

## Europeanised French bankers? (from the 1830s to the 1970s)

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French bankers<sup>1</sup> had for a long time a reputation of being deeply caught in internal Franco-French business because of protectionism, malthusianism, national public policies, the predominance of small and middle-sized societies and of petty professional rural or urban customers, and the importance of banking activities in the colonial empire overseas<sup>2</sup>, whilst British, Belgian, Swiss and German bankers developed internationalised strategies<sup>3</sup> and helped thus promoting their national industry and wholesale-trade companies. Without arguing here about the degree of openness of French banks – a topic which has been already considered<sup>4</sup>, from the pioneering thesis of Maurice Lévy-Leboyer<sup>5</sup> up to several studies dedicated to the relationship between French banks and European markets<sup>6</sup> –, without setting up analysis of economic and business history factual realities, we intend to identify personal attitudes, pick up individual commitment to Europeanised way of business and perhaps even way of life and mentalities<sup>7</sup>.

Businessmen are therefore at stake: without debating directly about the banking companies' activities themselves, whether they had built strategies to spread here and there in Europe, we wish to select people and of course panels of people who were involved

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<sup>1</sup> See H. Bonin, "La France", in *Europäische Bankengeschichte*, Frankfurt, Fritz Knapp Verlag, 1993. Three chapters : p. 250-262, 373-393 and 498-516.

<sup>2</sup> Marc Meuleau, *Des pionniers en Extrême-Orient. La Banque de l'Indochine, 1875-1975*, Paris, Fayard, 1990. H. Bonin, "Le Comptoir national d'escompte de Paris, une banque impériale (1848-1940)", *Revue française d'histoire d'outre-mer*, tome 78, n°293, 1991, p. 477-497. Yasuo Gonjo, *Banque coloniale ou banque d'affaires. La Banque de l'Indochine sous la III<sup>e</sup> République*, Paris, Comité pour l'histoire économique & financière de la France, 1993. David Landes, *Banquiers et pachas. Finance internationale et impérialisme économique en Égypte*, Paris, Albin Michel, 1993. H. Bonin, "L'outre-mer, marché pour la banque commerciale (1876-1985) ?", in Jacques Marseille (ed.), *La France & l'outre-mer. Les relations économiques & financières entre la France & la France d'outre-mer*, Paris, Comité pour l'histoire économique & financière de la France, 1998, pp. 437-483.

<sup>3</sup> Geoffrey Jones (ed), *Banks as Multinationals*, London-New York, Routledge, 1990. G. Jones, *British Multinational Banking, 1830-1990*, Oxford, Clarendon Press, 1993.

<sup>4</sup> Raymond Poidevin, *Finances et relations internationales (1887-1914)*, Paris, Armand Colin, 1970. Hubert Bonin, "The international factors in the development of the French banking system", in Rondo Cameron & V.I. Bovykin, *International Banking & Industrial Finance, 1870-1914*, Oxford University Press, 1992.

H. Bonin, "Les banques françaises et le monde (depuis le tournant des années 1930)", special issue of the review *Banque*, December 1992, pp. 60-64. Bernard Marois, *L'internationalisation des banques*, Paris, Économica, 1979.

<sup>5</sup> Maurice Lévy-Leboyer, *Les banques européennes et l'industrialisation internationale dans la première moitié du XIX<sup>e</sup> siècle*, Paris, Presses universitaires de France, 1966.

<sup>6</sup> Éric Bussière, *Paribas, l'Europe et le monde, 1872-1992*, Anvers, Fonds Mercator, 1992. H. Bonin, "L'intégration européenne des banques françaises (1796-1996)", in *Bankhistorisches Archiv. Zeitschrift zur Bankgeschichte*, 2/1996, Frankfurt, Fritz Knapp Verlag, p. 59-85. Philippe Marguerat, *Banque et investissement industriel : Paribas, le pétrole roumain et la politique française, 1918-1939*, Geneva, Droz, 1987. Hubert Bonin, "The challenged competitiveness of the Paris banking and finance markets, 1914-1958", in Youssef Cassis & Éric Bussière (eds.), *London and Paris as international financial centres in the twentieth century*, Oxford, Oxford University Press, 2005, pp. 183-204.

<sup>7</sup> We have already tried such a *modus operandi* in H. Bonin, *Le Monde des banquiers français au XX<sup>e</sup> siècle*, Bruxelles, Complexe, 2000. See also: Grafmeyer Yves, *Les gens de la banque*, collection Sociologies, Paris, Presses universitaires de France, 1992. Alain Plessis, "Bankers in French society, 1860s-1960s", in Youssef Cassis (ed.), *Finance and financiers in European history, 1880-1960*, Cambridge University Press-Editions de la Maison des sciences de l'homme, Cambridge & Paris, 1992, p. 147-161. Alongside the same project, René Girault, "Pour un portrait nouveau de l'homme d'affaires français en 1914", republished in René Girault, *Être historien des relations internationales*, Paris, Publications de la Sorbonne, 1998, p. 53-72.

in day to day Europeanised jobs: are we able to identify some kind of “European culture” among French bankers? We’ll follow a simple chronological structure, to gauge the evolution of Europeanised habits and minds throughout contemporary French banking history, till the 1970s<sup>8</sup>, and we shall try to make out layers and teams of Europeanised executives within bank organisations.

## 1. Merchant bankers and Europeanised way of business and life (1830s-1880s)?

A picturesque and archaic perception of French bankers in the mid-nineteenth century is still being maintained: local banks predominated, which explained a regional scope among bankers; merchant bankers accompanied small and middle-sized business through the building of the first industrialisation; a Balzacian “*César Birotteau*” (the title of one Balzac’s novel) atmosphere of “petty capitalism” and conservatism prevailed. Conversely, several recent studies insisted on the high degree of openness to Europe among French bankers. Even Balzac’s novel *La Maison Nucingen* paved the way to such reconsideration as the famous baron Nucingen was some kind of mixture from a few merchant bankers of the Paris market place. It is well known that the latter had welcomed several Europeanised bankers since the mid-eighteenth century, mainly Swiss merchant bankers (and often altogether merchants)<sup>9</sup>, who introduced, or renewed and enlarged, then developed the skills of financing wholesale trade all over Europe. They were involved in commercial exchanges of textile materials and clothes, for instance in sectors like silk (in Lyon), wool (Roubaix<sup>10</sup>, Lille, etc.) or cotton (Alsace<sup>11</sup>, Normandy<sup>12</sup>, etc.). Maurice Lévy-Leboyer’s thesis insisted on the Europeanised activities of several French bankers<sup>13</sup> as soon as the 1820s-1840s.

### A. Europeanised cultures?

Merchants and bankers followed the same process to reach a Europeanised scope: Numerous juniors attended training by another foreign trading or banking society, mainly in the German, Swiss and British areas. Family contacts eased these “scholar” relationship; and it was evidently much used when bank houses had set up a few sister houses, for instance for the Rothschild<sup>14</sup> and the Mirabaud<sup>15</sup> families. Juniors spent a few months or

<sup>8</sup> Pierre Jacquet (ed.), *Europe 1992 : l'intégration financière*, collection Enjeux internationaux-Travaux et recherches de l'Institut français des relations internationales, Paris, Masson, 1989. Michel Badoc, *Banques et assurances. Réussir l'Europe*, Paris, Les éditions d'organisation, 1990.

<sup>9</sup> Herbert Lüthy, *La banque protestante en France, de la révocation de l'édit de Nantes à la Révolution*. Second volume: *De la banque aux finances, 1730-1794*, Paris, SEVPEN, 1961. Louis Bergeron, *Banquiers, négociants et manufacturiers parisiens du Directoire à l'Empire*, Paris-La Haye, Mouton, 1978. Louis Bergeron, *Les Rothschild et les autres... La gloire des banquiers*, Paris, Perrin, 1991.

<sup>10</sup> Jean-Claude Dumas, “Le commerce des laines en France et l’affirmation de Roubaix comme place du négoce”, in Giovanni-Luigi Fontana & Gérard Gayot (eds.), *Wool : products and markets (19th-20th century)*, Padua, CLEUP, 2004, pp. 281-296.

Jean-Claude Dumas, “Roubaix-Tourcoing, 1870-1914 : les ressorts de la suprématie du Manchester français”, *ibidem*, pp. 885-900.

<sup>11</sup> See Michel Hau, *L'industrialisation de l'Alsace (1803-1939)*, Strasbourg, Publications de l'Université de Strasbourg, 1987. Michel Hau & Nicolas Stoskopf, *Les dynasties alsaciennes*, Paris, Perrin, 2005.

<sup>12</sup> See Dominique Barjot (ed.), *Les patrons du Second Empire. Anjou, Normandie, Maine*, Paris-Le Mans, Picard-Cenomane, 1991. Jean-Pierre Chaline, *Les bourgeois de Rouen : une élite urbaine au XIX<sup>e</sup> siècle*, Paris, Presses de la FNSP, 1982.

