

French banks and public opinion. The public's negative perception of the French banking establishment (from the 1840s to the 1950s)

*Hubert Bonin, professor of modern economic history at the Institut d'études politiques de Bordeaux & at
UMR GRETHA-Bordeaux Montesquieu University [www.hubertbonin.com]*

“At every moment”, said Honoré de Balzac, “the living groan under the oppression of the moneyed”¹. Right from the inception of the money market, the role of financial intermediation played by bankers has evoked much resentment and ire against their entire profession. These “manipulators of money” have been accused of “selling time” by deducting the amount accrued for interest on debt, of forcing debtors into idleness by charging usurious rates of interest, and even of gambling away public money on leveraged speculations. Faggots and the guillotine have routinely purged cities and even entire nations of such money-manipulators. Even as recently as the 1930s, Vincent Auriol, finance minister (1936-1937) in Léon Blum's Popular Front government had this to say about them: “*I shall shut the banks and imprison the bankers.*”

It is no wonder then that certain agents and parties of the social system have had and continue to have, what may be best called, somewhat ‘schizophrenic’ relations with the banking establishment². While banks and the business of banking in general have been perceived as indispensable aids to the economic growth of the nation, they have also been roundly criticized and blamed for the shocking failures of many corporate borrowers. They have even been accused of deliberately causing the recurring financial crunches which have invariably led to a tightening of the credit market and, via a “Darwinian” process of elimination, to the eradication of “bad investments” and the liquidation of mismanaged, fragile or speculative enterprises. Economists have called them “crises of convenience”, because they conveniently cleansed the market of its mismanaged enterprises. Such terms and suspicions have grown and fed aspersions of “guilty money”³ and even outright cries of “conspiracy”⁴ – the feeling that certain large, sinister networks were seeking to control the economic, and thereby the political life of the nation. This has fuelled a hundred conspiracy theories, in particular, the idea that the Diaspora (especially originating from Central and Eastern Europe)⁵ had established dubious international and transatlantic networks.⁶

¹ Novel by Honoré de Balzac, *La fille aux yeux d'or*, 1835.

² See H. Bonin, *L'argent en France depuis 1880. Banquiers, financiers et épargnants dans la vie économique et politique*, Paris, Masson, 1989.

³ See Randal Michie, *Guilty Money: The City of London in Victorian and Edwardian Culture, 1815-1914*, Londres, Pickering & Chatto, 2007.

⁴ See Hubert Bonin, “De la littérature populiste au film populaire : l'angoisse de la conspiration et du sur-pouvoir capitalistes avant Fleming (1830-1930)”, in Françoise Hache-Bissette, Fabien Bouilly & Vincent Chenille, *James Bond (2)007. Anatomie d'un mythe populaire*, Paris, Belin, 2007, pp. 38-48.

⁵ See Hubert Bonin, “Le monde de la banque et les diasporas (des années 1830 aux années 1930) : des banquiers cosmopolites ?”, in *Hommages à Anne-Marie Cocula*, Pessac, to be published.

⁶ See the website www.illuminati-news.com/international-banking and its conspiring reconstitutions.

Perhaps a quick overview of the history of banking in the past century-and-a-half may help unearth some explanations regarding this generally negative impression that the public has had of banks and bankers. At first glance it is evident that banks have played a key role in giving rise to the “industrial society” – and therein lies the double edge: this very power has also inspired a sense of awe and fear. Subsequently, to this fear was added a sort of revulsion for all things speculative. Over the years, the public had begun to identify the banking economy with the string of economic crises (bankruptcies, “affairs” and wheeler-dealings) which seemed to follow one after the other in almost routine fashion. The final straw was provided by the barely-covered anti-Semitism which, combined with this fear and revulsion, burst out into an outright rejection of banks and bankers in the years 1880 to 1900. Even during the “*Belle Époque*”⁷, the banking establishment’s role in building the nation’s economy was contested because it was felt that they had been more concerned with their international, rather than national, activities. This French “cosmopolitanism” was contrasted with the attitude of the German banking establishment which was thought to have been much more helpful to the enterprises within their own country. A number of studies and widely circulated pamphlets which appeared throughout the years immediately before, after and during WW1 attested to the patriotism of the “German model”. Then, as in England, the inter-war years saw the eruption of a lively debate regarding the role which could and should be played by bankers in regional development. A large section of the populace felt that the domination and influence wielded by the “large credit institutions” should give way to a shorter money circuit which would help the larger medium-sized enterprises to take full advantage of the second industrial revolution. The whole thing boiled down to the question of the survival of the local and regional banks in the face of the large Parisian predators. The debate took on added vehemence with the outbreak of the banking crisis in the years 1930 to 1936. And its focus shifted to “*Les Deux Cents Familles*” (“The Two Hundred Families” referred to the 200 biggest shareholders of the *Banque de France* during the inter-war period and the only vote-givers at the yearly general assembly of its shareholders), their supposed role in formulating the policies of *Banque de France*, in manipulating the nation’s economy and their hidden power networks. In the eyes of the public, bankers joined the disreputable ranks of the big iron and steel barons and the large “trusts”, prompting the Finance Minister into launching a more stringent governmental control system.

1. The crystallization of the anti-bank lobby (from the mid-19th century to 1914)

While the anti-bank lobby was based on and grew out of the anti-capitalist and anti-proprietorship philosophies, and though in the eyes of the people bankers had begun to turn into yet another incarnation of the “*gros*”⁸ (lit. “big”, bullies) who, while not actually snatching away work from the “little ones”, made off with the fruit of their labor and their savings, the actual hostility towards the banking establishment took shape very gradually. It was only as and when its role in promoting the industrial revolution and

⁷ Or “Beautiful Era”, a golden age in European history which began in the late 19th century and lasted till WWI.

⁸ See Pierre Birnbaum, *Le peuple et les gros. Histoire d'un mythe*, Paris, Grasset, 1979.

establishing the industrialized society became more and more evident that the resentment took on a more concrete and aggressive form.

A. The fear of the power wielded by bankers

The Hugolian word “formidable”, which originally meant something striking, something which, because of its power, induced a sense of fear, is an apt adjective for these bankers who had begun to assume “formidable” proportions from as early as the third decade of the 19th century (1830-1850). Having amassed great wealth and disposable capital by financing trade and overseas merchants, they began to make their presence felt in the emerging world of large-scale (of those times) business and took their place right beside the big iron and steel barons and other captains of industry. Simultaneously, their power also grew as and when they began to climb up the grand stairway of “high society” and form large, yet close-knit networks forged by family ties and “*mariages de convenance*” (or pre-organised marriages). Already in 1805 Napoleon had raised some of them into the peerage (Mallet, etc.) and their rapid ascent was furthered by the purchase of grand residences, chateaux in Gironde and manors in the forests of *Île-de-France*. Their subsequent, inevitable entry into ministerial posts and parliamentary seats (as did Casimir Perier, Fould⁹, Say) was clear proof that money power had now infiltrated the corridors of real power.

Stendhal’s incomplete novel, *Lucien Leuwen*, is all about a Leuwen who rose through the ranks and finished by becoming a Minister. The power and influence wielded by bankers in the novels of Balzac and Zola have already been dealt with by many scholars. Memorable fictitious characters like Gundermann – “*who obstinately continued to build his tower of millions [...] till it came to dominate the entire planet*” –, Saccard, Nucingen, Hemerlingue and Haverkamp were based on actual people such as the Rothschild and Pereire. They are a clear indication and reminder that these novels did reflect the widespread uneasiness felt by many regarding the extent of the power wielded by banks. Just when the industrial society was attaining its apogee, the reputation of bankers was nearing its nadir – in the minds of the common people, they had, like so many other power-brokers, grown and established slimy, “tentacular” power-networks. By the end of the century, the image of the octopus had caught the public’s imagination, in France as well as abroad¹⁰.

