

## Book Reviews

**Fabio Casini**, *Schacht e Norman. Politica e finanza negli anni fra le due guerre mondiali*, Rubbettino, Soveria Mannelli 2017, pp. 185.

“Economics is able to discern paths that politics cannot recognize, or appears to overlook, to the point of ironically creating two parallel worlds.” This is one of many striking observations to be found in Fabio Casini’s book on the financial relations between Great Britain and Germany during the interwar years. His investigation deepens our understanding of that critical period by examining it through two key players: Montagu Collet Norman, Governor of the Bank of England from 1920 to 1944, and Hjalmar Horace Schacht, Reichsbank President from 1924 to 1930 and again from 1933 through 1939.

Norman and Schacht corresponded and met in the years between the wars to discuss how to forge a joint approach to what Keynes famously called “the economic consequences of the peace.” Germany needed British support, while Britain needed to continue its policy of appeasement in order to promote Germany’s anti-Bolshevik economic restoration. Research in the Bank of England’s archives and Schacht’s private papers enables Casini to document a robust, singular relationship between the two bankers that demonstrates that “in Germany, during the interwar period, not everything was Nazi ... [but] there were other interests and motives, which were later overruled but still distinct [from Nazism]” (Paolo Soave, review of Casini’s book in *Corriere della Sera*, 18 March 2018).

The book is composed of three chapters. The first covers the 1920s and discusses the economic consequences of the peace and the Dawes Plan. The second chapter treats the onset of the Great Depression

and the end of Weimar, focusing especially on the rise of Hitler and the importance of his financial backers. In the final chapter, Casini investigates Anglo-German relations during the 1930s and Schacht's important role in Germany's economic restoration, throwing into relief the City's relations with the Nazi regime and the British policy based on eminently pragmatic economic and political appeasement.

Among this work's merits is its fresh analysis of British politics during the years immediately following the Great War, when Britain strongly opposed the humiliation of Germany envisaged in the peace treaties. "The reasons for this were the British tradition of maintaining a continental balance of power receptive to the protection of imperial interests, the restoration of a stable European economic and financial system based on the gold standard, able to counter growing American influence and governed by the City, but also the prevention of any revolutionary upwelling that could have easily spread throughout the continent if it had found fertile terrain in a tormented Germany" (Soave, 2018). These interests were shared in varying degree with other European countries and found political and diplomatic expression in Neville Chamberlain's policy of appeasement, which lasted until the eve of the Second World War. Thus, Casini's book gives us a solid understanding of the circumstances that shaped British appeasement, and in particular the financial appeasement of which Norman was the key sponsor and Schacht the indispensable German link.

Casini is also to be commended for drawing attention to one of the most trying chapters of German monetary history, when the Weimar Republic suffered the occupation of the Ruhr and all the mortifying impositions of the Versailles diktat. To cope with the emergency, Schacht introduced the Rentenmark as an alternative method of payment. Norman's objective, with indispensable American support, was to restore a sort of "European financial concert." This materialized with the Dawes Plan, whose limits, however, were immediately evident to enlightened observers. Keynes was not alone in pointing out the danger of commingling war reparations with debts; Schacht himself

warned that, in the long term, the loans disbursed by the United States created a mortgage on the revival of an autonomous German economy. Indeed, "American involvement in safeguarding the investments made in Europe produced an artificial growth of the German economy, which in some sectors – coal and steel, for instance – attained even higher levels of productivity than those of the pre-war years. Meanwhile, the influx of US dollars contributed to the financial standardization of the entire continent that shaped an evanescent period of collective security marked by the rediscovered spirit of Franco-German collaboration largely personified by Briand and Stresemann, which would culminate in the Kellogg-Briand Pact for the repudiation of the use of force to resolve international disputes" (Soave, 2018).

Casini's book is also uniquely valuable for its documentation of the gradual intensification of cooperation between the Bank of England and the Reichsbank in the 1920s and 1930s. The mutual objective was: the establishment of *Nationalsozialismus* not only as a political outcome, but also as an economic means of guaranteeing Europe's anti-Soviet structure. As a result of the agreement between the two bankers, an enormous volume of international capital flowed into Germany's coffers during the 1930s. "After 1934, in order to fix the problem of the six million unemployed, Schacht, upon joining the government team, was commissioned by Hitler to convert Germany to a war economy. In this matter, the harmony between the Führer and the banker was undeniable. Schacht mobilized all available resources, industrial and financial, for the construction of major infrastructure, such as a motorway network. He was also responsible for the principle of trade control, whereby foreign exporters had to spend their proceeds in Germany. In this way, he ensured the country ample supplies of raw materials and managed to establish strong ties with the Balkan and Eastern economies. All this would not have been possible without British financial involvement and systematic collaboration between Norman and Schacht, who, with undoubted ability, supported each other and shared the illusion of keeping Nazism under control" (Soave, 2018).

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Norman and Schacht continued to remain in contact during the war, though not as closely as before. Gradually the intertwined network of dealings that had been so meticulously constructed in previous years fell apart as governments gave priority to their respective war strategies. Nevertheless, the two central bankers continued to correspond and met occasionally in Geneva. As Casini states: “The mutual esteem between Schacht and Norman never ceased, not even in the face of adversity and the diverging aims of their respective countries.” Norman remained at the helm of the Bank of England until 1944, but his stance lost its pro-German tinge. As for Schacht, after the war he was interned in Ravensbruck and later in Flossenburg. Standing trial in Nuremberg for his role in German rearmament, he defended himself by claiming that, while he had supported rearmament, he had not provided any economic contribution to the Nazi party through the Reichsbank. Casini’s book rereads an important chapter of 20<sup>th</sup>-century history through the eyes of key economic and financial actors, deepening our understanding of international relations between the world wars.

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