<sup>13</sup> Maurice Lévy-Leboyer, *Les banques européennes, op. cit.*, 1966.

<sup>14</sup> Bertrand Gille, *Histoire de la maison Rothschild (1817-1870)*, Geneva, Droz, 1965 & 1967. Jean Bouvier *Les Rothschild*, Paris, Fayard, 1967; reedition, Bruxelles, Complexe, 1985. Herbert Lottman, *La dynastie Rothschild*, Paris, Seuil, 1994.

<sup>15</sup> Isabelle Chancelier, *Messieurs Mirabaud & Cie. D'Aigues-Vives à Paris, via Genève et Milan*, Paris, Éditions familiales, 2001.

even a few years travelling and working by sister banks or more frequently by correspondent banks, which provided them with the key knowledge of foreign exchange operations, of exchange bills trading, of gold and silver species transfers, while they acquired large information about the specificities of each market place and the art of assessing international creditworthiness, managing the “risk of reputation” on a European level.

## B. Europeanised business

Later on, these merchant bankers were necessarily involved in Europeanised business, as several recent studies help perceive<sup>16</sup>. They broadly contributed to change the perception of French merchant bankers as they appeared as led by a larger and a more persistent Europeanised scope than it had been commonly asserted. They were not only remnants of the first contemporary banking revolution – from the 1750s till the 1850s – but they asserted themselves as a key leverage of financial services even among the first stage of the second contemporary revolution, until the second half of the 19th century. Relationship with numerous foreign merchant banks were often eased because French bankers used German or English language, or because French language remained commonly used in European business. What reached a key importance within merchant banks was the foreign exchange department, the management of foreign bills to be remitted, discounted and cashiered, the balance of gold and silver exchanges.

Each big house therefore got equipped with stronger and stronger teams in charge of these activities: they were enclaves of Europeanised habits, knowledge and relationship within Paris merchant banking. But Maurice Lévy-Leboyer, Louis Bergeron and, more recently, Alain Plessis showed how much some merchant bankers were involved in international (and moreover in European) business<sup>17</sup>. They were associated to Europeanised structured projects, like railways, canals, harbours, for instance, even mines, where they invested either money or their immaterial capital to gather institutional investors to join the equity and bonds issues. Clues of such involvement are now provided by the amount of correspondence kept in historical archives, which reveals how much day to day worktime was dedicated to Europeanised business; and foreign banks are often preserving more correspondence from their ancient French counterparts than French bank archives did preserve...

Bankers had to maintain permanent correspondence to ask about the daily evolution of each project, the results of exploration and investigation, the start of construction, etc. One famous case lies with the railway development when British bankers, metal firms and investors established strong bridgeheads in French railway companies, for instance the

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<sup>16</sup> Frédéric Barbier, *Finance et politique. La dynastie des Fould, XVIII<sup>e</sup>-XX<sup>e</sup> siècles*, Paris, Armand Colin, 1991. Christian Grand, *Trois siècles de banque. De Neuflyze, Schlumberger, Mallet, de 1667 à nos jours*, Paris, EPA éditions, 1991. Jacques Wolff, *Les Perier. La fortune et les pouvoirs*, Paris, Économica, 1993. Geneviève Daridan, *MM. Le Couteulx & Cie, banquiers à Paris. Un clan familial dans la crise du XVIII<sup>e</sup> siècle*, Paris, Éditions Loysel, 1994. Robert Hentsch, *Hentsch. Banquiers à Genève et à Paris au XIX<sup>e</sup> siècle*, Hentsch publishing, 1996. Robert Hentsch, *De mère en fille. Histoire des familles Hoskier, Appert, Giroud, Hentsch*, Hentsch publishing, 1997. Maurice Brun, *Le banquier Laffitte, 1867-1844*, Abbeville, F. Paillart, 1997. Raymond Dartevelle (ed.), *La banque Seillière-Demachy. Une dynastie familiale au centre du négoce, de la finance et des arts, 1798-1998*, Paris, Perrin-Fondation pour l'histoire de la Haute Banque, 1999.

<sup>17</sup> Maurice Lévy-Leboyer, “La spécialisation des établissements bancaires”, in Fernand Braudel & Ernest Labrousse (eds.), *Histoire économique et sociale de la France*, Paris, PUF, III, first volume, 1976. Louis Bergeron, *Les Rothschild et les autres... La gloire des banquiers*, Paris, Perrin, 1991. Alain Plessis, “Une maison de la Haute Banque parisienne : les Mirabaud et le financement des entreprises de la fin du XIX<sup>e</sup> siècle à la Seconde Guerre mondiale”, in Philippe Marguerat, Laurent Tissot & Yves Froidevaux (eds.), *Banques et entreprises industrielles en Europe de l'Ouest, XIX<sup>e</sup>-XX<sup>e</sup> siècles*, Geneva, Droz, 2000, pp. 239-250.

Paris-Rouen – where the group led by Blount, a British banker active in Paris where he founded his own merchant bank, exerted a key influence. French bankers and their London counterparts had there and elsewhere numerous opportunities to meet, to discuss about business and to confront their point of views, methods and knowledge.

### C. French merchant bankers familiar with the City

Either to collect investment capital or to manage money flows, the London market place welcomed day to day relationship with Paris and a “British culture” somewhat took shape among several French bank managers. Such a culture was reinforced because of commonplace business activities, for example to sustain wine and spirits exports to Great Britain or cloth exports (silk cloth, first of all – which led some Lyon bankers to broaden their scope from Swiss and to-be-Italian partners to British ones – the installation of a branch of Hong Kong & Shanghai Bank in Lyon<sup>18</sup> in the 1860s being a symbol of such links. Another sign of the regular contacts maintained with the City was shown during the 1870-1871 war, when some French bankers crossed the Channel and managed from London their activities all over Europe and in the part of France which escaped to fighting; the durable creation of the London branch of Société générale<sup>19</sup> in 1871 was a direct result of this event. But some other ones managed their business from locations in Switzerland.

French Europeanised merchant bankers kept anyway some distance from their British counterparts: they were far less involved in (North and South) American activities and in Baltic, Scandinavian and North-German activities – and more dedicated to the Rhenan and Southern European areas. They were much less used to tackle acceptances business. But they followed an actual “cosmopolitan”<sup>20</sup> way of life, thanks to familial links, to intimate relationship with their sister companies or with family banks active all over Europe, to a Europeanised mind owing to management of exchange bills, to frequent travels through Europe market places, to links among religious or ethnic communities, but also crossing over such particularities and spreading largely to an informal Europeanised market place. And the move of upward mobile ascendants within the diasporas connections favoured such a European integration<sup>21</sup>.

## 2. Managers of new big banks and Europe (1860s-1910s)

The French second contemporary banking revolution, which was marked by the constitution of big enterprise, is often perceived as the building of a Franco-French economic system which was (relatively) closed to foreign competition, protected by cartels, managed by administrative-styled people who lacked openness to European minds. These aspects were relevant when a few banks are considered – for example, the *Banque nationale de crédit*<sup>22</sup> itself, which took so little into account European business and did not set up a European network of branches as relays, even in London except for a short while. This is also true when one take into account the general management of deposit banking and the entities earmarked to follow bank risks and the very monitoring of the

<sup>18</sup> Claude Fivel-Démoré, “The Hong Kong & Shanghai Bank in Lyon, 1881-1954. Busy, but too discreet”, in Frank King (ed.), *Eastern Banking*, London, Athlone, 1983, pp. 467-516.

<sup>19</sup> H. Bonin, *La Société générale en Grande-Bretagne (1871-1996)*, La collection historique de la Société générale, 1996.

<sup>20</sup> We owe this issue about differences of scope between French and British merchant bankers and about « Cosmopolitanism » to our colleague Maria-Christina Chatzioannou when we discussed about a first draft of this chapter.

<sup>21</sup> Hubert Bonin, « Des banquiers cosmopolites? Le monde de la banque et les diasporas (des années 1730 aux années 1930) », *Diasporas. Histoire et sociétés*, n°9, *Chercher fortune*, mars 2007, p. 11-31.

<sup>22</sup> Hubert Bonin, *La Banque nationale de crédit. Histoire de la quatrième banque de dépôts française en 1913-1932*, Paris, PLAGÉ, 2002.

organisations themselves<sup>23</sup>. But on one hand, some branches welcomed (rich) European customers, for instance in Paris, on the Côte d’Azur and in spa or mountain resorts. On another hand and more decisively indeed, one could reverse our point of view thanks to the analysis of several activities of the strategic portfolio of the new banks set up in the 1860s-1880s.