Naturally, their control over the credit market gave rise to much hostility from debtors struggling under the yoke of high interest rates. This hostility drew fuel from religious dogma – for example, in the tradition of the religious mendicant orders, who called it usury –, tradition – the *Cahiers de doléances* had denounced usury¹¹ in 1789 –, or from the novels of Balzac and characters such as Gobseck. Business loans had not yet attained social acceptability – perhaps because, for the middle class, the act of borrowing was,

⁹ See Frédéric Barbier, *Finance et politique. La dynastie des Fould, XVIII^e-XIX^e siècles*, Paris, Armand Colin, 1991.

¹⁰ Fabrice d’Almeida, “La pieuvre, essai d’interprétation”, *Image fixe Journal*, n°1, 1992.

¹¹ These “Grievance Books” had been written by local communities against the Old Regime and the privileges of the First and Second Estates as part of the election to the Estates-General in the spring of 1789.

and would be for a long time to come, a last “ignoble” recourse. Interestingly enough, this adjective used by farmers who were themselves quite happy to benefit from the mutual agricultural credit which had come into effect by the laws of 1894-1899! Even the revolutionary Paris Commune (March-May 1871) proclaimed in its “*Declaration to the People of France*” of 19 April 1871: “*This is the end [...] of exploitation, of speculation, of monopolies.*”

B. The worrisome nexus between banking and politics

The power of these bankers was also evident in the ease with which they could penetrate the highest echelons of political power. They had no hesitation in making full use of their immense wealth to spin their web around and through the political corridors at the heart of the nation’s Financial Department. The undemocratic pockets within the political establishment made it possible to form elitist cliques made up of capitalists seeking licenses for their projects and politicians who were willing to furnish them in return for a slice of the profits. No wonder then that the big banking houses and corporations were thought to have played a major role in the creation of the money and credit markets in which the sluice gates were controlled by a small number of power-brokers – heads of the major banking houses, captains of industry, developers of railroads and ports and sometimes even media moguls. The caricatures of the day bear evidence of how the public viewed the July Monarchy which found itself so often embroiled in and compromised by collusions between political power, corporate executives and parliamentarians. The Second Empire’s reputation for wheeler-dealing was supported not only by the public opinion of the day but also, naturally, by the republican opposition, which was quick to pounce upon any misdeed thought to have been the result of the influence of money or of industry. Influential people such as Rouher – a hero of Émile Zola’s series of novels *La fortune des Rougon*, and especially of the novel: *Son Excellence Eugène Rougon*; also the model for the Duke of Mora, minister of State, in *Les drames de l’argent*) and especially Morny were severely castigated for directing money towards the Bonapartists and covering corruption of the regime (“*La Fête impériale*” and its lavish style of life).

The subsequent scandals which erupted under the IIIrd Republic further degraded public opinion regarding the money market, especially as a large number of small investors were also directly and sorely affected by the collapse of several banks and enterprises. Numerous books and novels, such as historian Jean-Yves Mollier’s *Le scandale de Panama*¹², Maupassant’s novel *Bel Ami* (1885), Maurice Barres’ *Leurs Figures* and the story situated in 1909 by Jules Romains¹³, in which the financier Haverkamp merrily waltzes through a string of shady land transactions – itself reminiscent of Zola’s character Saccard in novel *L’Argent* (1891) and especially his novel *La Curée* (1871) – reveal the extent of the corruption. In practically every such romanticized story, the plot revolved around a conspiracy between finance, its slimy tentacles slithering into the corridors of political power and the press¹⁴ – in short, the

¹² Jean-Yves Mollier, *Le scandale de Panama*, Paris, Fayard, 1991. Jean Bouvier, *Les deux scandales de Panama*, Paris, Julliard, 1964.

¹³ Jules Romains, *Les hommes de bonne volonté*, tome V, Paris, Flammarion, 1933.

¹⁴ See Patrick Éveno, *L’argent de la presse française de 1820 à nos jours*, Paris, Éditions du CTHS, 2003.

entire City in essence. The same theme reappears in Daudet (1878) and Claretie¹⁵ (1882), which goes to show just how deep rooted these Machiavellian ideas were in the literature of those times, and by extension, in the minds of the public. In Claretie's novel, the hero Émile Guillemard carries the same Christian name as one of the Pereire brothers, and like them, "became one of the kings of Paris" by being an intermediate broker and having his own share portfolio, mainly in the distribution company *L'alimentation générale*. Naturally, he fell afoul of Rodillon, a banker in the "classical" sense (the bank dedicated to general interest) and "one of the bigwigs of the stock market and a founder of and shareholder in radical newspapers".

All through the *Belle Époque*, pamphleteers¹⁶, the mainstream press and even the more elitist leftist popular journals such as the *L'Assiette au beurre*, carried article after article detailing the misdemeanors committed by these "money manipulators" as though they were some sort of serialized soap operas. Phrases like "the aristocracy of the safe" and "financial feudalism" gave body to the suspicions and vivid fantasies regarding the power and influence of financiers and their disastrous effects on the nation's economy: "*This high gentry, this financial aristocracy, which lusts after all the privileges which belonged to the old nobility, this league of the big and rich against the small and the poor, this vast syndicate of anti-nationalism, egoism and greed [...], worshippers of Mammon, Mrs. Grigou, Gobseck, Vautour.*"¹⁷

The running battle (1907-1908) between the anti-bank journalist Lysis¹⁸ and the bankers' advocate Testis, also reads very much like a serial story. It helped consolidate the public's opinion, even among the intelligentsia, that money power was manipulating the government. That there was "widespread domination by a financial oligarchy which controlled even the press and the government"¹⁹, that "*four or five banks [...] have such a vast, well-connected network that they control even the national savings*". They would short-circuit the democratically elected powers and by inserting their own "delegates" at the power center – such as Finance Minister Maurice Rouvier, who was President of the Council and also a banker – be able to negate the effects of parliamentary alternation: "*What the big banking houses required of the Finance Minister is that he should in no way oppose the issue of this or that foreign fund in France.*"²⁰ And novelist Anatole France²¹ made it all too clear in his *L'Île aux pingouins*: "*The Isle of Penguins was a democratic state: several financial companies had greater power than some of the ministers of the Republic. These civil servants were more like petty lords, remotely governed and coerced either through intimidation or corruption by these large corporations which sought favors even at the expense of the nation's interests.*"

¹⁵ Jules Claretie, *Le Million. Roman parisien*, Paris, E. Dentu, 1882.

¹⁶ Georges Duchêne, *Études sur la féodalité financière*, Paris, 1867. Francis Delaisi, *La démocratie et les financiers*, Paris, 1910.

¹⁷ *Le Journal de Rouen, passim*, in: 5 April 1909, 4 November 1910, 29 May 1913.

¹⁸ Lysis, *Contre l'oligarchie financière en France*, nouvelle édition, Paris, Albin Michel, 1911.

¹⁹ *Ibidem*, title of chapter v, p. 157.

²⁰ Lysis, *Contre l'oligarchie*, p. 164. On the theme of the power of influence of businessmen, see Jean Garrigues, *La République des hommes d'affaires (1870-1900)*, Paris, Aubier [even if do not share a few analysis about the submisson of political apparels to the power of money business].

²¹ Anatole France, *L'Île aux pingouins*, 1908.

The power of the bankers reached its zenith when it allowed them to manipulate people, marriages and sentiments. Here we begin to edge towards hardboiled crime fiction, but this itself became a literary tradition, like for example, when a girl was seen to have only barter value (beauty, fecundity, dowry, etc.) as in the case of the superintendent of a big rural landlord who gave his daughter in marriage to Leclerc, a trading officer-cum-banker, a governor of *Banque de France*, a banker of warehouse wines (and a Center-Left deputy...) ²². It was the same story in *Le Père Goriot* (1835) and the fate of the two Goriot daughters, Mrs. de Respaud and de Nucingen, this latter this spousing the equivalent of a Rothschild.

