Financial History Review 27.3 (2020), pp. 283–302.
doi:10.1017/S0968565020000153

Finance, financiers and financial centres: a special issue in honour of Youssef Cassis

Introduction

CARLO EDOARDO ALTAMURA* and MARTIN DAUNTON**
*The Graduate Institute Geneva
**Cambridge University

This special issue celebrates the career of Youssef Cassis. The introduction will outline his major contributions from his initial work on social characteristics of the financiers of the City of London, and their relationship with landed aristocrats and industry, through his analysis of a succession of financial centres, the comparative study of big business, the relationship between finance and politics, to his new project on the memory of financial crises. Then, we will draw on Youssef's mode of analysis to consider some of the more pressing issues in the era since the global financial crisis and the impact of Covid-19. We will consider the role of central banks, the challenge of fintech, the impact of low interest rates on inequality, savings and debt, and the potential shift in financial centres and reserve currencies with the rise of China. We will conclude by arguing that the mode of analysis developed by Cassis over his long and productive career has never been more pertinent.

Keywords: financial history, international financial centres, big business

JEL classification: F34, F60, G28, N20, N80

Youssef Cassis: historian of finance and business

In a long, productive and international career, Youssef has made – and continues to make – major contributions to the history of finance and its wider ramifications in politics, society and the economy over the long twentieth century. Not only has he written books that have shaped the field; he has encouraged and facilitated the work of others by bringing together scholars, young and established, in colloquia and conferences that are subsequently published as that rare thing, a tightly focused and coherent collection of essays. His generosity in supporting others, in building

C. E. Altamura, Swiss National Science Foundation (SNSF) Ambizione Research Fellow, Department of International History, the Graduate Institute of International and Development Studies, Maison de la Paix, Chemin Eugène-Rigot 2A, Case Postale 1672, CH-1211 Geneva 1, Switzerland; email: edoardo.altamura@graduateinstitute.ch. M. Daunton, Emeritus Professor of Economic History, Faculty of History, Cambridge University, West Road, Cambridge CB3 9EF, UK; email: mjd42@cam.ac.uk

networks and animating the field, is aptly marked by this special issue of the *Financial History Review*, a journal that he helped to found and coedited for a decade.

In the politically charged context of the 1970s Youssef's initial interest was in the nature of the bourgeoisie as a social group, starting with his master's dissertation and first book on the response of the Genevan bourgeoisie to the economic crisis between 1923 and 1932 (Cassis 1976). His doctoral dissertation, formally awarded by the University of Geneva but supervised by Eric Hobsbawm in London at a time when academic cooperation was less straightforward, turned to Britain and the bankers of the City of London between 1890 and 1914. The subtitle of the thesis – 'étude sociale' – indicates that his concern at this stage was less the operation of the City as a financial centre, and more the formation of what Michael Thompson called the 'aristocratic bourgeoisie' (Thompson 1990) – the dual process by which successful businessmen aped their social superiors and aristocratic landowners responded to declining rent rolls by marrying rich Americans or bankers. The thesis rested on the construction of a meticulous database of the bankers of the City – their education, marriage and careers – and this methodology continued to inform much of his work – a use of quantification that did not turn to the increasingly popular field of econometrics or formal economic theory but relied on careful compilation of data to address clearly formulated questions.

The publication of the thesis in French (Cassis 1984), the summary article in English (Cassis 1985), and eventual English translation (Cassis 1994), made a major contribution to debates over 'gentlemanly capitalism' (Cain and Hopkins 1987) – the nexus of land and finance, of the Treasury and Bank of England, based on social and cultural identity, that was a topic of both historical and current political debate during the years of the Thatcher government. Had Britain in reality always been less successful at industry than finance over the long term, and was that where Britain's future should be? Or was the failure of industry the result of the cultural dominance of anti-industrial values that should be replaced by a new entrepreneurialism? (Rubinstein 1977; Wiener 1981). Youssef's study was a major intervention in debates of wide historical and contemporary significance: bankers did not combine finance and industrial capital; finance and industry were divorced socially; and the City was the dominant voice in technical issues of economic policy, though bankers left more general issues to politicians. This study of the bankers of the City of London contained the seeds of much of Youssef's future research agenda.

In 1986, 'big bang' and deregulation led to a fundamental change in the City of London and a deeper financialisation of British society. Youssef turned to a general history of the City of London in its 'golden age' from 1870 to 1914 that extended his coverage from bankers to the City more generally – the Stock Exchange, insurance companies, investment trusts – and pointed to an international comparison. Was it the case that British industry was more likely to self-finance and that British bankers were less interested in industry than their German counterparts, with greater knowledge of Argentina or South Africa than the industrial English midlands? He remained ambivalent about the culpability of the City, while accepting that it was difficult to see how

https://doi.org/10.1017/S0968565020000153 Published online by Cambridge University Press

the lines forged between the City and political power, and the great prestige of finance, did not have some effect, which continued to be an issue in the era of Margaret Thatcher (Cassis 1987, p. 197). At the time of writing, the power of the City and deindustrialisation of Britain were topics of considerable controversy, but rather than engaging directly in those current political debates, Youssef's concern was to place the City in a wider comparative framework – the second major methodological strand in his work. Just what was the relationship between bankers and other social groups in other societies? If bankers were less involved in industry in Britain than in other countries, what did that mean for the structure of big business? And did the role of the state in enforcing more-or-less strict regulation matter?