### A. European bankers intimate to new big banks

In fact, the new big banks themselves were often founded and accompanied by bankers who lived on a European level, because they were important merchant bankers and even institutional investors who developed their business in Paris altogether with a few other European market places, in Great Britain (Blount at *Société générale*), in Switzerland (several ones at *Société générale* and *Crédit lyonnais*). *Crédit lyonnais* welcomed into its circles of patronage Swiss Hentsch, Paccard and Pictet and a few “Europeanised” merchant bankers like Sautter, Bischoffsheim or Mirabaud. From the origin, *Paribas* was a Europeanised institution, gathering the Bischoffsheim-Goldschmidt partners<sup>24</sup>, then active in Amsterdam and London as well as in Paris and Brussels or Anvers, the Bamberger, present both in Germany and in France, and the Belgian De Hirsch, and as a whole they contributed to some “European identity”<sup>25</sup> on the Paris place. Even CNEP, the reputation of which has for long been that of a mostly Parisian institution, benefited from the help of Europeanised merchant bankers, linked to Pinard<sup>26</sup>. The flamboyant and ephemere *Crédit mobilier* itself welcomed several Europeanised bankers because even the Pereire brothers<sup>27</sup> could not imagine but working with such leverage to get access to European institutional investors and fortunes.

Years later, the big banks were still in direct contacts with Europeanised merchant bankers. They relied in the classical houses, evolving towards more structured activities (Rothschild, Mirabaud, Neuflyze, Mallet, etc.), or they also took profit of a new generation, because the history of merchant banking regained momentum in the 1870s-1890s thanks to dynamic bankers (French Lazard Frères, a distinct entity from British Lazard Brothers) and to a layer of risk-taking financiers like Hentsch or even a new generation of the houses in the 1860-1870s within the *Haute Banque*<sup>28</sup>: Kohn-Reinach, Erlanger<sup>29</sup>, Heine, Bamberger, Betzold, Greniger or Goldschmidt, often connected with a new wave of diaspora<sup>30</sup> crossing Europe to converge to Paris. and to the “cosmopolitic” move. This latter drove numerous bankers into establishing Europeanised business network and to settle their headquarters or important offices in Paris: the Camondos were a beacon for such a renewal of the Paris market place<sup>31</sup>. All in all, they brought punchy initiatives to private banking, first, and they often joined big banks in the money flows between Paris and some other European locations.

<sup>23</sup> See Hubert Bonin, *Les banques françaises de l’entre-deux-guerres*, Paris, PLAGE, 2000.

<sup>24</sup> See Stanley Chapman, *The Rise of Merchant Banking*, London, Unwynn Hymann, 1988.

<sup>25</sup> Éric Bussière, *Paribas, l’Europe et le monde, 1872-1992, op.cit.*, pp. 20-28.

<sup>26</sup> N. Stoskopf deepened researches on the history of CNEP, for example: Nicolas Stoskopf, *Les patrons du Second Empire. Banquiers et financiers parisiens*, Paris, Picard-Cenomane, 2002.

<sup>27</sup> Jean Autin, *Les frères Pereire. Le bonheur d’entreprendre*, Paris, Perrin, 1984. Bertrand Gille, “La fondation du *Crédit mobilier* et les idées financières des frères Pereire”, in *La banque et le crédit en France au XIX<sup>e</sup> siècle*, Geneva, Droz, 1961.

<sup>28</sup> See Jean-Yves Mollier, *Le scandale de Panama*, Paris, Fayard, 1991, p. 87.

<sup>29</sup> “Émile d’Erlanger”, in Nicolas Stoskopf, *op.cit.*, 2002, pp. 162-165.

<sup>30</sup> H. Bonin, “Des banquiers cosmopolites? Le monde de la banque et les diasporas (des années 1730 aux années 1930)”, *Diasporas. Histoire et sociétés*, n°9, *Chercher fortune*, March 2007, pp. 11-31.

<sup>31</sup> See Nadine Gasc & Gérard Mabile, *Le Musée Nissim de Camondo*, catalogue, Musées & Monuments de France, Paris, Albin Michel, 1991.

## B. Direct access to investment banking and institutional investment

Merchant banking – from whatever generation – and new big banks walked hand in hand on a European level for financial activities. Huge quantities of files about financial operations in the 1890s-1910s confirm how much banks worked with financiers and merchant bankers who were active on a European level.

### a. Connections in the City of London

They used their connections in the City of course mainly as keys to get access to operations initiated in London. The Société générale branch there collected information and transmitted it to the Paris headquarters, which sent negotiators in the City for financial issuances or tackle the issue through mail correspondence. Cassel was an obvious partner, but numerous bankers of less stature participated to this huge financial market: Société générale used to work with Speyer, etc. Société générale, Crédit lyonnais, Paribas and, later on, BUP were offered shares of international or British operations, or were invited to set up a French tranche of a globalised bond issue. Even salaried high managers had to learn how to established personal contacts with the City merchant bankers, in charge with the leading role in financial markets, as did for instance Société générale's managers with their counterparts at Schröder<sup>32</sup>, the merchant bank which was its regular companion for financial activities (and also for the guano program in the 1870s). Such constant relationship expressed somehow the dependance of the Paris market place on the London financial power, but also the high degree of sympathy or osmosis between British houses and Paris firms which could allow the latter to balance efficiency their handicap – all the more because the French *reservoir* of savings and private banking was a tempting prey for British bankers, always in search for investors.

The London branch (or, for a very few banks like CNEP, subsidiary) became therefore more and more a hub for information and operations (foreign exchange, investment banking), as a leverage to growth for the French deposit banking network because it relayed its branches in their commercial banking and brokerage activities. Such London bodies transformed themselves into small middle-size enterprises, with their stable staff (400 employees for Crédit lyonnais in 1914) and their Europeanised business culture<sup>33</sup>.

### b. Specialised intermediaries

In the meanwhile, Europeanised merchants bankers helped big banks in picking up financial contacts all over the continent. A few ones were specialised in some geographic areas. Thalmann & C<sup>o</sup>, Bardac, Spitzer, Bénard & Jarilowski or Hirsch & Gunzburgs promoted relationship in the City but also on the Eastern Europe market places where financial operations were initiated, firstly the Russian bonds issues. They mobilised a precious knowledge capital, how to reach power circles, to open the doors to pressure groups, to determine the trends within the Tsarist Court, etc. The Rothschild connection to the Austrian business market eased some contacts<sup>34</sup>. Religious considerations could have been taken into account, by example, in the 1860s, when the pro-Catholic Paris bank CIC was a common favourite to get access to railways issues by the Papal administration, even if the French Rothschilds got large contacts throughout Italy for a while in the 1860s-1870s.

<sup>32</sup> Richard Roberts, *Schroders. Merchants and bankers*, London, MacMillan, 1992.

<sup>33</sup> See François Gallice, "Le Crédit lyonnais à Londres, 1870-1939", in Bertrand Desjardins (*et alii*, eds.), *Le Crédit lyonnais, 1863-1986*, Geneva, Droz, 2003, pp. 499-519.

<sup>34</sup> Bernard Michel, *Banques et banquiers en Autriche au début du XX<sup>e</sup> siècle*, Paris, Presses de la Fondation nationale des sciences politiques, 1976, notably pp. 121-135.

## C. European strategies of development?

Beyond the affectation of specialised teams to Europeanised day to day tasks, several French banks earmarked a few people to set up Europeanised networks. Sure, most of them were mere complements to the day to day tasks. Jean Bouvier showed that the branches of *Crédit lyonnais* on European market places were only bridgeheads to collect information and get access to the issue of treasury bills by some States (Portugal<sup>35</sup>, Spain), even if crossborder commercial banking finally gathered momentum<sup>36</sup>, and its Geneva branch kept a somewhat low international profile<sup>37</sup>. *Société générale* grossly followed the same path, even cutting off its Swiss subsidiary *Société suisse de banque et de dépôts* (created in 1905 and closed in the 1920s) which failed to reach enough stuff. Its Berlin branch – depending from its Belgian subsidiary – was attributed the mission to develop correspondent banking to develop there short-term investment due to the lack of spot money on the German market place<sup>38</sup>. *Comptoir national d'escompte de Paris* (CNEP) privileged its branch network in the Mediterranean area over European intents. Like the London branch of these establishments, these outlets were only empirical tools and parts of the “organisation” itself, without any “European project”: they were relays of the core activity of each bank. Conversely, some of them conceived far-reaching projects of Europeanised development. They felt that they were able to duplicate their portfolio of skills in some countries, where their competitive edge could be valued.