C. The fear of bankers as traders and confidence tricksters

The anguish of seeing one's hard-earned money, the savings that one has painstakingly collected over a lifetime of labor, go up in a puff of smoke, has understandably been a recurring theme in literature as well as in the mainstream press. Who can forget the character of Robert Macaire, the charlatan trader who conned shareholders all through the 101 installments which appeared in *Le Charivari* from 1836 to 1838 or Hugo's portrait of Rothschild in not-very-inspired verse:

*"This passing dandy
Made his fortune while you were sweating blood;
He went a bear and rode up a bull
That our fall may be deeper still and full.
Circling our dead, like a vulture foul,
With grasping claws, always on the prowl...
With our money he built his palace of gold,
Our loss and sorrow his pleasures mould."*

Moreover, the inevitable turbulence which shook the Paris Stock Exchange during the transition between the first and second "banking revolutions" – when the system had not yet had time to stabilize itself and form adequate auto-regulatory mechanisms within the money market – gave the impression that bankruptcies were threatening people's savings, hampering a growth which was already taking a beating from the Great Depression, and especially, giving a free reign to speculative bankers and financiers. What shook the public most was speculation – the risks involved in constructing huge financial support structures ostensibly for the development of vast, and as-yet untapped resources (mines, ore deposits, waterways, railways, metallurgical factories). They feared most for the future of their savings were they to be invested in the financial market or placed in bank deposits – they were afraid of becoming, what Guilleminault called: "gogos" ²³. These worries led to a resurgence of hostilities towards the banking establishment which had seen an economic upswing in the years 1820-1840. Several popular novels of those times had characters based on some of these real-life money-manipulators. The banker-financier Eugène Bontoux – the key figure of the krach of *Union Générale Bank* in 1882 – appeared as Mr. Bozan in *Les drames de l'argent*. Novel

²² Balzac, *Les paysans*, vers 1823. See Pierre Barbéris, *Une mythologie réaliste*, Paris, 1971.

²³ See the tales by Gilles Guilleminault, *La France des gogos : trois siècles de scandales financiers*, Paris, Fayard, 1976.

Le Million portrayed typical middle-class men who found themselves both fearing and fascinated by the lure of easy money: “The uncle [Ducrey] [...] reminisced about his old adventures at the stock market. In a hoarse, shaky voice punctuated by shrill laughter, he talked of the killings he had made. His eyes shone with an almost sensual pleasure... Ah! The thrill of playing for money, of striving for money, of fighting for the first million!”²⁴ “To stake on money! The thought sent shivers of anticipation and fear down Ribeyre’s spine [the nephew, a trader who was soon to lose everything at the stock market] [...]. A fever gripped him.”²⁵ And though “*Les affaires sont les affaires*”²⁶ – “Business is business” in the proverbial words of Mirbeau –, the Egyptian exploits of the banker Soubeyran and of his Land Mortgage Bank²⁷, the meltdown of the *Comptoir d’Escompte de Paris*²⁸ in 1889 and the stock market crash of 1889-1891 raised severe doubts regarding the reliability of the Paris Stock Exchange.

As is well known – thanks to the pioneering book by Toussenel²⁹ written in 1847 –, the psychological tensions caused by the shake-up of the money market and the collapse of several banks at a time when savings were being transplanted away from land and metal towards retail share and stock-holding, led to intense bouts of anti-Semitism³⁰. These outbursts were supported and mediated by a certain section of the press, a number of pamphleteers and some novelists. The novel *Les drames de l’argent*³¹ refers to a “Semitic conspiracy” led by the banker Hemerlingue³² against Bozan-Bontoux which resulted in the collapse of his *Société universelle* and the disintegration of his family – a clear case of unhealthy money versus family values. Ypsoloni “came to know of the incredible collapse of *Société universelle*, of Bozan du Breuil’s ruin and of the disasters which had overtaken so many great businesses due to Semitic conspiracies,”³³ that “they had been long preparing Bozan’s ruin before actually striking him down with a sudden, stunning blow [...]. The word was spread that Bozan de Breuil had lost his way in dangerous speculations, that he had gambled with his shareholders’ funds, and that one fine morning, the company’s books had been seized.”³⁴

The prolific novelist Navery – unknown today, but who wrote scores of novels during the 1870s – also subscribed to the widespread belief of those times that it was a Rothschild-led conspiracy of the big banking houses which caused the collapse of *Banque de l’union générale*, the ruin of its promoter Bontoux, and the bankruptcies of 1882. It was done, they said, to stop the intrusion of a modern rival and the establishment of a network of

²⁴ Jules Claretie, *Le million*, Paris, E. Dentu, 1882, p. 90; also see pp. 94-95.

²⁵ *Le million*, pp. 94-95.

²⁶ Octave Mirbeau, in this play of 1904, described a rogue financier, Isidore Lechat

²⁷ Soubeyran had invested large amounts of capital in Egypt in far risky business, using the cash from French bank *Crédit foncier* without informing its board.

²⁸ See Bertrand Gille, “Un épisode de l’histoire des métaux : le krach des cuivres”, *Revue d’histoire de la sidérurgie*, volume 9, n°1, 1968.

²⁹ A. Toussenel, *Les juifs, rois de l’épargne. Histoire de la féodalité financière*, Paris, 1847.

³⁰ See Pierre Birnbaum, *Un mythe politique : la « République juive »*, Paris, Fayard, 1988.

³¹ See Raoul de Navery, *Les drames de l’argent*, Paris, Blériot & Gautier, 1883, pp. 196, 241.

³² *Ibidem*, p. 164.

³³ *Ibidem*, p. 164.

³⁴ *Ibidem*, p. 195.

banks and depositors close to Catholic interests³⁵: “*The Jewish tribe which felled Bozan de Breuil and caused his ruin in a single day, would never allow him to rise again. It needed this victim not only because the rapid rise of this financier offended it, but because by thus destroying such wealth, it wanted to send the message to all Catholics who may be thinking of uniting themselves against Jewish bankers that any such attempt would not only fail, but might well prove to be dangerous to them.*”³⁶ Actually, Catholic banks such as *Crédit industriel et commercial* and its regional sister concerns were doing very well, while the quarrel between the Pereire and the Rothschild in the years 1850-1860 – mentioned in *L’Argent* by Zola – was very much between coreligionists. Unfortunately, even as eminent an author as Daudet could not resist perpetuating these fantastic rumors regarding the machinations of the Jewish banking establishment. In his *Le Nabab* (1877)³⁷, the hero, Jansoulet (based on Francois Bravay) rose from poverty to wealth by devious transactions in Tunisia and returned to France as a financier – with the support of the character of Duke de Mora, inspired by Rouher – during the Second Empire. Daudet named Jansoulet’s enemy Hemmerlingue – “*with whom Jansoulet was engaged in a ferocious money battle*” –, that is a deliberately Franco-Germanic name which brought to mind the battle between Rothschild and Pereire. It is true that the collapse of several banks in the 1880s (such as *Union générale*, *Comptoir d’escompte de Paris*, *Société de banque et de dépôts*, *Hentsch*, etc.), and especially, the “scandal of Panama”, fed the fears and the resentment felt by retail investors – not to speak of the press which was supposed to inform and defend it. Thus, in 1901, in order to warn investors about the link between debt securities (including foreign government bonds) issued by *Crédit lyonnais* and past experiences, *L’Éclairneur national* brought together and republished articles which had appeared in 1894 under the title “The truth regarding *Crédit lyonnais*, a second Panama, a loss of two billions”. It was a fact that the surge of gold bonds in the 1890s had resulted in renewed speculation on the Paris stock exchange and the emergence of bullying money-makers setting up new banks to lure speculative investors...