Youssef's next major project turned to the question of big business in Britain, France and Germany, a natural extension of his analysis of financial elites (Cassis 1997). Britain was placed at the centre of the comparison, reflecting his own expertise and the central historiographic debate over Britain's relative economic decline. The analysis rested on companies with a share capital of £3 million or more in 1929 and £5 million or more in 1953 and a workforce of 10,000 or more for both years. In 1929, there were 186 big companies in Britain, 2 in France and 55 in Germany, and in 1953 respectively 150, 12 and 67. The compilation of the data on these companies was a formidable task, and the material was now used in an explicitly comparative manner that cast doubt on the argument that British finance undermined industrial success. It was often claimed that finance was more closely allied with landed than business elites, unlike in Germany where finance and industry were more closely associated. Youssef was sceptical. His findings cast doubt on the notion that British industry was hampered by the dominance of finance, for British businessmen were part of the elite of a country that was more economically successful, at least until the 1960s, in terms of size, per capita income and imperial reach, and without the disruption of defeat or occupation in war. A study of the largest companies showed that Britain was not the laggard: from the 1920s to the 1950s it was in the lead, with more large firms in more sectors of the economy than in France or Germany. Hence British success, not failure, needs explanation. Big firms performed better than the rest of the British economy, in part because of their global reach. In his view, the success of British big business was apparent in higher profits and rates of return on shareholders' equity, largely because of diversification that allowed declining sectors to be compensated by growth areas. And he argues, against the claims of entrepreneurial decline as a result of an anti-industrial culture of gentrification, that acceptance of the industrial elite in Britain was a sign that business values were accepted, without a reduction in the energies of businessmen. Youssef argues that 'the strong development of British big business is an unmistakable sign of managerial success' (Cassis 1997, p. 232). It is Germany that stands out as distinctive. French businessmen were, as in Britain, part of a modern, unified business elite – it was German businessmen who were less integrated into the upper classes before 1914. But Youssef also enters a note of caution: Britain's greatest comparative advantage was in finance, and in Germany success rested on medium-sized family firms of the *Mittelstand*, which

https://doi.org/10.1017/S0968565020000153 Published online by Cambridge University Press

many commentators felt was the failure of the British industrial economy. After all, big companies, encouraged by tax breaks on retained profits, could, in the words of Edward Heath, lead to the survival of the fattest and not the fittest; and higher levels of return on equity could reflect short-term pursuit of shareholder value. The book justifiably won the Wadsworth prize for business history for its success in placing business history in a wider comparative framework, with attention to culture, social status and politics as well as performance.

From the mid 2000s to the early 2010s Youssef's research continued to revolve around three main axes: European banks, entrepreneurship and financial centres. During those years, international collaboration with colleagues and friends intensified further and resulted in the publication of several monographs and volumes edited with, for example, Stefano Battilossi (2002), Eric Bussière (2005), Ioanna Minoglou (2005, 2006), Philip Cottrell (2015), and Laure Quennouëlle-Corre (2011), Catherine Schenk (2016) and Giuseppe Telesca (2018).

Youssef's continued his long-term interest in big business, above all in a book edited with Andrea Colli and Harm Schröter on *The Performance of European Business in the Twentieth Century* (2016). It rested on an even larger database for eight countries, adding Italy, Spain, Belgium, Sweden and Finland to Britain, France and Germany. The focus was on performance that was measured by the return on equity from the perspective of the company and the 'holding return' from the point of view of the investor. The virtue of these measures is that they allow precise comparisons over time, space and sectors. The shortcoming is that the measures do not consider other stakeholders – workers, consumers or the environment – and view the corporation as a profit maximiser without considering whether its aims might be asset growth or survival. And was profit the result of corporate strategy, governance, industrial relations or political lobbying and rent seeking rather than efficiency? The findings are nevertheless interesting and instructive, with an open database that will allow others to pursue different lines of enquiry. The findings are also important. Firm size did not necessarily entail a higher rate of return; firms with a high holders' return were more likely to be based in larger countries where a wider market for their shares prompted greater investor demand. Firms with widely dispersed ownership (as in Britain) did not always have better results but they tended to survive a long time and, along with firms owned by financial groups, to have the highest rate of return at the end of the century. Higher profitability was associated with foreign activity where the incentive was greatest in countries such as Italy with smaller domestic markets. Large firms were more apparent in Britain than in Germany – and there was no strong correlation between institutional factors such as corporate ownership and performance. It was a major project that took ten years and involved a team of scholars – a tribute to Youssef's organising skills and energies, and his ability to use large-scale data to answer clearly specified questions.