### a. French footholds in Belgium

As soon as the end of the 19th century, a few French banks enlarged their scope to Belgium, because first they intended to benefit from cross-border activities, second they deepened the financial links between Paris and its Brussels and Anvers partners (international issues, structured finance for Europeanised industrial investments, developments in Latin America, etc.) – and *Paribas*<sup>39</sup> was much active there –, third because Belgium was used as a neutral platform to develop contacts in the German area or to contract financial alliances with German firms for Eastern, Southern and Central Europe projects. *Crédit industriel & commercial* (CIC) established therefore a subsidiary in 1903 (*Société belge de CIC & de dépôts*); *Société générale* set up *Société française de banque & de dépôts* in 1898. *Crédit du Nord* itself spread its contacts from Lille to neighbouring Belgium<sup>40</sup> before creating *Crédit du Nord belge*. Both Paris banks were mainly there in contact with “big business” and had no intent to conquer retail banking customership.

<sup>35</sup> Roger Nougaret, “Le Crédit franco-portugais, 1893-1989”, in B. Desjardins (*et alii*, eds.), *Le Crédit lyonnais, op.cit.*, pp. 639-661.

<sup>36</sup> Jean-Marc Delaunay, « Le Crédit lyonnais en Espagne, 1875-1939 : la plus active des banques françaises au sud des Pyrénées », in B. Desjardins (*et alii*, eds.), *Le Crédit lyonnais op.cit.*, pp. 593-615.

<sup>37</sup> Youssef Cassis, “Le Crédit lyonnais à Genève, 1876-2001”, in B. Desjardins (*et alii*, eds.), *Le Crédit lyonnais, op.cit.*, pp. 617-629. Youssef Cassis, *Le Crédit lyonnais en Suisse, 1876-2001*, Crédit lyonnais (Suisse), 2001.

<sup>38</sup> Hubert Bonin, “Les relations bancaires franco-allemandes (1900-1970) : admiration, guerre économique et coopération de voisinage”, in Jean-François Eck, Stefan Martens & Sylvain Schirmann (eds.), *Les relations franco-allemandes de 1871, à nos jours*, Paris, Publications du CHEFF, 2009, pp. 357-383. Raymond Poidevin, *Les relations économiques et financières entre la France et l'Allemagne de 1898 à 1914*, Paris, Colin, 1969.

<sup>39</sup> Éric Bussière, *Les relations économiques et financières entre la France et la Belgique dans l'entre-deux-guerres*, Paris, Comité pour l'histoire économique et financière de la France, 1992.

<sup>40</sup> *Crédit du Nord belge* had set up a small network of outlets in Belgium (15 in 1932), among which its headquarters in Brussels and five branches (Courtrai, Gand, Mons, Namur, Tournai), because of the textile industries active there. See H. Bonin, *Histoires de banques. Crédit du Nord, 1848-2004*, Paris, Hervas, 2004.

## b. French strongholds in Russia

The same profile was adopted by major banks which settled themselves in Saint-Petersbourg and even Moscow: big business and State relationship prevailed either for *Crédit lyonnais* or *Société générale*, or for *Banque de l'union parisienne* (BUP), while Paribas was first attached to its links to merchant bankers as intermediaries. But it was led to participate to a mixed bank, established mainly to favour Russian activities in east-northern China, along the eastern part of the Transsiberian and along the Transmandchourian railway, when Russia endeavoured to seize economic interests in this area. This *Banque russo-chinoise*, launched in 1896, was thus part of a geopolitical and geoeconomical project. On the contrary, *Société générale* intended more modestly to set up a mixed bank in Saint-Petersburg, *Banque du Nord*, to attract more decidedly Russian savings, which it perceived as growing, while altogether developing big business, and it allied with BUP to reinforce *Banque du Nord*. The failure of this alliance led to a new step: it reversed its alliance system among the world of French *banques d'affaires* (investment banks) and built a strong alliance with Paribas, either in France or on some foreign markets.

That was the case in Russia: *Banque russo-chinoise* and *Banque du Nord* merged in 1910 to form *Banque russo-asiatique*<sup>41</sup>. This institution followed a three-pronged strategy: as an investment bank, it had to accompany subsidiaries of west-European companies in their local growth and to constitute a portfolio of Russian customers. As a commercial bank, it launched a large network of branches (almost 175, reduced to 90 key branches in the sole European Russia) all over the Tsarist empire and settle itself in its main market places, to lure for example the customership of wholesale traders (in commodities especially). And thirdly it gathered a growing basis of personal clients as a retail bank, of course among the bourgeoisies stratus which emerged then. It became thus the first ranking Russian bank in the 1910-1918 years.

## c. French bridgeheads in the Aegean area and in the Balkans

While French interests were strong in the Ottoman empire thanks to the *Banque impériale ottomane* – which touched to Europe through its network in the European part of the empire –, some Paris bankers undertook to take profit from emerging markets in the Balkans<sup>42</sup>. They duplicated one of their specialty, credit to real estate, for instance in Bulgaria (*Crédit foncier de Bulgarie*, with Paribas and *Société générale*<sup>43</sup>). But, at the beginning of the 20th century, *Société générale* became a partner of *Banque de Salonique* and BUP a partner of *Banque d'Athènes*<sup>44</sup>. A little northwards, in the Danubian basin, both Paribas and BUP rivalled to godfather two competing commercial banks, the former

<sup>41</sup> Hubert Bonin, *La Société générale en Russie*, Paris, La collection historique de la Société générale, 1994.

<sup>42</sup> Jacques Thobie, *Intérêts et impérialisme français dans l'Empire ottoman (1895-1914)*, Publications de la Sorbonne-Imprimerie nationale, 1977 (and J. Thobie's whole publishing production: Walid Arbid, Salgur Kançal, Jean-David Mizrahi & Samir Saul (eds.), *Méditerranée, Moyen-Orient : deux siècles de relations internationales. Recherches en hommage à Jacques Thobie*, Paris, L'Harmattan, 2003, with a thorough bibliography of J. Thobie). André Autheman, *La Banque impériale ottomane, 1863-1924*, Paris, Comité pour l'histoire économique et financière de la France, 1996. Alain Plessis & Olivier Feiertag, "The position and role of French finance in the Balkans from the late nineteenth century until the Second World War", in Kostas Kostis (ed.), *Modern Banking in the Balkans and West-European Capital in the Nineteenth and Twentieth Centuries*, London, Ashgate-European Association for banking history, 1999, pp. 215-234.

<sup>43</sup> See Gergana Taneva, *Les intérêts bancaires et financiers et le développement économique de la Bulgarie (XIX<sup>e</sup> XX<sup>e</sup> siècles)*, PhD thesis, Bordeaux University, 2009.

<sup>44</sup> Hubert Bonin, "La Banque d'Athènes, point de jonction entre deux outre-mers bancaires (1904-1953)", in *Outre-mers économiques : de l'Histoire à l'actualité du XXI<sup>e</sup> siècle*, special issue of *Outre-Mers. Revue d'histoire*, 1st term 2001, pp. 53-70. Hubert Bonin, *French Bankers in Greece: A Niche Strategy (from the 1850s to the 1950s)*, Geneva, Droz, to be published.



*Banque roumaine de commerce*, the latter *Banque commerciale de Roumanie*<sup>45</sup>. Here and there, therefore, the skills of the Paris market place were dispatched to help these countries setting up some “modern” parts of their economy, especially to finance outer and inner commercial exchanges, wholesale trading, real estate investment from companies or upper classes, etc.

#### **D. The effects on Europeanisation**

Only a few glimpses will prop our analysis about core Europeanisation among French bankers, about its effects on their portfolio of skills and capital of competence, about their organisation of firm in Paris.

##### **a. European islands within big banks**

Because of the flowering but fragmentary expansion of French banks, Europeanised minds were thus consolidated because several dozens of executives (and employees as administrative mirrors) were involved in the day to day supervising of these East-European banks. Committees met at least once a month; correspondence was exchanged frequently; some head executives even attended committee meetings at the headquarters of the subsidiary or sister-bank when urgency imposed it, for example when *Banque d'Athènes* met intense difficulties in 1910, which required the BUP managers to meet frequently to tackle the Greek (and Greek-Egyptian) impaired debts, in connection (in French) with their Athenian partners.

Moreover, a few executives travelled through Europe – and it took several days of railway to reach Saint-Petersbourg through Berlin and Warsaw, a several days to join Athens or Salonica by sea – to discuss about future developments, to meet local business or state personalities in order to enhance the credit of their sister or daughter bank. Louis Dorizon, for instance, paid several visits to *Banque du Nord* and *Banque russo-asiatique* when he chaired Société générale. Further more, a layer gathered executives of Société générale who spent some months in Russia to renew methods in accountancy, risk assessment, book-keeping, etc. Some of their Paris counterparts assumed some similar tasks in other sister banks and staid sometimes several months abroad, pending the completion of their mission of reorganisation.