Doubts and apprehensions regarding the fate of the funds collected by banks resurfaced during the *Belle Époque*: “*Were banks gambling with our savings by placing them in dubious projects abroad?*” It was at this time that the first part – in anticipation of the part constituted after the Bolshevik Revolution... – of the charge sheet against the “Russian loans” was formulated. A section of the financial press suspected these bankers of making a handsome profit by charging a commission on investor applications without giving a thought to their future. In short, of turning these investors into so many more “gogos”. And it was *Crédit lyonnais* which bore the full brunt of these attacks³⁸.

³⁵ See Jean Bouvier, *Le krach de l’Union générale (1878-1885)*, Paris, Presses universitaires de France, 1960.

³⁶ *Les drames de l’argent*, p. 241.

³⁷ Alphonse Daudet, *Le Nabab. Moeurs parisiennes*, Paris, G. Charpentier, 1878 (29th edition). A little later, in 1885, was published *La France juive*, de Drumont. For a broader perception, See Zeev Sternhell, *La droite révolutionnaire, 1855-1914. Les origines françaises du fascisme*, Paris, Seuil, 1978 [even if his analysis had been partly questioned recently by other historians].

³⁸ See Patrick Éveno, “L’image du Crédit lyonnais à travers la presse française”, in Bernard Desjardins, Michel Lescure, Roger Nougaret, Alain Plessis & André Straus, *Le Crédit lyonnais, 1863-1986. Études historiques*, Geneva, Droz, 2002, pp.833-850.

D. Antipatriotic bankers?

The seeming dichotomy between the banking establishment and national interests was again a topic of hot debate when the nationalists gathered momentum in the years leading up to WWI. What till that time had been the bankers' greatest strength and sturdiest mainstay – their international networks, their strong links with the Diaspora and the unabashed use of competent personnel of all nationalities, including those at the heart of the management – were the very things which now raised patriotic eyebrows. Bankers were accused of putting the interests of their international community before that of the national stock exchange. Everyone knows of the disputes regarding “the Russian loans” and the investments, via bank partnerships, made in the Rhine and Danube region which, though profitable, did not seem to take into account the proximity of the national border³⁹. The Lysis-Testis controversy typified these journalistic debates: “*The financial oligarchy is nothing more than a vast agency for the export of French capital.*”⁴⁰ A major issue revolved around the strengthening of the national economy in the face of British and German competition: “*While our money is being spent building railroads in Russia and ports in Brazil, nothing is being done to relieve the miserable condition of the equipment and communications infrastructure in our own country. Many believe that this has continued for far too long. They feel it absurd that while on one hand we set up a protectionist policy to help develop domestic industry, on the other, we continue with a financial policy which drives all our capital abroad.*”⁴¹ “*A hundred and fifty thousand French workers would not be out of work if the billions in mis-placed investments had been used by Crédit lyonnais to help our commerce and industry. Even the organizations which have been marked for liquidation have done less harm than this scandalous corporation, this state within a state.*”⁴² Such words rang especially true as its president, Germain, was ensconced at the heart of the “center-left” of the Republican majority of these times as a member of Parliament from the 1870s till his death in 1905. The final stone against *Crédit lyonnais* was cast by Sayous in his telling little booklet: “*Its policies have paralyzed the nation's commerce and industry – the living sources of the entire country's wealth.*”⁴³

Gradually, these articles in the financial press began to influence the mainstream Parisian media where they found themselves in no way short of “publicists”. The press clippings stored in the archives of *Banque de France* has made it easy for us to undertake a systematic study of these “anti-finance company” publications – especially the writings of Jules Domergue, director of *La Réforme économique* between 1909 and 1910, which appeared in *La liberté du commerce et les établissements de crédit* (“*The freedom of business enterprises and of credit institutions*”) and the record of the big debate which took place in the Chamber of Commerce on 20 November 1909. In short, it

³⁹ See the analysis about *Crédit lyonnais* : Patrick Éveno, “L'image du *Crédit lyonnais* à travers la presse française”, *op.cit.*

⁴⁰ Lysis, *Contre l'oligarchie financière en France*, new edition, Paris, Albin Michel, 1911 (with especially the articles published in *La Revue financière*, on 15 December 1906, 1st and 15 February 1907).

⁴¹ *Ibidem*, p. 311.

⁴² Newspaper *La Cocarde*, 2 December 1901, quoted by P. Éveno, *op.cit.*, p. 835. The figures of 150,000 unemployed was perhaps linked to the slight downturn caused by a little European recession in 1901.

⁴³ André-Émile Sayous, *Les banques de dépôt, les banques de crédit et les sociétés financières*, Paris, Sirey, 1901.

came down to: “*preventing French capital from being used exclusively for the betterment of other countries is good – to bring it back home would be better*”.⁴⁴ The result was a resurgence in local banks and “regional banking”, with increasing calls for a “cooperative” or a “people’s” credit. Finally, the whole thing culminated in the law of 1917 regarding *Banques populaires* (or Popular Banks)⁴⁵.

2. The institutional brand image of banks in the inter-war years

WW1 brought a temporary end to the wrangling. Banks played a big role in expediting transatlantic money flows and, more importantly, they maintained a successful public relations campaign by attaching publicity posters to their contributions to the war chest for the repayment of war debts and for the reconstruction. As a result, people began to see banks in a whole new light and their brand image gained a sparkle that it never had before⁴⁶. After all, it was their large networks which allowed the people to mobilize their liquidity and forge the indispensable financial tool for the benefit of the country – whether in times of war or peace. As is the way of fickle fortune, bankers now found themselves the toast of the nation – it was they who united the forces “to forge a stronger France” (from a poster of *Crédit commercial de France* in 1920)

A. The German model against the too-soft French banks

Still, the diplomatic and military tussle between France and Germany led many observers (scholars, journalists, businessmen, etc.) to question the capacity of French banks when pitted against their German rivals. Many felt that there was a deplorable lack of understanding between French bankers and industrialists – a wide and sterile no-man’s land between finance and production. In their view, banks were making too meager a contribution in modernizing the national economy – what was then called “national tooling”. In fact, throughout and after the war, the French evinced a keen interest in “the German methods of economic expansion”⁴⁷, and especially, in the workings, efficiency and impact of the “all-purpose banks”⁴⁸. These banks were based on the concept of credit on personal property, on the “common interests” between banks and industry, the financing of exports and on the setting up of foreign branches to support their entrepreneurs abroad. The years 1916-1917 saw a slew of articles on “banking reforms”, “organizing the banking sector”, “the role of banks in the post-war era”, etc. In 1919, there appeared “the new orientation of the banking industry in France.”

The “German model” captured the French imagination. The rapid rise of Germany from the mid-1920s and the “renaissance of German credit”⁴⁹ further strengthened the

⁴⁴ Jules Domergue, “Pour faire revivre en France la banque d’affaires”, *La Réforme économique*, 28 mai 1909, p. 644.

⁴⁵ See Élisabeth Albert, *Les Banques populaires en France (1917-1973)*, Paris, Économica, 1997.

⁴⁶ We had analysed it in H. Bonin, *Les banques françaises de l’entre-deux-guerres*, Paris, PLAGÉ, 2000, volume 1, chapter 1.

⁴⁷ Henri Hauser, *Les méthodes allemandes d’expansion économique*, Paris, Armand Colin, 3th édition, 1916.

⁴⁸ *Ibidem*, pp. 61-105.

⁴⁹ Georges Dernis, *La renaissance du crédit allemand*, Paris, Presses universitaires de France, 1927.

suspicion that French banks lagged far behind their German counterparts. The special number of the *L'Illustration économique et financière* which appeared in December 1926 titled, “*France. L'Allemagne. Leurs positions économiques*” (“France. Germany. Their economic situation”) put the exclamation point on all these comparisons. No doubt that several initiatives were launched to imitate this model, such as *Banque nationale du commerce extérieur* (National Bank of Foreign Trade), *Société française pour favoriser l'assurance-crédit* (French loan insurance Company), *Banque française d'acceptations* (French bank of acceptance), medium-term credit *Crédit national*, *Caisse centrale de Crédit agricole* (Central Fund for Agriculture Loans), etc. Nevertheless, while scholars continued to push for what they felt was an absolute need if France were to “win the economic battle of the future”⁵⁰, the big banks themselves gave the impression that they lacked the required vigor and entrepreneurship – even though the reality may have been different.