Youssef's work on the City of London and his comparative approach to history led to another major strand of work which resulted in one of his most successful and widely quoted works: the history of international financial centres or *Capitals of*

Capital (2006) in Europe, North America and Asia since the late eighteenth century. This book initially appeared in French and English in 2006, and was followed by German, Italian, Romanian, Chinese and Korean editions that marked a new international profile. The simple but fundamental question was: what explained the rise and decline of financial centres? A range of factors have been cited – stable political institutions, strong currency, sufficient savings that can be invested overseas, firm but not intrusive state supervision, a modest tax burden, a skilled workforce and efficient communication and information. But he suggests that these factors are short- and medium-term consequences rather than the causes of relative success and failure. The deeper underlying causes included 'military cataclysm', both of victory and defeat, and above all the economic power of the host country with a time-lag as countries transitioned from industry to services, and inertia as older centres maintained their position and adapted. There were exceptions, notably in Switzerland, where neutrality and the status of the Swiss franc as a refuge currency were important, and in Singapore, which took advantage of the Asian dollar market and the absence of a competing financial centre in southeast Asia. London has also held on to its role as a major centre despite the relative decline of the British economy – a position that reflects more than a lagged response to the recent economic power of Britain. It was also a sign of 'unrivalled international openness' – the interplay between dynamism to attract new talent from outside that in turn allowed innovation and renewal. In the short or medium term, two other factors were significant: money and state regulation. Until the 1960s, a stable currency was important, and the City suffered from the problems of sterling. But in the era of floating rates and globalisation of capital, the link was broken between the leading currency and leading financial centre. Indeed, one interpretation of the resurgence of London as a financial centre is that it rested on the Eurodollar market, which was encouraged by the combination of regulations in New York and the weak regulatory regime of London. Youssef is more sceptical and suggests that state intervention 'rarely determines the destinies of international financial centres in a lasting or fundamental way' and is more likely to accentuate pre-existing conditions. London's regulatory environment is an advantage but is 'as much the consequence as the cause of the City's international preeminence'. Regulatory systems reflect the political and institutional context in each country, with the preference of one system over another 'an act of faith rather than one of economic analysis', and in response to wider ideological trends from a distrust of markets after World War II to neoliberal deregulation from the 1980s (Cassis 2006, pp. 279–85).

These reflections on the rise and decline of financial centres, and the role of the state and regulation, are important for the next period of history after the global financial crisis and, especially, Covid-19. As Adam Tooze commented, the response of China to the global financial crisis was the largest single stimulus to the world economy and marked a fundamental change of 'world historical proportion, dramatically accelerating the shift in the global balance of economic activity towards East Asia' (2018, p. 7). He points out that 'In 2009, for the first time in the modern era, it was the movement of the Chinese economy that carried the entire world economy' (2018, p. 251). Yet, at the same time, the Federal Reserve's use of quantitative easing and swap networks did not, as Nicolas Sarkozy hoped, mark the end of the 'exorbitant privilege' of the dollar, but its reinforcement (Tooze 2018). The global financial crisis led to a new interest in financial history, and Youssef turned to a historical survey of previous financial crises that resulted in *Crises and Opportunities* (2011). In this volume, published when Youssef was transitioning from the then Department of Economic History at the University of Geneva to the Chair of Economic History at the European University Institute, he aimed to study how financial crises undermined and reshaped the financial world, in other words their effects on the international financial architecture. In the conclusion of *Crises and Opportunities* Youssef returned to one of the common themes of his research and one that also served as an inspiration for this special issue: politics and finance. The interactions between these two centres of power, according to Youssef, ultimately determined whether opportunities for change after financial crises were seized or not. In this book and also in many of his conference presentations and private conversations, he remained sceptical about the potential for change after the 2008 debacle. He argued that the crisis had not been severe enough to foster radical change despite the increasingly visible limits of the neoliberal economic model. The coronavirus crisis has brought a new wave of calls to reform the current economic system in which economic prosperity and rights have been regarded as antithetic; it remains to be seen whether today's politicians and policymakers will have the wisdom to implement radical change.

Youssef's current project is taking a new direction towards understanding crises, a sign that retirement does not entail intellectual stasis. He continues to shape the intellectual agenda with a new project entitled 'The Memory of Financial Crises: Financial Actors and Global Risk', which was awarded an ERC Advanced Grant in 2020. How does memory (or its absence) of earlier financial crises affect (or not) the thinking and behaviour of financial actors and regulators whose decisions shaped the financial system in the United States, Britain, France and Germany? The ways in which the crisis of 1929–33 was remembered impacted on the construction of the postwar financial regime and provided the benchmark after 2008 when it was included in the teaching of economics and finance. The project asks how memories of the crash of 1929–33, the Latin American debt crisis of 1982, the east Asian crisis of 1997, and the global financial crisis of 2007–9 were remembered or interpreted and by whom, for how long and with what effect on the behaviour of financial actors and regulators? This analysis depends on knowing who the financial actors and regulators were, which involves asking whether a new financial elite emerged at the turn of the twentieth and twenty-first centuries with distinctive ethical values and attitudes to risking other people's money. These questions entail a collective biography of the senior executives of the world's largest banks, as well as hedge funds, private equity and private banks. The project returns to the prosopography or collective biography that he first used in studying the City at the turn of the nineteenth and twentieth centuries, which is now combined with a new dimension of *les* *lieux de memoire*. This combination of sociological study of the financial elite with economic and cultural history is at the forefront of current thinking on economic history, and draws on traditional archival work alongside content analysis and oral history. It will also inform current debates over the search for greater financial stability that was sorely needed after the global financial crisis, and will be needed even more after the Covid-19 pandemic.

Writing in 2011, in the aftermath of the Great Recession, Youssef argued that the crisis had raised 'many questions, at economic, political, social, and international levels, revolving around its causes and its consequences' (Cassis 2011, p. 1). The same is true for the Covid-19 crisis that has unleashed unprecedented economic and social turmoil, although quite interestingly not yet financial, which has not been seen since World War II. In this respect, in 2020 Youssef's work and, more generally, the contribution of financial historians are more important than ever in helping decipher the world we live in and, more importantly, the world we might expect in the coming years.