Were there in Russia French bankers as East-Europeanised bankers? A first layer was constituted of executives who managed the company and toured its network as inspectors, to oversee the directors' task and reliability; two dozen of such executives were thus expatriated, with a very few French employees because a huge majority of high-ranking employees were Russian. A second layer included commercial executives who, among Russian colleagues, were in direct contact with Russian customers and accumulated therefore a fine knowledge of Russian business habits – the case of Jean Morin<sup>46</sup> being a beacon for such a career. In a very few cases, at Crédit lyonnais or Société générale, a few non-French executives (Swiss, etc.) were active in Russia and completed the staff of western origins.

More and more managers of big banks became relays of Europeanisation within organisations dedicated mainly to network (deposit and brokerage) banking and commercial bank activities. Sometimes, they were themselves foreigners, like Ullmann, an

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<sup>45</sup> Hubert Bonin, “La Banque de l'union parisienne en Roumanie (1919-1935). Influence bancaire ou impérialisme du pauvre ?”, *Revue historique*, n°2/1985, pp. 349-381.

<sup>46</sup> Jean Morin, *Souvenirs d'un banquier français*, Paris, Denoël, 1983.

Austrian, at CNEP, who supervised its Central and Eastern European activities, or like Albert Turrettini, the general manager of Paribas in 1908-1918, from Swiss origin, as was president Noetzelin (1911-1914). The Europeanisation of spirits was enbroadened indeed by the Europeanisation of staff itself: two British managers headed the *Crédit lyonnais*' branch in London (James Rosselli between 1889 and 1895) and Eugène Karminski (1895-1924). Rosselli became himself executive director between 1895 and 1929 and transmitted therefore the capital of international knowledge he had acquired in the City. The executive staff of the department of foreign branches gathered half foreign people in the 1890s-1910s (41 Swiss, 31 Spanish, 23 Russian, 22 British, 16 Ottomans, 16 Italians, 10 Greeks – even if *Crédit lyonnais* had no branch in Italy nor in Greece), which proves the actual Europeanisation of the Paris head office for commercial banking activities<sup>47</sup>.

Between the 1860s and the 1890s, Edward Blount exerted a determining influence at *Société générale*, even as its (non executive) president, and contributed to cement links with the City. Even though we lack a sociologist study of French bank managers – in the wake of Youssef Cassis one about the City –, such elements prove that big banks were not “closed-shops” for mere administrative managers: the core historical investment banking and private banking sectors favoured there a Europeanised spirit.

### **b. The cristallisation of European mindsets?**

It remained much difficult to assess what really represented Europe for French bankers during the *Belle Époque*. Some pictures kept in Saint-Petersburg's National Archives show French executives and high-ranking employees mixing with their colleagues at *Banque russo-asiatique*, either in their offices or in some Sunday walk to a datcha. Mail correspondence, telephone, travels, were not so easy as today, and distances have to be estimated alongside quite different criteria. Even if these people were “pioneers for profit”, they were also “pioneers” because they worked so far from their national basis and they had to work with such a gap in cultures, in corporate culture first, in personal and civilisational cultures second – even if of course Eastern and Balkanic countries were not so “exotic” as China or colonial empires. Some “heroes” of expatriation carried the load of keeping altogether young organisations abroad, like Théophile Lombardo at *Banque du Nord* and its successor, Maurice Verstraete, the leading manager of *Banque du Nord* and of *Banque russo-asiatique* from 1901 to 1918, who corresponded directly and frequently with ...his brother Georges Verstraete, the particular secretary of *Société générale*'s general manager Louis Dorizon and with that latter in direct. In 1910, Verstraete, mainly a public relations specialist among Russian Tsarist and business society, was joined by a team specialised in management of organisation: Robert Legrand, as general inspector, Eugène Prouvost as chief of Inspection, Robert Chantereau as deputy central manager – he ended his career as deputy head manager of the Foreign Department of *Société générale* in 1924-1935 –, and Charles Dubreuilh, a specialist in commercial banking thanks to a career as head of a few important regional branches of *Société générale* – and he became later on general manager of *Société générale* in 1914-1920.

They represented the core spirit of *Société générale*, which experienced a “case study” of Europeanisation, far from its Paris basis, far from its organisational culture, and its hopes of success relied on two dozens French people expatriated in Russia among 350 executives and high-ranking employees staff at the head office. The *Société générale* branch in London also lodged some “heroes” of Europeanised banking, like its manager from 1894 till 1916, Charles Laudour, who already possessed a solid experience of international

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<sup>47</sup> Roger Nougaret, Introduction to : “Troisième partie. La banque internationale”, in B. Desjardins (*et alii*, eds.), *Le Crédit lyonnais, op.cit.*, pp. 489-490.

banking in the City when he joined Société générale; he led a staff of more than a hundred people in 1912 and succeeded in mixing French executives and high-ranking employees (three dozens in 1901) and British ones.

More generally, we can estimate that actually Europeanised bankers could have represented about ten dozens of Paris executives and high-ranking employees (“*employés principaux*”) who tackle day to day records dedicated to relationship with correspondent banks, with sister banks, with the London market place, etc. They had considerably broadened their knowledge capital beyond exchanges operations – even if these ones had progressed still further – because they could manage commercial credit, finance issuing, project financing, all over Europe and above all on the new scale required by the maturing of industrial revolutions. And many of them had become acquainted with Eastern, Central and Balkanic emerging market places and used to confront the cultural clash with so different societies.

Charles Wehrung asserted himself as the key executive at investment bank BUP for Central and Balkanic Europe business: he headed committees about subsidiaries, visited them, fostered huge amount of correspondence with them, in the 1910s-1930s. The memoirs of Jean Morin are particularly documented about these themes, and the correspondence and souvenirs of Maurice Verstraete could provide still richer analysis were they published<sup>48</sup>. The *banque d'affaires* Paribas lodged thus a remarkable team of people dedicated to international business, like Édouard Noetzlin, André Bénac or Édouard Dupasseur, who coordinated subtly numerous undertakings in Europeanised investment banking: Noetzlin was a business comrade of Ernest Cassel and met him on several occasions, for instance in Austria and Switzerland when they practice mountaineering together<sup>49</sup>; and the “Paribas boys” were the hub of European networks of relationship and alliances<sup>50</sup>, for instance in Scandinavia, Austria, Italy, Spain, Russia and in the Balkans.

When France and Russia were negotiating about the issue of Russian bonds in Paris in 1904, Noetzlin attended meetings with German Mendelssohn, Dutch Hope and British Morgan Grenfell to determine the outlines of the operation, and he was supported by Jean Bonzon, the specialist in financial business at Crédit lyonnais, and Noetzlin had to travel several times to Russia to complete the project. Later on, the preparation of the “Chinese loan” was followed by a few representatives of European banks – with their American and Japanese counterparts –, especially Maurice Verstraete (for the French and Russian side, as general manager of *Banque russo-asiatique*), Stanislas Simon, the general manager (in Paris) of Banque de l’Indochine, the consortium establishment representing French banks in Asia<sup>51</sup>, Émile Ullmann, the vice-president of CNEP, who as a whole became the negotiators with two German bankers and the British colleague from the Hong Kong & Shanghai Bank. An intense timetable of meetings and dinners was imposed to reach an agreement: 15 May 1912 in London, 21 May in Paris, 5 June in London, 7, 18, 19 and 20 June in Paris, where signature is gained, before the conclusion of the affair in China in February 1913 and the issuing on next May. This was a tremendous Europeanised banking community, and French bankers were part of it, accompanied or in contact with their finance and brokerage teams in Paris through permanent information relationship.

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<sup>48</sup> These souvenirs are kept at Société générale’s historical archives, whereas the correspondence between Lombardo and Verstraete has been preserved at the National Archives in Saint Petersburg.

<sup>49</sup> Éric Bussière, *Paribas, l’Europe et le monde, 1872-1992, op.cit.*, p. 47.

<sup>50</sup> *Ibidem*, pp. 49-54.

<sup>51</sup> Hubert Bonin, “The French banks in the Pacific area (1860-1945)”, in Olive Checkland, Shizuya Nishimura & Norio Tamaki (eds.), *Pacific Banking (1859-1959). East Meets West*, London, MacMillan & New York, St. Martin’s Press, 1994, pp. 61-74. H. Bonin, “L’activité des banques françaises dans l’Asie du Pacifique des années 1860 aux années 1940”, *Revue française d’histoire d’outre-mer*, 1994, tome 81, n°305, pp. 401-425.

### 3. Did the interwar period close French bankers' European scope?

The First World War by itself severed business ties all over Europe and even just before, when the French State forbade bankers to go on investing cash in Germany and imposed restrictions to investment banking in German-controlled business in Central Europa. Was it time to withdraw from European designs?

#### A. Fallback positions

The effects of the First World War were instantaneous: the move towards banking Europeanisation was drastically interrupted and the geopolitical and geoeconomic environment changed considerably, mainly because Russian positions were lost while the strongholds of Banque impériale ottomane crumbled with the constriction of the Turkish territory. More influential were in fact the huge difficulties met by French banks because of inflation – which cut off resources – and of a re-focus of their activities on French internal economy itself, all the more as the State forbade exports of capital from 1918 to 1928, but with exceptional authorisation, and as tariff-barriers were extended.

