extent - constituted by no means an organic whole: the main axes needed to be adapted to the geography of the Republic. Here, too, a complex system of connections and tariffs required a new regulating system which previously had been organised within the Monarchy.

Another important aspect of interregional relations after 1918 was the field of finance and banking. A comparative case study of *Zivnostenská Banka* - the most important bank in the Czechoslovak Republic - and the *Wiener Bankverein* (Novotny/Šouša/Verdonk) shows different scenarios: *Zivnostenská Banka* concentrated - credit business on the national Czech economy within Czechoslovakia whereas the activities for the *Wiener Bankverein* followed more -or-less traditional "Austrian-Hungarian-lines" in South-Eastern Europe. An additional important dimension of interdependence was public credit. Loans from Prague contributed to a considerable extent to the convalescence of Austrian public finance. A detailed examination of the backgrounds, modalities and results of Czechoslovaki-Austrian credit relations (Berger/Novotny/Šouša) reveals that the motives were not so much amicable feelings on the Czechoslovak side but rather Masaryk's and Benes's rational insight into the necessity of strengthening the decisions of Versailles - the basis of the existence of the

Czechoslovak Republic - by preventing Austria's collapse. Maybe the most valuable result of these financial relations in the 1920 s and 1930 s consisted of the creation of a climate of reciprocal trust between both countries, thus fostering normalization in general.

From the start of the interwar period, the painful process of disintegration raised the question of a new order in Central and South-East Europe. Jancík/Matis examine in detail the numerous plans and projects to overcome political, economic and social destabilization. In the beginning, a Danube federation was not a realistic solution - given the new nationalistic impetus in the successor states. Only in the late twenties did the idea gain attraction. The main reason for its failure was Germany. On one side, a new order excluding the Reich did not seem feasible; on the other side Czechoslovakia, France and Italy firmly voted against the participation of this potential "hegemon". In the end, Germany succeeded in blocking the integration of the successor states by the tempting alternative offer of bilateral traties for the agrarian countries of the South-Eastern Europe.

This volume is partly based on new sources. In other contributions, the results of previous research have been integrated into more general interpretations. Most essays focus on the years immediately after the first World War, i.e. the crucial time when trade and financial relations had to be restructured. But it also becomes evident that the major turning point of the interwar epoch was the world economic crisis. Czechoslovakia and Austria are the centre of interest, but behind them, the entire network of interactions between the successor states and their mutual relations with the western powers and with Germany takes shape. The book is a rather ambitious synthesis with broad thematic scope. It presents an impressive "tableau" which - as the editors themselves hint in their introduction - should be refined and completed by further research, e.g. into the extremely important complex question of economic nationalism.

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