States matter, less

Writing in 1996, the political scientist Susan Strange argued that 'where states were once the masters of markets, now it is the markets which, on many crucial issues, are the masters over the governments of states'. She continued: 'the declining authority of states is reflected in a growing diffusion of authority to other institutions and associations' (Strange 1996, p. 4). Everything has changed in the world of finance in the last 24 years but, at the same time, nothing has really changed. The great financial crisis of the late 2000s, on the contrary, might have further accelerated this shift of power from states to 'other institutions', most notably central banks.

The beginning of the central banks' new role might be the coordinated effort of 8 October 2008 when the central banks of the United States, Europe, Britain, Sweden, Japan and Switzerland decided to cut their interest rates simultaneously by half a percentage point. That day marked the beginning of unconventional monetary policy tools (UMPTs) (Clerc and Raymond 2014). UMPTs would include in the years following the great financial crisis: negative interest rates; lending operations; asset purchase programmes and forward guidance to reassure markets (BIS October 2019). Unconventional measures, and the central bankers who have implemented them have been largely credited as saviours of the world economy in the last decade. For example, Ben Bernanke, the former governor of the Federal Reserve, was named 'Person of the Year' in 2009 by *Time Magazine* while Mario Draghi, former governor of the European Central Bank (ECB), was named 'Person of the Year' by the *Financial Times* in 2012 in large part because of his famous 'whatever it takes' speech at Lancaster House.

The new role of central banks has been so large in recent years that the former chief economist of the ECB recently wrote about 'overburdened central banks' (Issing 2018). Central banking interventions have helped the world avoid a great depression

https://doi.org/10.1017/S0968565020000153 Published online by Cambridge University Press

but this institutional overburdening poses several challenges to the world economy as of 2020. The use of UMPTs over so many years, some authors argue, has 'rigged the world' (Prins 2018) and is paving the way for a new, and probably even more severe, economic and financial crisis. In this sense, the turmoil provoked by the Covid-19 pandemic has most likely only accelerated further deep-seated tendencies of most capitalist economies.

Signs of a 'rigged' economy can be spotted in today's financial markets. In March 2020, before the full-blown crisis of Covid-19, the S&P 500 had regained around 300 per cent since March 2009, the Euro Stoxx around 200 per cent. In June 2020, when the virus was still ravaging countries like the United States and Brazil, the *Financial Times* wrote that 'normal rules do not seem to apply [to financial markets]'. World stock markets and those who participate in them have greatly benefited from accommodating monetary policies as low interest rates tend to boost stock and bond markets (Bernanke and Kuttner 2005). This state of things has been accentuated by Covid-19 with most stock markets trading in September 2020 at almost pre-Covid levels while real economies across the globe are shattered. Low interest rates have buoyed financial markets but have also put bank intermediation under severe strain. In their search for yield, banks have shifted from their traditional lending activity to fee-related and trading activities. This shift has further exacerbated the asset price bubble and increased the banks' risk exposure in the event of a reversal in policy on interest rates.

In the last decade, banking institutions have also been challenged by 'big tech' and 'fintech' firms (Petralia *et al.* 2019). Big tech firms have been expanding with great vigour in both developed and emerging markets (especially in China), thanks to their large customer bases and brand recognition (FSB 2019). The majority of big tech firms offer payment services, many offer loans and some also offer insurance and wealth management products. Alipay, established in 2004 by Jack Ma's Alibaba Group, has 700 million unique users and together with its largest competitor WeChat Pay (Tencent) they own 93 per cent of the mobile payment market in China (CGAP 2019). US-based tech firms such as Apple and Google have also developed their own payment systems (Apple Pay and Google Pay). Diversification into financial services allows big tech firms to diversify their revenue stream; access new sources of data on spending habits and their clients' financial position; and complement and reinforce their core commercial activities (FSB 2019). In June 2019, Facebook announced its intention to launch a new digital currency called Libra. Since then regulators have raised their doubts and in December 2019 the Swiss finance minister, Ueli Maurer, told the Swiss Public Radio that the project in its current form had failed. Fintech companies aim to disrupt the financial sector and replace banks (Petralia *et al.* 2019). These companies hope to do so by bringing about more customer-friendly products, services and experiences thanks in part to the use of big data, machine learning and artificial intelligence (AI). In the near future, states might have to intervene in at least three policy areas: global financial stability, competition and data protection.

Though still relatively understudied, low interest rates have deeply affected individual investors with long-lasting effects on Western societies. In a recent paper (Lian, Ma and Wang 2019), scholars have documented that 'reaching for yield is not confined to institutions' but that private investors demonstrated a stronger preference for riskier assets when the risk-free rate is low. This behaviour further exacerbates the asset price boom as more and more investors enter the stock market and might push financial institutions to invest in riskier assets to cater to clients' demands or might be tempted to design securities to exploit such preferences. Should a change in policy measures, macroeconomic cycle and/or investors' behaviour take place both investors and financial institutions might be at risk.