Classical big deposit banks seemed timid in their openness to Europe: of course, their London bridgehead remained important, particularly for exchange operations, booming in 1922-1926 and from 1934: both Lazard banks were active in this area, but the Société générale subsidiary proved efficient on its side and Crédit lyonnais's expertise in exchange was proven when its head of exchange was called by Banque de France to establish a *forex* department in 1926. Société générale tried to exert some activity in Spain<sup>52</sup>, but limited its move to Valencia and the financing of citrus fruits... Stakes in a few Belgian sister-banks were preserved, but BUP reduced its scope in Anvers and even Brussels because the volume of financial operations in Latin America to which it took part through Belgian businessmen were strongly reduced since the 1910s.

#### B. Fresh European opportunities

Anyway large opportunities to restart a European offensive were offered to French businessmen, especially in Central and Balkanic Europe. Positions gained in Greece by Banque d'Athènes and in Rumania by twin French sister banks were preserved and even strengthened (in equity, in business relationship). Several banks developed correspondent banking operations in Germany, always in need of cash, which was revealed suddenly in 1931-1934 when French assets there were put in a standstill: huge short-term investments were kept there for a while, pending clearing operations in the second half of the 1930s. Société générale conquered privileged positions across the Rhine because it benefited from the network and relation capital of its Alsatian subsidiary, now re-tied to France but still rich with its branches all over Rhenany, and it added commercial banking, transaction banking, and treasury loans to mere exchange and correspondent banking.

In the meanwhile, a large offensive was launched to conquer market shares in Central Europa, which became all at once some kind of "Far East" for French bankers, even if they met here intense competition from their German, Dutch, British and Belgian colleagues. What was at stake was once more credit to real estate – with several institutions flourishing to finance large and middle-sized landowners and urban property developers

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<sup>52</sup> H. Bonin, "La Société générale en Espagne (des années 1860 aux années 1930) : un eldorado rêvé, un marché de niches", in Florence Bourillon, Philippe Boutry, André Encrevé & Béatrice Touchelay (eds.), *Des économies et des hommes. Mélanges offerts à Albert Broder*, Paris, Bière, 2006, pp. 345-358.

(because of the growth of modern cities). But commercial banking reached a more and more attractive level and French banks took part to the scramble for Central European business. Some of them participated to new banks in (also new) Poland (CIC, for example). The issuing of international bonds by some countries between 1925 and 1934 was also a challenge for London and Paris bankers<sup>53</sup>. Throughout these operations, French big banks were still using the helpful intermediation of tiny Europeanised merchant banks which maintained their networks of influence among the world of institutional and private investors on one side – which propped up the success of underwriting operations – and their arts of relationship among state establishments here and there. For example, when Société générale and Paribas supervised a credit linked to the issuing of equity by the *Crédit foncier franco-bulgare* in 1924, they worked with little merchant banks De Camondo and Hirschler, so as to get better access to Europeanised market places, whereas they called for partners in the Netherlands and Belgium to enlarge the subscription basis among institutional investors<sup>54</sup>.

Key actors were in fact Paris *banques d'affaires* Paribas and BUP, which took control of some Hungarian-Austrian institutions or of their fragmented successors and competed to patronise and accompany competing commercial banks in several countries. Paribas used a holding, *Banque des pays d'Europe centrale*, to invest in a few banks; BUP favoured alliances with local banks (Zivnostenska Banka in Czechoslovakia, for instance) or associated itself with Belgian interests in a few other ones<sup>55</sup>. But BUP draw far more important revenues thanks to its strategic alliance with the industrial group Schneider (the “*maître de forges*” from Le Creusot): through a holding, *Union européenne d'investissement & de financement*, UEIF), Schneider picked up some chunks of German assets in the area or purchased some companies, and transformed them in active and modern subsidiaries (Skoda, a few steel facilities, etc.). BUP became the privileged banker of these undertakings, even though Schneider and UEIF also borrowed money on the market<sup>56</sup>. Some merchant bankers kept faithful to internationalised initiatives and the small house of Mirabaud, for example, seized the opportunity of mining activities in the Balkans (*Mines de Bor*, in Yugoslavia).

### C. Dwindling Europeanised minds among French bankers?

One could obviously presume that the amount of French executives dedicated to Europeanised activities was sharply reduced in the interwar period in contrast with the development of colonial activities... But each type of banks gathered a strong community of European-minded executives. Investment banks were predominant in this area, with a few “heroes”. At Paribas, the general manager Horace Finaly<sup>57</sup> was equally committed to acute

<sup>53</sup> See “Rivalités politiques et financières en Europe”, in Éric Bussière, *Horace Finaly, banquier, 1871-1945*, Paris, Fayard, 1996, pp. 328-346.

<sup>54</sup> We used there a record from the historical archives of Société générale about Crédit foncier franco-bulgare, 11 February 1927.

<sup>55</sup> Éric Bussière, “The interests of the BUP in Czechoslovakia, Hungary and the Balkans, 1919-1939 in Philipp Cottrell & Alice Teichova (eds.), *International Business and Central Europe, 1918-1939*, Leicester, Leicester University Press, 1983, pp. 399-410; reedited in: Geoffrey Jones (ed.), *Multinational and International Banking*, Aldershot, Edward Elgar, 1992, pp. 406-417.

<sup>56</sup> Claude Beaud, “Une multinationale française au lendemain de la Première Guerre mondiale : Schneider et l'Union européenne industrielle et financière”, *Histoire, économie et société*, 1983, volume 2, n°4, 1983, pp. 625-645. Claude Beaud, “De l'expansion internationale à la multinationale Schneider en Russie (1896-1914)”, *Histoire, économie et société*, 1985, 4, n°4, pp. 575-602. Catherine Vuillermot, “Schneider, un acteur précoce de l'économie ouverte (des années 1900 aux années 1980)”, in Bertrand Blancheton & Hubert Bonin (eds.), *La croissance en économie ouverte (XVIII<sup>e</sup>-XXI<sup>e</sup> siècles). Hommages à Jean-Charles Asselain*, Bruxelles, Peter Lang, 2009, pp. 359-379. Tristan de la Brosse & Félix Torres, *Schneider, l'histoire en force*, Paris, Jean-Pierre de Monza, 1996.

<sup>57</sup> Éric Bussière, *Horace Finaly, banquier, 1871-1945*, Paris, Fayard, 1996.

relationship with French powers and involved in international undertakings; operations with Belgian businessmen were favoured under his leadership – with attempts to cross-border industrial cooperation – and he supported the team which, at the Paris headquarters *rue d'Antin*, designed the Central European strategy. This latter could have called upon only a few dozen people because Paribas relied on correspondents and local executives to push forward its Central-European offensive.

The same considerations could prevail at BUP, where a pocket of European-minded leaders were animators of the projects. *Banques d'affaires* used to favour relationship and companionship over direct management, and that was the case when BUP took part to the huge negotiations about the restructuring of oil industry: after pondering an alliance with Royal Dutch Shell whereas Paribas allied itself with Standard Oil to set up Esso France, and before both banks were key leverage to the creation of *Compagnie française des pétroles*, BUP led an association with the Belgian oil firm Petrofina<sup>58</sup>, either to godfather it in France or to accompany it in the development of Rumania oil fields. Several BUP executives were active on a European level thanks to their intimate links with Belgian businessmen and bankers, and this dual way of life produced efficient results in some cases, even if Belgian interests could have ended weighing more and more in Central European joint-ventures.

Within deposit banks, core European activities laid with foreign exchange specialists and with teams owning skills in financing international trade (documentary credit, transaction banking, clearing of liquidities, etc.), and their basic knowledge of London was once more a requisite for efficiency. The important London branch – with permanently some French seniors (but led by a British manager) and juniors, the latter attending there some “school for internationalisation” before coming back to the French headquarters or network. This network was indeed rich with internationalised executives and employees, Europe being only part of their desk: they tackled foreign exchange, documentary credits, refinancing export or import operations, supplying security, efficiency and reliability to customs services or to international contracts. Basically, that is on the very level of their important branches – on commercial market places in the regions –, big banks became therefore more and more internationalised and part of this activity was earmarked to Europeanised business. These basic people were thus “Europeanised” without leaving the French network of branches and even perhaps having set foot in a single European country, except for a few ones London..., conversely with their heads in Paris. But they could find opportunities to meet European businessmen touring French market places, for instance in Lille-Roubaix, Bordeaux, Lyon or Marseille, rather opened to the European business community.