B. The effects of the monetary crisis of the years 1923-1926

Banks were the first to feel Prime Minister Édouard Herriot's ire when he felt the Leftist Cartel (in 1924-1926) weakening at a time when his own majority was being eroded and the financial situation was turning critical. Not only were they his first prey, but they were also the easiest because, on one hand, it was they who functioned as intermediaries for the investment of Treasury Bonds (then called “National Defense Bonds”, which they also stockpiled in their portfolio of short term investments), and on the other, they also served as conduits for the transfer of liquidity (of some of their big clients) towards other currencies than the Franc. Though there is no denying their role as intermediaries in all these operations, the more direct causes behind the left-center government's painful lack of maneuvering space could very well have been the difficulties within the Treasury itself and the blind mule-headedness of the radical party regarding the necessity of consolidating the debt by forging a pact with the world of retail investors. Be that as it may, everyone knows that no historical study⁵¹ stands a chance if its suggestions go against the views held by the public and the shapers of public opinion (the media, politicians) – especially when the perception has crystallized into such expressions as the *Mur d'argent* (“Wall of money”)⁵²! “*The problems of our treasury [...] have put us at the mercy of French banks in general and the Banque de France in particular. All too often, in order to meet a difficult maturity deadline, we have had to depend on their benevolence, a kindness which they are at full liberty to deny. A democratic government cannot accept such a servitude. It cannot continue to function at the mercy and oppression of these money cartels, these hostile forces which are taking advantage of the difficulties faced by this government – difficulties raised by others.... They feel that they have at last found the ideal weapon against the majority of 11 May [1924], a weapon they will relinquish only when they have felled the government and the*

⁵⁰ Victor Boret, député, *La nouvelle revue*, 1916, p. 211. About these issues of economic war, see Georges-Henri Soutou, *L'or et le sang. Les buts économiques de la Première Guerre mondiale*, Paris, Fayard, 1989.

⁵¹ Notably Bertrand Blancheton, *Le Pape et l'Empereur. La Banque de France, la direction du Trésor et la politique monétaire de la France (1914-1928)*, Paris, Albin Michel, 2001. Jean-Noël Jeanneney, *La faillite du Cartel, 1924-1926*, Paris, Seuil-Points, 1981.

⁵² See Jacques Néré, *Le problème du Mur d'argent. Les crises du franc, 1924-1926*, Paris, La pensée universelle, 1985.

majority itself."⁵³ It was, as Herriot had already hinted at the Conference of London regarding war reparations and the Dawes loan, "a dictatorship of money"⁵⁴: "The bankers exerted enormous pressure on the Conference. As Léon Blum was to say at the Chamber [of deputies], they thought themselves to be kings. Unfortunately, we needed them for obtaining a loan which was fundamental to the Dawes plan and which had become very difficult because of the crash of the German currency. Just a few months earlier, they had rescued a tottering French Franc, something which they would not let us forget."⁵⁵

We feel that it is precisely this feeling of dependence on the banking establishment's capacity to set up networks, financial syndicates (investment syndicates or pools) and the power to mobilize transatlantic moneys, which frustrated the government and naturally led to resentment. Politicians, as is their wont, turned to the public to stand witness of their dependence and supposed impotence in a sorry bid to escape and hide their inability to do the job... Though not entirely true, a section of the public came to a more or less explicit conclusion that the fate of money and that of the Treasury depended greatly on the good will, or at the least, on the activation of certain relational networks controlled by bankers such as Lazard⁵⁶. Be that as it may, the mid 1920s saw the public's opinion of banks reach an all new low point – France had become a "Republic of bankers"⁵⁷. "Can you imagine a Minister of the Republic begging of the Bank for some charity in order to meet a deadline? What a painful scene! [...] It is high time that we progressed from simply condemning this hegemony of high finance on our nation and democracy to decisive action. Something must be done if the Republic is to be liberated from the clutches of this financial oligarchy."⁵⁸ It was a case of "The Financier in the City"⁵⁹ but viewed negatively, because the Republic was thought to be riddled with bankers' insidious networks and of their having a strong influence on the money flows regarding the issue of national defense bonds or of their consolidation by repeated loans. In fact, some bankers⁶⁰ themselves have retrospectively conferred upon their kind a power of influence which is very doubtful. The 1931 publication of Raffalovitch's book regarding the bribing of newspapers by the promoters of pre-war Russian loans⁶¹ further inflamed the "common opinion" against such banking practices.

C. Bankers and the world of the "Two Hundred Families"

⁵³ Letter from Léon Blum to Édouard Herriot, 25 mars 1925, in *Édouard Herriot, Jadis*, volume 2, *D'une guerre à l'autre, 1914-1936*, Paris, Flammarion, 1952, p. 216.

⁵⁴ Title of the chapter "Politique intérieure. La dictature de l'argent", *Ibidem*, p. 199.

⁵⁵ *Ibidem*, p. 155.

⁵⁶ See Raymond Philippe, *Le drame financier de 1924-1928*, Paris, Gallimard-NRF, 1931. Anne Sabouret, *MM. Lazard frères et Cie. Une saga de la fortune*, Paris, Olivier Orban, 1987.

⁵⁷ Jean-L. Chastanet [a socialist Parliament deputy from Isère], *La République des banquiers*, Paris, Éditions Georges-Anquetil, 1925.

⁵⁸ *Ibidem*, pp. 11-12.

⁵⁹ Octave Homberg, *Le financier dans la cité*, Paris, Grasset, 1926.

⁶⁰ Octave Homberg, *Les coulisses de l'Histoire. Souvenirs, 1898-1928*, Paris, Fayard, 1938.

⁶¹ Arthur Raffalovitch, *L'abominable vénalité de la presse*, Paris, Librairie du travail, 1931.

The shocks sustained by the Republic between 1931 and 1934, a new wave of scandals and “affairs” (Oustric⁶², Stavisky, Marthe Hanau, etc.) which swept through the economic landscape and the fall of the second Leftist Cartel (1932-1934) in February 1934, all combined to bring bankers right back into the crosshairs of public debate. This time, they found themselves hemmed in by a burgeoning middle-class which was against reform and staunchly opposed to the Left party (and therefore democracy). This increasingly powerful faction was capable of influencing the parliament by the means of pressure groups which favored protectionism and the Colonial Party, while being against any reforms regarding the rights of companies and especially, regulating the banking and financial sectors. It was at such a time that there arose the myth of the Two Hundred Families⁶³. These latter included several banking dynasties which either directly controlled some of the big banking houses (such as Mirabaud, Rothschild, Mallet, etc.) or indirectly influenced the policies of *Banque de France* or of some of the other corporate banks – most notably *Banque de l'union parisienne*⁶⁴ through the mediation of Mirabaud, Neuflyze or Mallet.

