

La banque nationale de crédit: Histoire de la quatrième banque de dépôts française en 1913–1932 [The National Credit Bank: History of the Fourth French Deposit Bank, 1913–1932]. By *Hubert Bonin*. Paris: Éditions PLAGÉ, 2002. 237 pp. Index, notes, figures, illustrations. Paper, €70. ISBN 2-914-36904-2.

Reviewed by Elisabeth Paulet

Hubert Bonin has produced a straightforward, well-written account of the transformation of one of the main French deposit banks between 1913 and 1932. Created in June 1913 and originally located in Mulhouse in the province of Alsace, the Banque Nationale de Crédit (BCN) had two related aims: The first was to overcome its status as a regional bank by attaining a national reputation. The second objective was to transform itself into an investment bank, relying on existing market institutions. To chart the development of this bank, both at the national and international levels, Bonin proceeds chronologically, offering an integrated evaluation of its banking strategy. Over each period (1913–1921, 1922–1927, 1928–1932), he reveals how the bank rechanneled its activities from accepting deposits into distributing credit to established firms, illustrating, in the process, the difficulties encountered by the bank in the thirties. His approach is similar to the strategy adopted by traditional banking historians, whose principal aim is to describe and analyze an institution over the course of its existence. However, *La Banque Nationale de Crédit* is more than a simple history, as it presents, in clear and accessible language, the kind of debates over banking management that took place during a difficult period.

The book is divided into three parts. The first two discuss the bank's origins and development up to 1928, covering the expansion of its portfolio as it gained the experience it needed to become a "bank for business" and gradually changed itself into a merchant bank. These two sections provide an historical overview of how a deposit institution enlarged its scope by adding credit and consulting advice to its range of services. This rapid structural transformation accounts for the reputation of the bank in the financial community and also explains the causes of its decline. Most of its clients were textile companies; some, like Gaumont, turned into risky partners, who continually demanded more liquidity to expand their businesses. These elements added up to an

uncontrolled credit policy that led the BCN into failure. The story of its rise and ultimate decline into bankruptcy is not unlike the accounts of the Banque de l'Union Parisienne or the Crédit Mobilier under the Péreire brothers.

Most valuable is the third part of the book, which analyzes the liquidity and solvency problems of the institution between 1928 and 1932. From the time of its founding, BCN established contacts with big business, particularly in the metallurgical and electromechanical sectors. The president of the bank, for example, gained entrée to the industrial circles of André Vincent, manager of "Forges et Aciéries de Firminy." Vincent's influence on the bank's management increased after 1928, and BCN began to change in that year, metamorphosing from a model "Hausbank," like its associated branch in Germany, into a "captive" bank, thus becoming vulnerable to any reversals of fortune experienced by its partners. In sum, BCN was no longer able to act as a real banker. Moreover, by 1930, as it increased its lending activities, BCN became unable to honor its financial commitments. Suspicious depositors made runs on the bank from 1930 to 1931. However, Bonin stresses as well that BCN's difficulties coincided with the end of a period of prosperity in France.

The concluding section offers a critical evaluation of BCN's emergence, and subsequent disappearance, from the financial and banking markets. This section will be of interest both to business historians and to students who want to learn more about the competitive dynamics of the banking industry. The author explores debates over several topics, such how as banks should structure their institutions in order to maintain their market positions and when a central bank should intervene in the event of a banking crisis. Bonin suggests that "caution and wisdom" are critical qualities for professional bankers (p. 206) of any period. He compares the experience of BCN with the case of Crédit Mobilier under the Pereires' management and finds the two situations, distanced by more than seventy years, strongly analogous. In both cases, an inadequate appreciation of risk led the bankers to support their clients' nonperforming projects. However, one difference between the two was the part played by the Banque de France, which intervened to stem the panic among BCN depositors but failed to do so in the Mobilier case. The contrast in the two situations supports the conclusion that regulation was not explicitly formalized in France until 1945.

The book's conclusion following these lengthy discussions is disappointingly short. More details on the central bank's role as lender-of-last-resort would have been helpful in a consideration of banking failure before 1945. Nonetheless, Hubert Bonin has written a useful analysis, which will be particularly welcome at the undergraduate level.

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