The Paris head managers could of course benefit from more opportunities to welcome their banking counterparts, to be in relationship with correspondent bankers and even meet them in some European conventions dedicated to collective reflections on organisations (mechanisation of work, for instance). Small groups were thus active in each bank. Crédit lyonnais maintained two teams, one at the department of foreign branches, another at the department of *Haute Banque*, for correspondent banking, treasury management and the supervision of foreign risks, both departments merging only in 1935 – till 1969.

#### **4. An exceptional Europeanised attitude (1940-1944)**

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<sup>58</sup> Éric Bussière, “La France et les affaires pétrolières au lendemain de la Première Guerre mondiale. La politique des groupes financiers à travers celle de la Banque de l'union parisienne”, *Histoire, économie, société*, 1982, pp. 313-327. Éric Bussière, “La Banque de l'union parisienne et l'existence d'un courant national dans les milieux pétroliers français dans l'entre-deux-guerres”, *Relations internationales*, n°43, 1985, pp. 305-322.

Objectivity would be missing should we ignore the war period, when some opportunities to take part to the Europeanised Nazi “New Order” were offered to French bankers. In fact, a huge majority of them had to tackle day to day issues, the financing of French economic and job survival under harsh conditions of production and exchange, and even blockade. The outside positions were lost because German interests seized French ones in Central Europe as soon as the end of the 1930s and the remnants in the 1940s, for instance in the Balkans. Third, some bankers were more interested to get involved in the move towards investment overseas, in the French empire, so as to prepare the restarting of French economy either after defeat or because of the separation of this empire from the Metropole, which occurred in 1941-1942.

What remained of European attitudes had to concentrate on Franco-German relationship. Some criticizing historians<sup>59</sup> have insisted on the compromising way of life of some financiers and bankers during the Occupation. They took part to damaging dinners and social events with German officers<sup>60</sup>; they invested money in some German-French industrial projects. But the bulk of banking activities turned to “Europe” was in fact included in state to state relationship, because French banks were all thoroughly involved in the financing of forced exchanges towards Germany, transferred of cash, lent money to industrialists for their exports in Germany, etc – all these decisions being authorised plainly by the Ministry of Finance, the Treasury department and its brother one, the department of External Financial Relations. This was the “system of Vichy”, and the whole administration, finance and banking elites and organisations were compromised through their participation. This (dire) reality was recognised at the Libération when courts exonerated almost all executives then sued, besides a very few ones – but in the meanwhile some banks (*Banque de l’Indochine*, Worms) were used as shelters to welcome compromised civil servants.

## 5. Bankers pioneering for Europe (1945-1970s)

In the afterwar, priority was given everywhere in France to rebuilding economy – the State being the pipeline for two-thirds of credits in the 1950s – and to favouring internal growth. After having lost its whole business network in Balkanic and Central Europa because of the Nazi and then of the Communist control, BUP felt its Balkanic policy dwindling, as its rare stakes had become isolated within its global strategy, and it sold thus its stake in Banque d’Athènes (to National Bank of Greece in 1953). We can contend however that some brilliant opportunities were offered to bankers to refurbish their European scope in the afterwar period, even the creation of “the Europe of bankers” was a long process<sup>61</sup>.

### A. Still London as a centre-piece of Europeanised banking

Sure, exchange operations predominated then, because France looked desperately for currencies and banks were invited to struggle to pick up rapidly cash to finance import. Centralised external trade prevailed first till 1948-1950 – and Lazard<sup>62</sup> was for example the

<sup>59</sup> Annie Lacroix-Riz, “Les grandes banques françaises de la Collaboration à l’épuration, 1940-1950”, *Revue d’histoire de la deuxième guerre mondiale*, n°141, janvier 1986, pp. 3-44.

<sup>60</sup> See comments of Charles Rist, *Une saison gâtée. Journal de la guerre et de l’Occupation, 1939-1945*, presented and commented by Jean-Noël Jeanneney, Paris, Fayard, 1983. See also the analysis in Nathalie Carré de Malberg & H. Bonin, “Presentation and notes”, in Jacques Georges-Picot, *Souvenirs d’une longue carrière. De la rue de Rivoli à la Compagnie de Suez, 1920-1971*, Paris, Comité pour l’histoire économique et financière de la France, 1993.

<sup>61</sup> We use the title of the critical book of Henri Coston, *L’Europe des banquiers*, Paris, La librairie française, 1963.

<sup>62</sup> Anne Sabouret, *Lazard frères, une saga de la fortune*, Paris, Olivier Orban, 1987.

lead-manager of pools of bankers financing the imports of commodities: textiles and oleaginous, etc. The London basis of several banks remained the core of Europeanised money flows<sup>63</sup>. The Société générale branch, for example, undertook to develop its forex activities by setting up an actual (but still small) market room in the 1960s, which intervened in the emerging euromarket because of the breakthrough of the eurodollar in this very decade, leading to a formal dealing room in 1971, linked through FAX and phone to other entities. It became an active player on the London (interbank) money market and in collaboration of its “brokers”: while trading sterling funds, more and more operations in the 1960s involved “non-resident” customers in foreign currency and it won over many banking clients high channelled high levels of funds through it; and it welcomed thus largely banks’ deposits which allowed it to assert as a lender more than a borrower. The London interbank money market, the eurocurrency market and the foreign exchange market became intermingled<sup>64</sup>, as a prehistory to present market banking; and specialised and talented teams were constituted who could afterwards dispatch their skills either in Paris or to the New York branch.

The use of these branches as schools for junior bankers was strongly developed: numerous heads and actors of the international move Paris banks had often started there their international career. That was the case at the Société générale branch; it had regained momentum after unfolding its staff in the 1930s-1940s, thanks to French managers Eugène Jouot in 1945-1949 (present in London from 1922, he had been deputy manager since 1934), and Rémy Trollé (an experienced manager of branches and Paris services) co-manager in 1947-1949, sole in charge till 1959. But Trollé was called back to Paris to head the Overseas Department of Société générale from 1959 to 1966: his stay in London was a spring-board for the rest of his career with Société générale because several reports enhanced his successes in the City. He supervised a group of skilled executives and middle executives who mixed forex, trading and correspondence banking – as a go-between for the French network in need for business in London. “Two career paths were open to the French executives: several of them were able to stay in London and progress at a rate which the small number of higher ranks made slow [...]. Otherwise, the French came to the branch to gain expertise which would enhance their professional talent, before putting it into practice within Société générale network, for example in the agencies which handled a lot of overseas business.”<sup>65</sup> But there was no Europeanised proto-globalisation because British employees and executives remained all their career long at the London branch, without being admitted to jobs in Paris or elsewhere – up to the 1980s when a key forex executive was promoted to the market room at Société générale headquarters.

The booming investment banking activities of the City – thanks for example to the punchy Warburg<sup>66</sup> – lured Paribas which decided in 1964 to set up its own tool in London, Paribas Limited, to play some role in treasury operations and in investment banking: it constituted some kind of a school for “modernised” international banking operations for the French *banque d'affaires*<sup>67</sup>.

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<sup>63</sup> See André Guillaume & Marie-Claude Esposito, *Londres, histoire d'une place financière*, Paris, Presses universitaires de France, 1993.

<sup>64</sup> See Stefano Battilossi, “Banking with multinationals: British clearing banks and the euromarkets’ challenge, 1958-1976”, in Stefano Battilossi & Youssef Cassis (eds.), *European Banks and the American Challenge. Competition and Cooperation in International Banking under Bretton Woods*, Oxford, Oxford University Press, 2002, pp. 103-134. Youssef Cassis, *Les capitales du capital. Histoire des grandes places financières internationales, 1780-2005*, Geneva, Pictet & Slatkine, 2005.

<sup>65</sup> Hubert Bonin, *La Société générale en Grande-Bretagne*, *op.cit.*, p. 47.

<sup>66</sup> Jacques Attali, *Sir Siegmund Warburg, 1902-1982. Un homme d'influence*, Paris, Fayard, 1985.

<sup>67</sup> Éric Bussière, *Paribas, l'Europe et le monde*, *op.cit.*, pp. 162-163.



## B. Niches favoured to restart Europeanisation

As a nutshell, pioneering internationalised bankers were of two kind. A first group tackled the market of emerging countries, for instance in Latin America – as Éric Bussière studied it about Paribas. A second one tried to determine how to establish firmly on “niche” markets, where the weakness of French economy and of internationalisation within banks could be short-circuited. É. Bussière showed how successful was the Belgian duplication of the Paribas structure and way of relationship with business communities: thanks to key leaders (Maurice Naessens, head of the banking department of the Paribas branch in Brussels from 1950), Paribas’ subsidiaries here (*Paribas Belgique* and the financial holding created in 1945 alongside the 1934 rules) became intimately linked to important parts of the Belgium finance world; the holding, enlarged in 1957 and named Copeba in 1960, enriched its portfolio of equity.