One of the key players in the spread of the anti-“money cartel” offensive was the *Crapouillot*, a magazine which scrupulously and deftly reported all the stumblings and mis-steps (real or supposed) committed by the political and economic powers-that-be. Its special editions of March 1936 titled *Les Deux Cents familles* (“The Two Hundred Families”) and of November of the same year on *Les Financiers et la démocratie* (“Financiers and Democracy”)⁶⁵ turned out to be profoundly influential. They, along with Augustin Hamon’s (expert analyst of capitalist ramifications) articles which were published on several occasions by the Communist publishing group, were instrumental in initiating a prolonged effort (which lasted till the 1960s) at restructuring the maze of networks and complexes – be they protestant, Jew, Anglo-Saxon or a combination of all three – which interlinked capital, spheres of influence, collusions and the control mechanisms which allowed money-power to exert a covert dominance on the entire nation and even the world. The myth that these “Masters of France”⁶⁶, as Hamon called these two hundred families, and the financial oligarchy covertly controlled the destiny of France and Europe, was echoed by Giraudoux in his play, *La Folle de Chaillot*⁶⁷. The character of the big banker Emmanuel Moise in his other play, *Bella* (1926), was based on Horace Finaly, executive director (till 1938) of the big commercial bank *Paribas*⁶⁸, who, in 1923-1924, came to symbolize all such people of influence who were suspected of colluding with politicians and political parties⁶⁹. At around the same time, several

⁶² See Maurice Privat, *Oustric & Cie*, Paris, series *Documents secrets* (ten volumes a year, purchased by subscription or by issue), 1932. Hubert Bonin, “Oustric, un financier prédateur ? (1914-1930)”, *Revue historique*, October 1996, CCXCV/2, pp. 429-448.

⁶³ René Sédillot, *Les Deux Cents Familles*, Paris, Perrin, 1988.

⁶⁴ See Hubert Bonin, *La Banque de l'union parisienne. Histoire de la deuxième banque d'affaires française (1874/1904-1974)*, Paris, PLAGÉ, 2001.

⁶⁵ It is in fact the reedition of the book from Francis Delaisi, *La démocratie et les financiers*, Paris, Éditions de la Guerre sociale, 1911.

⁶⁶ Augustin Hamon, *Les Maîtres de la France. La féodalité financière dans les banques*, Paris, Éditions sociales internationale, 1936.

⁶⁷ See Éric Bussière, *Horace Finaly, banquier, 1871-1945*, Paris, Fayard, 1996.

⁶⁸ See Éric Bussière, *Paribas, l'Europe et le monde, 1872-1992*, Anvers, Fonds Mercator, 1992.

⁶⁹ See several chapters in Jean-Noël Jeanneney, *L'Argent caché. Milieux d'affaires et pouvoirs politiques dans la France du XX^e siècle*, Seuil, seconde édition, 1984.

booklets also spread sordid insinuations (sometimes confirmed) regarding bankers and their connivances. Maurice Privat accused the banks of stifling Marthe Hanau and *La Gazette du franc* (launched in 1925)⁷⁰ and Finally himself of instigating the “big interests”⁷¹ to take over control of the Paris stock market. “*Who are these big bankers?*” he asked, “*Simply money merchants. They buy cheap and sell or loan at high rates. Our lending institutions have no interest in developing the nation’s trade or industry. Their method is as simple as it is selfish: to loan their surplus cash at usurious rates.*”⁷²

Naturally, the socialists too held a similarly dim view of the economy in the mid 1930s and their electoral success of 1936 showed that it was a view shared by many of their countrymen. The general feeling was that “*to save the Republic from these money powers, something more needs to be done than simply removing the Banque de France from this great financial feudalism*”⁷³. Other extremist groups too joined the socialist outcry: “*Everywhere we see that it is the financial and banking oligarchy which has recruited, formed and commanded fascist organizations. What gives them so much power? We know at least some of these Napoleons of capitalism. Their power lies in the major interests that they command.*”⁷⁴ Even in our times, the historian Annie Lacroix-Riz has renewed these aspersions and has succeeded in putting together an impressive resume from such titbits of text⁷⁵. Pamphlets, the leftist press and recent reconstructions all depend on the addition of ad hoc case studies. We on the other hand, would like to express our doubts regarding the justification for all this finger-pointing because we feel that the examples given are not representative enough. The reports and records of the vast majority of bankers show little or no tendency towards any form of extremism. But we all know that the *perception* of reality, even if flawed, is more important as far as history is concerned than the actual reality itself...

D. French bank or Anglo-Saxon plutocracy?

Elsewhere, the devaluation of the Pound and the Dollar and the vagaries of the Franc between 1936 and 1940 did not fail to throw more mud on the banking establishment. Banks were branded as disease carriers – infected with a trans-border “virus” which caused instability, promoted the flow of dubious capital and encouraged stock market speculations – especially by the Swiss stock exchanges or their London branches. The news of the investments made in Germany (1931-1933) shocked an already resentful public: while France was itself falling victim to deflation and was running desperately short of money, hundreds of millions of Francs had gone down the drain... Despite the frantic attempts at excuses and explanations (such as: “*Ce qu’il faut connaître de la*

⁷⁰ Dominique Desanti, *La banquière des Années folles : Marthe Hanau*, Paris, Fayard, 1968, paperback, 1980.

⁷¹ Maurice Privat, *Le scandale de la Gazette*, mars 1929. Maurice Privat, *Haute finance et basse justice*, Paris, Alexis Redier, 1930.

⁷² Maurice Privat, *Haute finance*, p. 101.

⁷³ Paul Faure, general secretary of socialist party SFIO, *Le Populaire*, 2 juillet 1935, quoted by Pierre Birnbaum, *op.cit.*, p. 47.

⁷⁴ Léon Blum, *Le Populaire*, 4 août 1935, *Ibidem*, p. 47.

⁷⁵ Annie Lacroix-Riz, *Le choix de la défaite. Les élites françaises dans les années 1930*, Paris, Armand Colin, 2006 – and this book used an impressive amount of archives from French police and from German series.

*finance internationale*⁷⁶ [“What one should know about international finance”], which appeared in the journal *Banque*), there was no stopping the myth of an international ‘cartel’ of banks and finance which included all manner of reviled terms such as banker, Jew, protestant, “Anglo-Saxon” – the same characters which constituted this famous worldwide “plutocracy” and was the targets of basic anti-bourgeois stances.

Moreover, it was also thought that behind these hidden, pernicious powers which controlled the nation and Europe, there lay a growing core of anti-communist and anti-democratic sentiments which was preparing a pact with the Nazis. The police of those times and historians till today⁷⁷ debate(d) the formation of a sinister network of financiers and industrialists – nicknamed the “Synarchic network”, several of whom occupied high offices in the Vichy regime⁷⁸ during 1941-1942 – and mysteries which shroud the “*réseau de la Cagoule*” (“network of the Hood”). To the myth of a Jewish Conspiracy⁷⁹ was added the opposing myth of an anti-communist and pro-Nazi conspiracy.

E. The return of the speculators

Unfortunately for the vast majority of bankers, a few “bad apple” money manipulators again managed to evoke lasting resentment against the entire profession. Once more, a slew of crises, mini-crashes (in 1923 and again in 1925-1926) and the plague of bankruptcies which ruined some five hundred banks in the years 1931 to 1935, highlighted the reckless gambles taken by these bankers. They mingled commercial banks, financing of their personal interests and collusions with equal-minded partners to ruin themselves and their dependents. The fall of *Banque nationale de crédit*'s president André Vincent⁸⁰, the collapse of the Oustric group and several other reputed regional banks (in regional cities like Boulogne-sur-Mer, Reims, Nantes, etc.) and the ruin of numerous financial intermediary dealers at the Paris stock exchange inflamed the smouldering animosity towards these unscrupulous bankers. The whole campaign surrounding the “Marthe Hanau affair” and the arguments proffered by the banks and their cartels against those who defended the interests of the small investors launched a thousand virulent pamphlets against these “Goliaths” and felled the reputation of the entire banking establishment.

The revolution in cinema was turned into yet another weapon in the war against the banking establishment. Films such as *La Vérité* (Henry Roussel, 1922), *La Justicière* (Gleize & De Marsan, 1925) and *Le Prince Jean* (René Mevil, 1927) helped in building

⁷⁶ Jean Compeyrot, *Ce qu'il faut connaître de la finance internationale*, Paris, Boivin, 1929.