An issue which deserves more attention from economic and financial historians is how the link between unconventional policy measures and asset price bubbles might feed back into states and societies. As pointed out in an article in the *Wall Street Journal* (30 August 2019), the bottom half of all US households have only recently regained their pre-2008 wealth level and are still 32 per cent below their 2003 level if adjusted for inflation, while the top 1 per cent of households have more than twice as much as they did in 2003. Kuhn, Schularick and Steins (2018) remark that 'The consequence of substantial wealth losses at the bottom and in the middle of the distribution coupled with wealth gains at the top produced the largest spike in wealth inequality in post-war American history. And without housing prices keeping Americans' wealth growing, the rising inequality that had been happening in income for decades was suddenly much more noticeable.' An increasing number of studies suggest a link between the development of financial markets in the last decades and increasing levels of inequality (Brei, Ferri and Gambacorta 2018). Quantitative easing was necessary to prevent the collapse of the financial system but exacerbated other problems. Higher asset prices benefited the richest 10 per cent or so; their assets and income rose in an upward spiral and they had a lower propensity to consume. The result was a savings glut of the rich. In contrast, austerity – as well as economic change that led to greater precarity – meant that the lower 90 per cent of the income distribution turned to private debt and 'dissaving' to maintain consumption. As their debt rose, so they had greater difficulty in maintaining their spending, which resulted in economic fragility – and austerity meant that the government did not step in with sufficient public spending to maintain consumption (Mian, Traub and Sufi 2020). In the New Deal and World War II, taxation contributed to reduced inequality of income and wealth; after the global financial crisis, corporation taxes were reduced or eluded by multinationals, and disparities continued to grow, with resentment and disillusion feeding into populism and economic nationalism.

The Covid-19 crisis, so far, does not seem to have acted as a great leveller. On the contrary, the tendency towards increasing inequality has accelerated further. Not only wealth inequality but also health inequality has been dramatically exposed in most countries. In the United States blacks and latinos were most affected by the virus compared to whites; in countries like Brazil non-white citizens living in the favelas or in more crowded neighbourhoods compared to whites have experienced much higher mortality rates. Outside the realm of academic inquiry, inequality is now brutally visible to everyone. Poorer countries that emerged from the Great Recession with great difficulties and much higher debt burdens might soon experience a new debt crisis comparable to, or possibly even worse than, the crises of the 1930s and 1980s. The question is whether the crisis will provoke a shift comparable to earlier reorientations – to social democracy after the Great Depression and World War II, and to market liberalism after the 1970s. Could the after-effects of the global financial crisis and the impact of Covid-19 mark a loss of legitimacy for the previous economic order and a shift in a new direction?

Social upheavals, anaemic growth and the rise of populism across most Western countries should force us to rethink the global response to the Great Financial Crisis and to devise radical new responses to the post-Covid world. In the last decade states have mattered less and, ultimately, this might not be such a good thing. Especially in Europe, where interest rates are lower and growth more evasive, states need to step back in and thoroughly reform the region's fiscal policies. If governments do not act soon to end this era of lacklustre growth in many parts of the world, an even darker menace might soon hover over global economic wellbeing. When the next recession hits the world, as most likely will happen in the near future, central bankers will have less ammunition to fight it. In February 2020, before the impact of Covid-19 became clear, Janet Yellen, the former chair of the US Federal Reserve, warned that 'if we have a serious recession, we're probably not going to be able to count on central banks to offer up a significant response' (Davies 2020). Paraphrasing Youssef's analysis in the aftermath of the Great Recession, we might ask ourselves whether the current Covid-19 crisis has been severe enough to foster substantial changes to the international economic infrastructure.

Although a fiscal stimulus was briefly attempted in the United States and Britain after the global financial crisis, policy soon turned to the combination of central bank intervention and austerity. The one major exception was China. 'Keynesianism with Chinese characteristics' involved local and regional governments embarking on ambitious schemes for investment in the infrastructure, and domestic consumption was encouraged by subsidies to rural households to purchase large domestic appliances. The result was the largest single stimulus to the world economy, which complemented central bank intervention in the West to prevent the financial crisis from turning into a great depression (Tooze 2018).

China's fiscal stimulus prevented the recession from being any deeper but it also created problems of distorting investment and creating a fragile shadow banking system with a high level of non-performing loans. At the same time, state-owned enterprises (SOEs) were encouraged in preference to private firms, though the SOEs are less efficient, with lower profits and often losses (Lardy 2019) – an interesting comparison with Youssef's work on the political economy of big business in the West. Loss-making firms borrow more money to service their debt and they stay in business through subsidies, overpriced contracts and continued loans. Much of the growth in credit comes from commercial banks owned and controlled by local government, which forces them to lend to underperforming companies to sustain employment, social stability and fiscal revenues. The Communist Party accepts the financial risk of debt and lower profitability in state enterprises as a price for political control and to maintain employment – but is it sustainable? Household consumption remains low, with a continued, massive savings glut – as the result of growing inequality, the need to compensate for deficient social safety nets, and the lack of entitlements for rural migrants (Zhang *et al.* 2018). The opportunities for more worthwhile infrastructural investments in response to Covid-19 are limited, and one result is a high level of investment outside China in the 'belt and road initiative' and the Asia Infrastructure Development Bank: Chinese loans to emerging and developing economies are now larger than those of the IMF, World Bank and public creditors who are part of the 'Paris club' (Smith and Wigglesworth 2020).

