



**Ranald Michie, Philip Williamson, eds.** *The British Government and the City of London in the Twentieth Century*. Cambridge: Cambridge University Press, 2004. xii + 391 pp. \$110.00 (cloth), ISBN 978-0-521-82769-0.

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## A Big Bang?

In 1986, Margaret Thatcher's Conservative government liberalized the rules governing the London Stock Exchange. Colloquially known as the Big Bang, the changes implemented have been heralded as a key factor in the subsequent success of the City of London as an international financial center. The Big Bang episode is intriguing for several reasons. It demonstrated the long-standing affinity between the City and the Conservative party. It emphasized the value attached to London's international financial role in contrast to the travails of the domestic economy where the confrontations with the miners were fresh in the public memory. It suggested that once more City influence had managed to sway government policy. At least such was the perspective of commentators inclined to see the Big Bang as another instance of government pandering to the interests of the City. This collection of essays, drawn originally from a conference held in Durham in 2001, seeks to replace comfortable certainties of this kind with a less monochromatic picture. The editors insist that their purpose is "to advance debate on the government-City relationship by adding historical depth and understanding, not to seek agreement among the contributors nor to draw general conclusions" (p. 2).

The seventeen essays are divided into five parts. Part 1 consists of Philip Williamson's historiographical survey, while Ranald Michie canvasses the changing nature of dealings between the City and government. Part 2, entitled "Markets and Society," consists of three essays, while part 3, "Government and Political Parties," con-

tains four papers examining not only the dealings between the Treasury and the City, but also the respective relationship of the Liberals, Conservatives, and Labour party with the City at various points through the twentieth century. Parts 4 and 5 are chronologically ordered, the former comprised of three essays on the interwar years, while the five contributions in the latter encompass the period 1945-2000. Of these sections, part 2 is the least satisfactory. The other parts can claim to be either thematically or chronologically united, but the essays in part 2 are neither. The papers by Forrest Capie (on markets and government), Youssef Cassis (on financial elites), and Richard Whiting (on the City and democratic capitalism) have their attractions, particularly Whiting's point that there were individuals in both the Labour and Conservative parties in the 1950s and 60s that sought to popularize capitalism. But they are loosely linked, and one cannot help but suspect that faced with three topics that seemed not to fit easily elsewhere, the editors opted to throw them together under a generic title. Similarly G. C. Peden's essay on the City and the Treasury, which spans the twentieth century and is one of the most useful in the collection, is bundled together with three pieces on the political parties in part 3. These ordering idiosyncrasies do not detract from the quality of the individual contributions, but do suggest the difficulties of conceptualizing current research in the area.

Many of the essays do share a theme—conflict. Between the City and government, the City and the political parties, and within the City, strife existed. Anthony

Howe, in his essay discussing the Liberals and the City from 1900 to 1931, is at pains to note that the Edwardian Liberals were not beholden to the City. Tension between the Liberals and the City was a regular occurrence. E. H. H. Green, commenting on the Conservatives and the City, while not denying that the two had natural affinities, emphasizes the development of an interwar Conservative critique of the City made by figures such as Harold MacMillan, Sir Arthur Steel-Maitland, and J. W. Hills. Robert Boyce, in his analysis of City-government dealings from 1925-31, argues that confrontation, not cooperation, was the hallmark of the relationship. Jim Tomlinson, exploring the question of Labour and the City from 1945 to 1970, finds new reasons to think that Labour's dealings with the City were more conflict ridden in the 1960s than is conventionally realized. Catherine Schenck echoes this conclusion, suggesting that powerful ideological antipathy was present throughout the 1960s, even if the political parties felt it incumbent to support the City more often than not. Even Peden's nuanced survey, which argues that "shared interests" existed, admits that "what is less certain is the direction of influence" between the City and government (p.134). The net effect is to raise questions about the plausibility of the case made by scholars such as Geoffrey Ingham, who have argued for close cooperation among the City, Treasury, and Bank of England.[1]