⁷⁷ See Annie Lacroix-Riz, *Le choix de la défaite. Les élites françaises dans les années 1930*, Paris, Armand Colin, 2006, which broadened its specter of an antidemocratic conspiracy by a « synarchic » clan to almost the whole businessmen community and therefore became in opposition to the studies of the whole historian community, through a boiling French scholar argument.

⁷⁸ See Annie Lacroix-Riz, *Industriels et banquiers sous l'Occupation. La Collaboration économique avec le Reich et Vichy*, Paris, 1999 – of which several analyses are questionable despite their tonic approach and the mobilisation of archives funds.

⁷⁹ Henri Coston, *La finance juive et les trusts*, Paris, Éditions Jean-Renard, 1942.

⁸⁰ Hubert Bonin, *La Banque nationale de crédit. Histoire de la quatrième banque de dépôts française en 1913-1932*, Paris, PLAGE, 2002.

and establishing banker notoriety: “*In these three silent movies, bankers are portrayed as rapacious ogres, completely unsuited for a job whose first requirements are virtue and integrity [...]. They are vengeful, they fail in their stock market ventures, seek to ruin their competition (often a love rival) and finally, having ruined themselves, have no other option left except suicide.*”⁸¹ In 1928, Marcel L’Herbier transposed Zola’s famous character, the banker-financier-speculator Saccard, into the world of 1920s finance by turning *L’Argent* into one of the greatest movies of the silent era (*L’argent*, 1928). In his play, *Ces Messieurs de la Santé* (with Raimu, 1933), Pierre Colombier had a crooked banker escape from jail... only to finally atone for his sins with a life of hard labor... In René Clair’s *Le dernier milliardaire* (1935), a banker, after having made his fortune, returns to his country, takes over the finances and becomes a quasi-dictator before ruining himself and ending his last days in prison... In short, the big screen used the image of the banker to spread the lore of the corrupting power of money – though there is no way to know the actual impact such films had on the people. Even a musical, *Arsène Lupin banquier*, written by novelist Marcel Leblanc’s – the author of the *Arsène Lupin* series – cousin, and staged in May 1930, showed a rogue banker simultaneously speculating on love, diamond trading, and banking...

Though these assertions lack the force of reasonable argumentation or any clear-cut evidence, there is no doubt that as far as public opinion was concerned, such feelings were clearly gaining momentum and ground. No wonder that political repercussions were not far behind: Let us not forget that it was the public outcry for “not doing enough to ‘safeguard savings’” which had felled the André Tardieu government (with Paul Reynaud as Finance Minister and Louis Germain-Martin in charge of the Budget) and brought to fruition the ‘Poincaré era’ on 14 November 1930 – The ‘Poincaré era’ had begun in July 1926 and was backed by a coalition of the Right and the Center under Prime Minister Raymond Poincaré⁸² in 1926-1929. Then, when the economy crashed even harder, a parliamentary enquiry was commissioned in March 1930 – the third within a span of eighteen years: the first was in 1913 and the second in 1924 – to look into these “affairs” (especially, Oustric). As a result, Émile Moreau, the governor of *Banque de France*, was forced to step down on 23 March 1931. In a way it was inevitable that the man at the center of the private banking sector be made a scapegoat while the other key players, who belonged to both the banking and political hierarchies, escaped being censored by the Audit Department as well as the High Court. The press too, though mollified by judicious sweeteners, did not fully accept the accusations hurled by *L’Humanité* against “*le Panama de 1930*” and “*Les Oustricards*” (12 March 1931 – along the sulfurous name of banker Oustric), or those by *L’Action française* or by some financial newsletters such as *Aux écoutes de la finance*, etc.

3. The war capitulation and subsequent resurgence of banking domination (from the 1940s to the 1980s)

⁸¹ Marc Dou, “Sur l’écran : la banque”, in Danièle Nibourel, *Banque et société humaine*, Paris, APB, 1986, pp. 62-67.

⁸² Beforehand Poincaré had been many times a minister since the 1890s, a Prime Minister in 1912-1913 and 1922-1924 and even the President of the Republic in 1913-1920: he was some kind of “father of the nation” who inspired “trust”, although he managed a Parliament majority of the center-right.

The accumulated weight of the charges laid against banks resulted in some serious efforts made at regulation and control. Nevertheless, the banking establishment remained, more or less openly, both fascinating as well as worrisome.

A. Reigning in the power of bankers

Even during the pre-war years, the Left had begun a campaign for the “nationalization of credit”⁸³ in order to break “the power of the banks” and their “concentration of capital”. They argued that “*these credit establishments had governments by the short hair, as evidenced by the billions which have been invested in treasury bonds. They could, at any given time, threaten entire governments with a demand for massive redemptions*”. “*Profits, losses and even entire account statements are more or less entirely cooked*.” Too many individuals hold too many posts on the boards of various banks, which “*shows that [...]: the French banking establishment controls and regulates the nation’s entire production. All businesses, industries, trade, etc. are no longer managed by technicians or specialists, but by the bankers. We now begin to understand the power of this ‘Wall of Money’. All these bankers would naturally resist any attempt at a nationalization of credit. They know full well that such a nationalization open the doors to a rapid collectivization of all the other means of production and trade.*”⁸⁴

Other, anti-Semitic currents (whether from the Left or the Right) also targeted bankers in the early 1940s. They accused them of being defeatists and held them responsible for the country’s weakness and for its eventual defeat in the war. The first days of the Vichy regime saw a resurgence in anti-banker sentiments and cries of a “conspiracy of the Synarchy”, with bankers accused of weakening the Republic and of having instigated the war for the benefit of the Anglo-Saxons: “*It is the Jews and bankers who have initiated this Anglo-American war.*”⁸⁵ It was no coincidence that Jean Dréville filmed *Les affaires sont les affaires* in 1942. Whatever might have been the ideological grounds for this anti-capitalism – whether mediated by the extreme Left or Right – we know⁸⁶ that the end result was that the Finance Ministry and some political circles came together in an effort at regulating the economy. Though the liberals had prevented “*the passing of any law regarding the regulation and control of banks*” which had been proposed by the socialists (and their deputy, Bonin) in 1925, banking laws were finally passed in 1941 and 1945. After the war, the widespread suspicions regarding the attitude of bankers under the Occupation⁸⁷ kept a heavy hand on the banking establishment. The nationalization of the big clearing banks and of almost three dozen insurance companies

⁸³ André Philip & Albert Monceau, *La toute-puissance bancaire et la nationalisation du crédit*, Paris, Librairie populaire, 1935 (foreword by Jules Moch). Moch and Philip were to be future socialist ministers.

⁸⁴ *Ibidem, passim*.

⁸⁵ Title of an article in *La France au travail*, 18 mai 1941.

⁸⁶ Notably thanks to Claire Andrieu, *La banque sous l’Occupation. Paradoxes de l’histoire d’une profession, 1936-1946*, Paris, Presses de la Fondation nationale des sciences politiques, 1990.

⁸⁷ Pierre-Henri de Menthon, “Les banquiers français sous l’Occupation”, *Le Nouvel Économiste*, n°937, 18 mars 1994, pp. 44-48. Annie Lacroix-Riz, “Les grandes banques françaises, de la Collaboration à l’épuration, 1940-1950. La Collaboration bancaire”, *Revue d’histoire de la deuxième guerre mondiale*, n°141, January 1986, pp. 3-44.

(who were often close to the big banking houses) helped in reducing its power and its supposed hold on the City and other enterprises.

B. A return of the fearsome specter?

Nevertheless, the fact that a large number of directors had been retained on the board of both the nationalized and private banks, and the rapid re-instatement of several compromised directors opened the doors to renewed fears and speculations regarding such a “restored France”⁸⁸. Even though two thirds of credit was controlled by the public and semipublic sectors⁸⁹, the growing power of the market-based economy and business initiatives were beginning to re-knit those feared and influential banking networks, especially those of the business banks like *Banque de l'union parisienne*⁹⁰ and *Paribas* which had, for some time now, been augmented by the *Banque de l'Indochine* – the new power on the Paris market.