Covid-19 has led most governments of the Organisation for Economic Co-operation and Development (OECD) to reject their previous hostility to spending and public debt, which is rising to levels not seen in more than 50 years, and with the potential of returning to war-time ratios of national debt to GDP. Despite austerity, automatic payment of welfare benefits and low growth meant that national debt rose in most OECD countries after the financial crisis. In France, it increased from 87.8 per cent in 2011 to 98.4 per cent in 2018, in Italy from 119.7 to 134.8, in the United Kingdom from 80.1 to 85.7, and in the United States from 99.8 to 106.9. The exception was Germany, where the level fell from 79.8 to 61.9 per cent. Debt levels were therefore high before Covid-19 and in April 2020, the IMF's tentative initial estimate was that by 2021 the debt to GDP ratio would rise to 116.4 per cent in France, 150.4 per cent in Italy, 95.8 per cent in the UK, 131.9 in the US, but to only 65.6 per cent in Germany (IMF 2020). The figures are estimates whose accuracy will depend on the trajectory of the pandemic and the speed of recovery, but also on political choices. Will governments continue to spend after the epidemic passes or will they return to austerity and retreat from the market? Will they resume business as usual or adopt new policies to rectify the problems that persisted after the global financial crisis when, as Youssef pointed out, history did not turn?

After the global financial crisis and during the eurozone crisis, the German government took a strict position against a fiscal stimulus, mutualisation of European debts or transfer payments to southern Europe – a stance that has been criticised by many commentators (Tooze 2018). There were signs that the German finance ministry was shifting its position even before the pandemic, but Covid-19 pushed the German finance minister Olaf Scholz to accept the need for fiscal stimulus and a eurozone package which he claimed was Europe's 'Hamiltonian moment'. He exaggerated, for in 1790, Hamilton mutualised existing and not only new, emergency, debt. Neither is there any sign that the EU will have major tax-raising powers or a single finance minister. There was still resistance from the so-called 'frugal four' of Austria, Denmark, Sweden and the Netherlands, who argued early in 2020 that the EU budget should be only 1 per cent of GDP compared with their own revenues of around 50 per cent of GDP. This ratio between state and EU revenues contrasted with a ratio in the United States of 1 to 2 between state/local and federal spending. A much larger European Union budget is needed to deal with structural change, environmental sustainability, education, health care and research and development, at a time when inequalities between regions cause strain. Scholz's proposal might succeed precisely because it is not a 'Hamiltonian moment'. Nevertheless, it is symbolic and an indicator of change. As the German deputy finance minister put it, it was 'a significant signal to Europe that we're serious about the idea of solidarity' (Chazan 2020; Hall, Fleming and Chazan 2020).

Above all, dealing with higher levels of national debt will require careful calibration of government policies. A return to austerity will merely exacerbate the problems of economic and health inequality that were exposed by the pandemic, and reducing GDP will only increase the burden of debt, as happened after 2008. The experience of previously high levels of public debt after the world wars suggests that the way to reduce the burden over time is through a combination of four policies. The first policy is low interest rates to reduce the costs of debt service. Some critics of high levels of public spending argue that interest rates cannot be guaranteed to remain low – but even if they were to rise (and that is not likely for some time), low rates can be locked in by extending the duration of bonds or making them perpetual. An even more radical approach would be to hold down the cost of borrowing by returning to the 'financial repression' used after 1945: controls on exports of capital allowed savings to be used at home at a lower rate. The second policy was modest inflation, which gradually reduced the real burden of debt while ensuring that inflation did not become so high that it disrupted social and political relationships. The commitment of central banks removes the risk of excessive inflation – but even something higher than inflation in the recent past would not be such a bad thing.

The third policy is to encourage growth and productivity, which was a major reason for the reduction of debt after 1945 but not after 1918 (Crafts 2016). American and European economies were suffering from low growth and stagnating productivity before the global financial crisis, and excessive fiscal consolidation after 2010 reduced growth and damaged productivity and made the debt burden worse. The same mistake must not be repeated after Covid-19. This will mean government policies that do more than invest in traditional infrastructure such as roads; it will mean spending on better education and training, on health and social care, on a green transition. And it should be linked with a fourth policy: taxation.

A redistributive strategy to remove the savings glut of the rich and transfer consumption to the rest of society will require a major shift to a more progressive pattern of taxation and spending along the lines of the New Deal in the United States or the Attlee government in Britain. In China, it will require greater benefits for migrants from the country to the town, improved welfare benefits and workers' rights, and a shift in taxes to the rich. Taxation of corporations is another possibility: abolishing tax deductibility of corporate debt could discourage reliance on financial leverage, and action could be taken against multinational corporations who erode the fiscal base by shifting their profits to low tax regimes. Taxes could be introduced on the rent-seeking behaviour of digital and tech companies. We need to follow Youssef's earlier work in thinking about the nature of 'big business'. Again, a wealth tax could capture the gains of rising assets from quantitative easing and break the upward spiral of inequality. 'Green' taxes on carbon and congestion would ensure that growth did not come at the expense of the planet. The revenue from higher or restructured taxes could then be spent in ways that encourage economic transformation by giving incentives to green technology, better education and training, and improved physical and social infrastructure to regenerate declining industrial areas. The failure to tackle these issues after 2008 contributed to the economic fragility and populism that hindered the response to the pandemic.