As is almost always the case in collected volumes some essays are more compelling than others. The paper by Bernard Attard is a case in point. Attard demonstrates quite convincingly that loans to the empire in the 1920s were critical for the City of London. In particular, Australian credit needs played a key role in maintaining the health of the City (p. 197). This noted, Attard suggests that Montagu Norman, the governor of the Bank of England, was not averse to steering new borrowing to New York (p. 206). He posits that despite the importance of empire in the 1920s there was no "organized" City interest in favor of empire borrowing (p. 214). The virtues of this argument are dual. First, its sophisticated reading sustains those scholars who are inclined to see the contest between London and New York for international financial supremacy in terms of a mixture of competition and cooperation, rather than those who depict it in solely confrontational terms. Second, Attard restores empire to the forefront of City preoccupations in a post-war decade that is often seen as consumed with Anglo-American relations. Less successful is the contribution by Neil Forbes on the City and Nazi Germany. The Forbes essay is welcome because, despite the vast lit-

erature on appeasement, less has appeared on City ties, perceptions, and dealings with Germany. Frequently the work that has appeared has been markedly combative in perspective, occasionally nearly conspiratorial in its assessments. Unfortunately Forbes fails to come to grips with appeasement, ending peculiarly in 1937, at a point at which most historians agree that appeasement was moving into its most active phase with the ascension of Neville Chamberlain to the prime ministership in May 1937. Ultimately Forbes falls back on David Knyaston's formula that the City was pro-German and not pro-Nazi, which is something of a damp squib.[2]

Where then, does this volume fit in the historiography? Knyaston's multi-volume work on the City of London influences many of these papers, with the references scattered throughout the volume. Knyaston's work—sprawling, anecdotal, colorful—is a resource to be mined rather than a source of theoretical inspiration. Arguably more influential are the studies by P. J. Cain and A. G. Hopkins in which the concept of "gentlemanly capitalism" is advanced to explain the rise, decline, and rise again of the City in the twentieth century.[3] The work of Cain and Hopkins is a touchstone for much current scholarship. One peculiarity in the collection may perhaps be cited as evidence of this contention. The introductory paragraph to quite different essays by Peden and Howe are remarkably similar in their responses to Cain and Hopkins. Most of the contributors take issue with the notion of "gentlemanly capitalism," seeing in it an inadequate explanation for the vicissitudes of the City. The postwar revival of the City in the 1960s, for example, owed a great deal to the rapid development of the Eurodollar and Eurobond markets whose expansion was due to a significant degree to restrictions placed upon American banks by the American government during the decade. According to Schenk, this, in turn, led to decisions by American financial institutions and others to set up shop in London (pp. 330-334). Ultimately this would change the character of the City itself as non-British banks rushed into the City. As for one other idea embedded in the historiography, that is the notion that the City, by the nature of its activities, had a baleful effect upon British industry, this too is attacked. Arthur Thomas concludes that the banks had not starved British industry of capital and indeed by the 1990s the overall record was such as to suggest that "banks had become more accommodating in their lending and took Britain nearer to the often admired German and Japanese model of industrial finance" (p. 287).

The Thomas essay brings us back to the Big Bang.

Thomas argues that while the Big Bang has been lauded for making borrowing easier, the growing “institutionalization” of the equity markets more properly deserves the plaudits for the City’s success in the 1980s and 1990s. In itself this suggestion typifies present research into the links between the City and government. What these essays point to is that there is no “master narrative” of the City/government relationship. As the editors admit, political and economic historians pen the essays in this volume. Social history makes a brief appearance in the shape of Cassis, while diplomatic history is represented by the contribution of Forbes. Aside from these lonely outriders, the volume serves to reinforce perceptions of study in this area as narrowly conceived. The result may be that many historians will venture no further than the

fine essays by Williamson and Michie that open the volume. For non-specialists this perhaps is a sensible outcome. These two pieces are aimed at a general audience, and consequently are the most likely to attract historians who require up-to-date information.

#### Notes

[1]. Geoffrey Ingham, *Capitalism Divided? The City and Industry in British Social Development* (London: Macmillan, 1984).

[2]. David Kynaston, *The City of London*, 4 vols. (London: Pimlico, 1994-2001).

[3]. P. J. Cain and A. G. Hopkins, *British Imperialism*, 2 vols. (London: Longman, 1993).

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