Subsequently, an upswing in the economy and the significant improvement in the general standard of living led to a major redistribution of wealth and consequently, to a reduction in anti-capitalist sentiments. Still, the Far Right, led by Henri Coston⁹¹, continued to wage a pamphlet war against French banks and the supposed collusion between French bankers and “Anglo-Saxon finance”. Maurice Druon, a Right-slanting novelist, re-evoked the myth of the all-powerful banks in his *Les grandes familles*. Though situated during the inter-war period, its widespread popularity, the fact that its first volume, *La fin des hommes*, received the *Prix Goncourt* in 1948 and that it was made into a movie⁹² in 1958, show the mood of those times (1950s). People were fascinated by tales in which the action took place between the “big shots” of the banking and stock market worlds, between “those whose power determines people’s destiny”⁹³.

Notwithstanding a resurgence of such fantasies and the fear of the power of banks, the banking establishment still retained an impressive facade all through the 1950s. Though the offices of *Crédit agricole* (Agricultural Credit), *Crédit mutuel* (Cooperative Bank) and *Banques populaires* were built modestly and the regional offices of even the Big Banking houses were relatively plain and simple, the majority of them still sought to impress the City, to convince their urban clients of their safety and solidity. It was, and had been for decades, “a closed world, with majestic facades and imposing grills [...], an opaque universe” often with “a magnificent décor” – “the hall was monumental and radiated an undeniable aura of power”⁹⁴. Many of the agencies too were literally

⁸⁸ Jean Bouvier & François Bloch-Lainé, *La France restaurée, 1944-1954*, Paris, Fayard, 1986.

⁸⁹ Laure Quennouëlle-Corre, *La direction du Trésor, 1947-1967. L'État-banquier et la croissance*, Paris, Publications du Comité pour l'histoire économique et financière de la France, 2000.

⁹⁰ H. Bonin, *La Banque de l'union parisienne. Histoire de la deuxième banque d'affaires française (1874/1904-1974)*, Paris, PLAGE, 2001.

⁹¹ For example, Henri Coston, *Les financiers qui mènent le monde*, Paris, La librairie française, 1955.

⁹² Denys de la Patellière, *Les grandes familles*, 1958 (avec Jean Gabin et Jean Dessailly).

⁹³ From the blurb which appeared on the cover of the 1989 pocket edition.

⁹⁴ Gustave-Nicolas Fischer, “L'espace en jeu : une nouvelle lecture de la banque”, in Danièle Nibourel, *Banque et société humaine*, Paris, Association française des banques, 1986, pp. 3-23.

“money palaces”⁹⁵. Even with the coming of the “third banking revolution” and the introduction of the “bank for the masses” and the “outlets bank”, the established banking houses retained their strong brand image as air-tight coffers which guaranteed the safety of all deposits, savings and investments against any contingency. Much of the artwork and symbolism which embellished the imposing facades of their corporate headquarters evoked this sentiment by bringing together the likenesses of Athena and Hermes.

Conclusion

We have seen how the media have often portrayed bankers and the banking establishment as ogres let loose in the land of the little (retail) investors. How popular novels and magazine articles have often blamed them for the country’s economic woes and of completely ignoring the “good usage” of money (i.e., investing in the nation’s infrastructure, agricultural development, or even savings which could be passed on to one’s children). It is true that, lacking any systematic method for directly determining the public’s perception of banks (and of the business world in general), we cannot draw clear conclusions regarding the impact of these novels, scurrilous reports, pamphlets, film and magazine caricatures on the population at large. Still, though frankly empirical, there seems little doubt that our study has unearthed a strong current of distrust, if not of a downright negative perception of the banking establishment. Much of it can be explained by the widespread disappointment and disillusionment experienced by investors and borrowers who felt let down by meager returns or the high interest rates. The press was simply the mouthpiece for a section of the professional, financial and investment sectors which were constantly demanding to have other types of banks and other ways of banking – the public has always dreamed of having a world of credit at its disposal. At the same time, we have also to note the widespread belief in a sort of conspiracy between money power, political power and the media – a collusion which gave bankers the power to block all initiative at augmenting market transparency or the implementation of reforms which could lead to a better control over the money market. It all comes down to the field of political morals⁹⁶.

In France banks had never been in fact considered as “normal” or usual intermediaries of market economy, contrarily to the British situation where the banking and insurance sectors were key parts of the London (and Scottish) economy and leverage of Britain’s worldwide power then of its services renaissance from the 1960s. The legacy of French Revolution – and of its later “copies” in 1830, 1848 or 1871 – created the myth of reaching an economic and social democracy which transcended the conquest of political democracy, whereas in Great Britain “gentleman-like capitalism” had been based on the preserved sociologic balance between gentries, bourgeoisies and “self-made” elites, and the “self-made man” myth obviously prevailed in the United States – even if “robbers barons” and “big capital” also stirred pamphlets there. French model was for long resolutely “middle classes”, “*la France des petits*”, with an aspiration to “egalitarianism”,

⁹⁵ See H. Bonin, “La révolution des banques françaises (1850-1930)”, in Jean-François Pinchon (dir.), *Les palais d’argent. L’architecture bancaire en France de 1850 à 1930*, Paris, Éditions de la Réunion des musées nationaux, 1993, pp. 3-41.

⁹⁶ See H. Bonin, “Morale et entreprise dans l’histoire”, *Le Débat*, novembre-décembre 1991, n°67, Gallimard, pp. 167-185.

that is a reduced scale of richness, and wealthy people were suspected of reaching their fortune either by corrupting political powers, or by swindling their enterprise and their customers, notably saviors for big bankers. This explains the ever-lasting values of “local” or “regional banks” against big Paris banks, or the promotion of *Caisses d'épargne*, *Banques populaires*, and *Crédit agricole* throughout the 19th and 20th centuries. And each banking crisis and Stock Exchange krachs reignited discontent and suspicion – till the very recent crisis on the first term of 2008, striking *Société générale* which speculative through proprietary trading on its own permanent funds, and or sweeping banks through the wave of the subprimes crisis in the name of too high returns on capital... But one could also add that the taste for secretive operations or actions, numerous examples of collusion between the State and big banks, and deplorable (or even for long unexistent) public relations policies contributed to tarnish the corporate image of banks on the Paris market and among public opinion: pedagogy was not a priority for bankers, who did not understand indeed that serving the State, the economy or firms and fostering profits and employment ought not to have prevented banks to develop convincing moves – even if for decades they had “purchased” articles in subdued newspapers.

- **Hubert Bonin** is professor in modern economic history at *Sciences Po Bordeaux* and a member of the GRETHA research centre at Bordeaux 4-Montesquieu University. He is a specialist of the history of services companies (Suez canal company, colonial and overseas trading houses and their maritime affiliates) and moreover of French banking history (regional banks or Paris deposit and investment banks, with several monography books and a few handbooks). He is achieving a large history of French *Société générale* (from 1864 to the 1940s) in a few volumes (the first published in 2006). As a specialist in business history, he has co-guided the research program *Ford in Europe (1903-2003)* and the program *American Firms in Europe* and is taking part to several programs in banking and business history along French, European, or Asian perspectives. He is driving the researches of about a dozen doctorate researchers.
 - He is a member and treasurer of the *Association française des historiens économistes* and of the *Société française d'histoire d'outre-mer*. He is also a member of the academic advisory council of the *European Association for banking & finance history*, and of the scientific committee of *Enterprise & Society* journal; and he has been also a member of the Council of the *European Business History Association* (2000-2007).
- [h.bonin@sciencespobordeaux.fr] [website: **www.hubertbonin.com**]