The continued implications of policies adopted after the global financial crisis mean that it has not receded into history. Rather, the policies left economies in a fragile position. The crisis of the eurozone and the need for fiscal transfers was not resolved; and both China and Germany continued to build up savings and surpluses. The need after Covid-19 is to adopt policies that were rejected after 2008 in order to provide a better foundation for high and sustainable growth in a green economy where GDP is not at the expense of climate change, and with the benefits more widely distributed. Youssef's new project on memories of financial crises could not be more relevant: the lessons we learn (or ignore) from the global financial crisis, and from the high levels of postwar debt, will be critical as we face the consequences of the pandemic.

The global financial crisis and Covid-19 also direct attention to another theme in Youssef's work: the succession of financial centres. China carried the world economy after the global financial crisis, but the dollar became more dominant (and again after Covid-19) less as a reflection of the strength of the American economy than the action of the Federal Reserve. How can reliance on the dollar be managed as the American economy (and political power) becomes less dominant? American sanctions against Russia and Iran provide an incentive to shift out of dollars into other currencies. Why should countries' goods be priced in dollars, which reduces any gains from floating exchange rates and devaluation? The European Commission wonders why 80 per cent of its oil is billed in dollars, despite the fact that only 2 per cent comes from the United States. Why should European banks and companies be liable for fines for failing to follow America's unilateral rejection of the agreement with Iran? Although the Commission argues for a greater role for the euro as an international currency, continued concerns over the stability of the eurozone make this unlikely. The renminbi bloc is now the second largest, accounting for 28 per cent of global GDP compared with 36 per cent for the dollar. Can this be translated into a wider use of the renminbi as a reserve currency? There is a long way to go, for the renminbi accounted for only 2.5 per cent of non-Chinese reserves in 2018, compared with 62 per cent for the dollar and 20.5 per cent for the euro (Johnson 2019). Youssef pointed out in *Capitals of Capital* that the link between dominant currencies and financial centres has been cut, so even if the renminbi did became a major global currency for trade, it does not follow that Beijing or Shanghai would become major financial centres. China does not have the depth of financial markets, the openness of other centres, or transparent and supportive regulation – and seems intent on destroying Hong Kong as a major financial centre. Might the result be more like the offshore Eurodollar market, with London and Singapore emerging as financial centres for the renminbi?

The outcome might be a multipolar world where several currencies – the dollar, euro and renminbi – coexist and reduce the 'exorbitant privilege' of the dollar. Eichengreen, Mehl and Chiţu (2018) point out that several international currencies have coexisted in the past and this could happen again, with a wider distribution of the benefits of liquidity and seigniorage (Eichengreen, Mehl and Chiţu 2018). By contrast, Justin Yifu Lin, the chief economist of the World Bank from 2008 to 2012, fears that a multicurrency system will lead to speculative flows between currencies and to instability; he argues for a return to a single supranational currency on the lines of Keynes's bancor (Yifu Lin 2013). Such an outcome is deeply implausible, and Lin is guilty of misremembering (or misunderstanding) the circumstances at Bretton Woods. Gita Gopinath of the IMF is more realistic in doubting that replacement of the dollar will be swift: 'You are hearing more noise right now for other currencies to become truly global currencies. But the data do not show a more forceful dynamic in this direction and it would take a lot more than what we're seeing now for there to be a switch' (Fleming 2019). The shift from sterling to the dollar took a long time and created difficulties that had to be managed by the United States, IMF and Bank for International Settlements. The task now will not be easy, for even at the best of times, United States has less in common with China than with the United Kingdom after the war – and we are not at the best of times.

These reflections on the world economy after the global financial crisis and Covid-19 indicate the continued importance of Youssef's approach to financial and business history: a need to understand how big business operates, how finance relates to both business and the state, how currencies and financial centres rise and fall in relation to their underlying economies and regulatory regimes, and how the memories of past crises influence, for good or ill, current responses.

Cassis and contributors

The eight articles in this issue of the *Financial History Review* cannot do justice to the full range of Youssef's work, or to the many collaborators, colleagues and students with whom he has worked over a long period. The selection of contributors does illustrate his engagement with senior colleagues around the world, from New York to Tokyo, as well as his training of the next generation of financial historians who will continue to explore the major questions facing the global economy in the twenty-first century.

The contribution by Harold James reflects Youssef's interest in the succession of financial centres, by focusing on the Warburg family. In New York, Paul had a leading role in creating an acceptance market along the lines of Hamburg, where his brother Max ran the family bank and acted as adviser to the Kaiser. It was a familial

https://doi.org/10.1017/S0968565020000153 Published online by Cambridge University Press

network, with the Warburg brothers pushing a German–American nexus as an alternative to London, in part by emulating the mechanism of trade finance and acceptances in London. It is a story of a transnational financial elite that nevertheless worked with national governments. One of Paul's major achievements was the creation of the Federal Reserve in 1913 – a central bank that was inspired by the example of the Reichsbank, which in turn drew on the Bank of England – as a way of removing the risks of the American national banking system and reliance on stock exchange loans. Meanwhile, Max was concerned about the vulnerability of the German financial system in the event of war, which led him to urge a deeper financial market and particularly an acceptance market for government securities. In both cases, their reform proposals linked financial stability and national security with the aim of creating a more balanced and peaceful world economy. It is a story that can be run forward, with Paul's son advising and then breaking with Roosevelt in the New Deal over the abandonment of gold and the risks, as he saw it, of finance leading to economic nationalism, inflation and currency warfare. And the Hamburg bank relocated to London, where Sigmund Warburg played an innovative role in the creation of a Eurobond market. The article raises many questions about the relationship between bankers and the state, about institutional innovation and design, about the openness or lack thereof of financial centres, and the impact of war that resonate in Youssef's work.

