

Histoire de la Société générale: Volume I, 1864–1890: Naissance d’une banque [History of the Société générale: Volume I, 1864–1890: Birth of a Bank]. *By Hubert Bonin*. Geneva: Librairie Droz, 2006. 723 pp. Index, notes, appendix, tables. Paper, €68.47. ISBN: 2-600-01038-6.

Reviewed by Nicolas Stoskopf

Hubert Bonin, a professor at the Institut d’études politiques of Bordeaux and a specialist in the history of banking, has published the first installment of what he calls a “large history” of the Société générale. Successive volumes will bring the story up to the present, when the bank still ranks among the top three financial institutions in the national hierarchy and has proved able to withstand the shock of recent scandal and major financial loss. It was founded in 1864, during a period when the scale of European industrial capitalism was increasing and revolutionary changes were taking place in the French banking system. Both trends reached their peak with the creation of deposit banks: the Crédit industriel et commercial (CIC) in 1859, the Crédit lyonnais in 1863, and, finally, the Société générale in 1864. The roster of founders provides an explanation for the bank’s success, as the list included cosmopolitan bankers (Edward Blount, Louis-Raphaël Bischoffsheim, and Edouard Hentsch), major industrialists (Paulin Talabot and Eugène Schneider), and heads of railway companies (Talabot and Jean-François Bartholony), as well as Parisian businessmen (Alphonse Pinard and Guillaume Denière) with close ties to the government of the Second Empire.

Bonin rapidly surveys the bank’s beginnings and supplies a context in the 35 pages that serve as an introduction, before moving on to his main course: 440 pages on “the boom years” of the Société générale. The boom was principally the work of certain individuals, whom Bonin carefully describes, starting at the top with the bank’s presidents, executive directors, and managers, and descending the hierarchical ladder to the heads of departments, managers of local branches, and even the cashiers and other employees who occupied the bottom rungs. Bonin’s intensive exploration of the personnel files held in the bank’s archives enabled him to piece together many careers and thus to create a considerable biographical reservoir. The portraits amplify our knowledge not only about the rise of the middle classes at the end of the nineteenth

century, but also about the difficulties encountered by the large businesses of the tertiary sector in recruiting personnel who would prove to be stable, competent—and honest.

Between 1865 and 1881, a period that includes the boom years of the *Société générale*, that bank established a network of about 160 branches in Paris and the provinces, bringing the bank closer to its customers, making it easier to attract deposits, and enabling it to sell bonds and shares more efficiently. The growth of the *Société générale* was in part the result of wide-ranging diversification in the banking business. Traditional services carried out by the commercial credit banks—offering discounts and other forms of loans to companies or governments and becoming involved in financial mediation through the issuance of public or private bonds, and managing property—were expanded when the banks entered into the activities of investment corporations. This required them to tie up capital “on [their] own behalf” in all sorts of ventures: mining in Sicily or Spain; enterprises in Algeria and Russia in partnership with Talabot; metallurgy in France; banks in Egypt and Indochina; investment in the Peruvian harbor of Callao; trade in Peruvian guano, to name but a few. The *Société générale*, like the *Crédit Lyonnais*, moved away from the British model of the joint-stock bank, whose allocations were as free and mobile as their assets, to assume the characteristics of a “mixed” bank, or at least the characteristics of a “complex” bank with its own particular features. This experiment was initiated at the same time along similar lines by the *Société générale de Belgique*,

However, far from seeing that complexity as the result of a deliberate strategy, the author assigns it to the category of an “infantile disease” of the French banking system, asserting that the economic difficulties of the 1880s cured the “disease,” in some measure by imposing stricter management. The outcome of this step was that the *Société générale* lost its leadership role in France to the *Crédit lyonnais*.

The author’s analytic approach enables him to draw up a thorough inventory of the *Société générale*’s activities, and in the process he has produced a valuable research tool. His account of the mishaps endured by the bank in the Peruvian guano affair could be a separate monograph, as it covers all the aspects of the venture, at least until 1890.

In the third part, entitled “The Status of the *Société générale* on the Paris Market (1864–1890)” and comprising 110 pages, Bonin discusses the bank’s political positioning, its public image as reflected in the press, and the characteristics of its management. The graphics, including statistical data, take up a fifty-page appendix and will be a useful guide to specialists in

the history of banking who are interested in drawing comparisons between the banks. However, his thematic organization has the disadvantage of slicing up the historical reality and disrupting the chronology. The reader is thus deprived of a linear account of the early years of the bank and of its attempts, which were successful, to become disengaged from its customary domain. Among the “infantile diseases” of what the American historian David S. Landes has called “the new bank”—that is, the credit institutions organized as limited public companies and run by managers—could still be discerned the old habits, which lingered on during the Second Empire and were still visible at the beginning the Third Republic. These were the habits that led the companies to identify the social interest (understood as the interest of the “société,” or the company) with the individual interests of their managers, who in turn gave preferential treatment to their own personal projects and their power networks, to the detriment of the bank’s health. Thus, the history of a great bank can be summarized in the biographies of its managers. The “large history” does not ignore this dynamic, and it does not hide the ambitions of Talabot or the misfortunes of the bank president, Guillaume Denière, who was compelled to resign in 1886, but this organizational method does tend to stifle such details under its weight.

This history meets a need, and it will find a place on the shelves of libraries, next to another work of exhaustive scholarship, Jean Bouvier’s 1961 doctoral dissertation on the first years of the Crédit Lyonnais, from 1863 to 1882. The historiography of French banking progresses, albeit slowly, and Bonin’s account represents a step forward.

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