In the meanwhile, its competitor BUP found quite different paths to get re-Europeanised<sup>68</sup>. Pioneering teams and actors within its organisation were given freedom to prospect emerging niche markets in the 1950s-1960s: they accompanied key customers (Renault, etc.) in their European moves (credit to export policies, exchange, etc.); and they seized the opportunity to finance subsidiaries of German companies in France (Bayer, Hoechst, etc.), which provided them with a remodeled portfolio of customers all the more that German exports were growing and that German firms were reaching important positions in chemicals and pharmaceuticals, for instance.

A fresh niche was designed in the 1960s when French companies began exporting ready-made plants to the USSR and to Communist Europe, whilst wholesale exchanges gathered momentum (to export dairy products and cereals and to import mining materials). Investments banks and commercial banks constituted large pools to share risks and to bear the load of those huge operations. Paribas, Crédit lyonnais and BUP constituted for example the pool<sup>69</sup> which financed the exports of (sugar and cement) plants by the engineering firm Fives-Lille-Cail to the USSR as soon as 1959-1960.

The 1960s were the cradle of present international banking, either for *banques d'affaires* or for deposit banks<sup>70</sup>. But Crédit lyonnais waited till 1968 to establish its department of international financial operations<sup>71</sup>, the same year when it gained its first lead-management of a “eurocredit”, and to set up a department of international trade (for aeronautics leasing, for example), active from 1969. And the decade was crowned by the creation of *Europartenaires*, the alliance with other European banks, as some business school in investment banking. Such elements help to understand how much important was the break in French banking history in the turning point of the 1970s, as Éric Bussière’s synthesis about Crédit lyonnais confirmed recently<sup>72</sup>: internationalisation and Europeanisation became then core challenges for the competitiveness of French banks,

<sup>68</sup> Hubert Bonin, *La Banque de l'union parisienne, op.cit.*, pp. 445-452.

<sup>69</sup> Hubert Bonin, “L’émergence de la coopération industrielle, bancaire et commerciale franco-soviétique dans les années 1960”, in Maurice Vaisse (ed.), *De Gaulle et la Russie*, Paris, CNRS Éditions, 2006, pp. 229-252.

<sup>70</sup> Éric Bussière, “European aspirations and market reality: Paribas, the Crédit lyonnais and their European strategies in the 1960s and 1970s”, in Stefano Battilossi & Youssef Cassis (eds.), *European banks and the American challenge. Competition and cooperation in international banking under Bretton Woods*, Oxford, Oxford University Press, 2002, pp. 161-176.

<sup>71</sup> Roger Nougaret, Introduction to : “Troisième partie. La banque internationale”, in B. Desjardins (*et alii*, eds.), *Le Crédit lyonnaisop.cit.*, pp. 489-490.

<sup>72</sup> Éric Bussière, “La stratégie européenne du Crédit lyonnais, de l’après-guerre à Europartenaires (des années 1950 aux années 1970)”, *ibidem*, pp. 679-701.

and they succeeded in a first stage to assert themselves as co-leaders in international banking in the 1970s.

### C. A still limited Europeanised banking community?

A majority of testimonies collected among bankers having known these 1950s-1960s years converged in underlining the weakness of European mentalities among French bankers of this time. A very few bankers were supposed to be fluent in English, were we told. We must recognise that business schools were rare, that Europeanised management was not yet taught, that foreign travels remained long and tiring. Europeanised bankers were thus still minorities within their firm, even if some of them constituted here and there important minorities and exerted influence on the internationalisation policy. Specialised teams grew in importance because of their growing internationalised skills: the “foreign department” of BUP, for example, benefitted from the experience of Auguste Avon, a former head of the Paris office of the *Banque belge pour l'étranger* – a subsidiary of *Société générale de Belgique* – who had joined BUP from 1948 and supervised its foreign activities (till 1963): he was the right man in the right place who turned BUP towards German customers, and he forged an efficient team<sup>73</sup> who succeeded somewhat to equalize Paribas on a few markets.

At Société générale, the “European fighting spirit” was maintained by Julien Chadenet, who restarted a process of internationalising his bank, mainly earmarked to French markets afterwar. He had accumulated a huge capital of European finance and banking knowledge: in two banks (Paribas first in 1911-1912), at the Finance Ministry (1920-1923, with two years as deputy manager of the financial service of the French delegation at the Reparations Commission), then deputy manager of *Banque des pays d'Europe centrale* (in Vienna and Paris, 1923-1926), before joining the City as manager of the British & Continental Banking Company, the subsidiary of a small French banque d'affaires (1926-1932). Then baron Chadenet rallied the Société générale group as manager of its subsidiary Sogenal, in Strasbourg, also covering German Rhenany, whilst chairing the Spanish and Belgian subsidiaries (November 1932-January 1934), which led him to head the Foreign department of Société générale itself from January 1936 to January 1955. He struggled to “find out the required executive staff, a bilingual direction, trained to the methods of the mother company, flexible enough to adapt itself, experienced enough to assume the broader responsibilities imposed by management abroad”<sup>74</sup>, and thus reconstituted an international policy, which flowered afterwards.

### Conclusion

This essay met its limits in creditworthiness because so little studies are still available to reach relevant stances on bankers' sociology and mentalities about European involvement and attitudes. To ponder Europeanised commitments led thus to reconstitute, somewhat classically, the European moves of banks alongside chronological changes of (geopolitical and economic) environment. But faith to our project presumed to assess the immediate participation of bankers, not banks, to these successive (and often successful, even though disappointing in the end) Europeanisation moves. Our conclusions will seem unconvulsive: in fact, only a few teams of bankers were involved in Europeanised tasks and were immersed in intense osmosis between Europeanised banking skills, arts of risk assessment, sharing of financial relationship and informal networks. Within the deposit

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<sup>73</sup> He was succeeded by his deputy, Henri Trulin, between 1964 and 1971, who was replaced himself by his own deputy, André de Talancé, who joined the team in 1952, had become under-director in 1958 and deputy-director in 1965.

<sup>74</sup> Julien Chadenet, “Les agences et filiales à l'étranger”, in *1864-1964. Société générale*, Paris, Société générale, *Livre du Centenaire*, p. 151-157.

banking's network itself, large branches had been constituted more and more teams able to tackle internationalised and thus Europeanised business for the account of their business customers. Paris headquarters – even by some smaller merchant banks – gathered obviously tiny but strong teams which had accumulated broad portfolios of international and Europeanised skills.

Most of these teams had to maintain deep relationship with the teams active in the London branch or subsidiary for exchange operations, financing of international trade towards or from Europe, financial issues. A fourth level was constituted with networks of expatriated executives (and even high-ranking employees) or of advising or inspecting executives, all over the networks of subsidiaries and sister banks set up in various European areas, the Russian, Greek and Rumanian cases being the most striking beacons for such a European spirit and scope. These four-layers teams were thus the key leverage to managerial (and personal) osmosis between French banker and their foreign counterparts, and this phenomenon eased the informal sharing of skills and information, besides the day to day development of exchange bills or financial issues.

Of course, we must admit that the converging efforts of these four-layers teams were hindered by the actual limits of Europeanisation: Europeanised moves constituted only islands of Europeanisation in banks' strategies. Europeanised teams amounted to mere (yet pioneering and dynamic) minorities within banks' organisations; Europeanisation could be perceived more as a puzzle of "niches" activities and settlements than well-framed departements. Yes, France missed the equivalent of the thick layers of internationalised British merchant bankers and financiers, or even of internationalised German traders (Bethmann, Oppenheim, Bleichröder, etc.), etc. But this "black side" of French economic history has to be balanced indeed by the contribution of banks<sup>75</sup> to the international offensives of their customers (for instance in Central, Eastern and Southern Europe); although mere "niches", their European entities provided them with services adapted to their needs. There was no "backwardness", but differences in scale and scope, which explained the key role played by the "ambassades" set up in London by French banks.

#### Summary

Our text does not intend to develop a history of French banks' Europeanisation, but instead to scrutinize the mentalities of French bankers, in order to determine whether they were confined to relationship with French business or inserted within networks of personal relations with their European colleagues. Did some French bankers follow a career more oriented towards international activities and were they involved in international travels? Were some bankers committed to design European strategies and thereafter to complete them through a direct presence in foreign countries? Did some bankers emerge as key managers of Europeanised strategies and what was their influence within their banking firms? Of course, answers will be adapted to chronological stages, to precise for example whether the decline of the *Haute Banque* houses was unfavourable to Europeanisation, to analyse how the new joint stock banks set up a Europeanised shape, and whether differences separated deposits banks and investment banks (*banques d'affaires*) in face to Europeanised strategies and way of life.

<sup>75</sup> See Hubert Bonin, "Le rayonnement international des banques françaises (1900-1940) : essai d'évaluation", in Maurice Lévy-Leboyer (ed.), *L'économie française dans la compétition internationale*, Paris, CHEFF, 2006, pp. 117-143.