Juan Flores Zendejas's article raises a theme that complements Youssef's work on the City of London before World War I: what was the response of merchant banks to default by borrowers in Latin America, and to the interests of bondholders? Here is a theme that extends to the present and to other financial centres. American bankers and creditors were equally involved from the later nineteenth century, with military intervention and the imposition of advice from 'money doctors', until concerns over moral hazard and the power of Wall Street led to a policy shift in the New Deal. The question in both the City and Wall Street is how much voice bondholders had: were they a diffuse group that was hard to organise so that they lacked much influence against the bankers who were willing to reach an agreement with debtors and start a new round of loans? Or did at least some bankers with a concern for their own reputation seek to protect the interests of bondholders? These issues continued to resonate in the debt crises of 1982 in Latin America and 1997 in East Asia, and again in the eurozone crisis where memories were important on both sides of the relationship. On what basis could the interests of debtors and creditors be agreed? Since the resurgence of international capital flows in the later twentieth century, creditors are no longer diffuse bondholders but powerful bankers with close links with their states, so that default has declined in significance (Roos 2019). At the same time, the rising importance of Chinese investment in the belt and road initiative leads to worries about the use of finance for strategic ends, and a new 'informal imperialism'. These themes connect with Youssef's current project on the global financial elite of the late twentieth and early twenty-first centuries.

The relationship between creditors and debtors, advanced and less developed economies also arose within countries that required policies of economic integration. The risk was that, as in the case of Latin America, creditors with deeper financial markets could be exploitative – a point that has been argued with regard to north Italian banking incursions into the south after unification. But Maria Stella Chiaruttini points out that prior to the appearance of northern bankers, public banks in the south gave priority to the needs of the government over the private economy, and of Naples over the rest of the country. The arrival of the Bank of Italy, and the growth of Milan as a financial centre as Naples declined, helped address problems of lack of credit within a national market. Although the balance of power shifted to the north, it overcame the weakness of southern banking. These issues could be extended beyond Italy to understand the processes of unification in other countries – whether the creation of the Reichsbank and gold standard in the early 1870s after German unification, the controversies over banking in the United States between the south and north, and forward to controversies of the eurozone and the power of northern European creditors over southern debtors. In post-unification Italy, as in the United States and the eurozone, the relationship between monetary union on the one side and banking and fiscal unions on the other in economies that are not optimal currency areas remains an important issue.

The contribution by Richard Sylla points to the relationship between monetary and banking unions in the United States and the European Union. His article focuses on the change in the banking system of the United States from exceptional fragmentation in the nineteenth century when it had many small independent banks with few branches to a more typical structure of a few very large banks with extensive branch systems. The story of this transformation brings out themes in Youssef's work: the role of state regulation in shaping the system, but also the role of economic interests in influencing state regulation and the ability of banks to innovate within regulatory constraints that might well force change. He concludes with an interesting reflection on the comparison between the United States and European Union. A number of economic historians have argued that the full emergence of an optimal currency area in the United States took a long time, and that the emergence of such an area in the eurozone will not happen soon – a point that leads some commentators to reject criticisms of the euro experiment (Bordo and Jonung 1999; Rockoff 2000). Sylla makes a related point: in the United States, it took a century to create a banking union alongside a common currency and central bank; the European Union is also attempting to create a banking union alongside the euro and European Central Bank (ECB), and he warns that the US example is far from encouraging in the time it took.

A major shift in financial markets occurred after the breakdown of the Bretton Woods regime and the emergence of floating currencies and greater capital flows. These fundamental changes are considered by three articles that respond to Youssef's work on the rise and fall of financial centres, on the role of regulation, and on the relationship between finance and the state. The article by Alexis Drach picks up on the notion of 'gentlemanly capitalism' of the period before 1914 when merchant bankers intermarried with the landed aristocracy and shaped economic policy in a club-like world. Drach argues that the City in the later twentieth century turned from informal, regular contacts to 'lobbying capitalism' that helped shape EEC plans for financial regulation. This article also has wider implications, which might become more apparent in Youssef's new project. Many British financiers were American, European and Japanese expatriates as foreign banks arrived to a greater extent than in the later nineteenth century. The City of London remained dynamic in part because it attracted this outside talent, as Youssef argued in *Capitals of Capital* – and its cosmopolitan nature meant that individuals were less likely to have close relations with British politicians who were, in any case, bit players (despite their delusions) in wider global politics and economics. Where financiers did still have direct political influence was in the United States where Goldman Sachs in particular was, and to a certain extent still is, virtually a branch of public service with a revolving door between Wall Street, the Treasury and Federal Reserve. At Bretton Woods, Henry Morgenthau wished to purge bankers from the temples of high finance; they had returned.

Catherine Schenk points out that financial activities became much more important for the economies in which they operated, with a spread of financialisation into non-financial firms such as motor manufacturers. But financial globalisation still occurred in a world of nation states, with their distinctive banking systems and regulations. Just how did regulation by the state affect the geographic distribution of financial activity and the structure of financial institutions? A major theme in Dani Rodrik's work is the tension between 'hyper-globalisation', the nation state and democratic accountability (Rodrik 2011), which Schenk's article illuminates and modifies: she shows that the nation state continued to shape global finance. This point is also apparent in Kazuhiko Yago's article on Japan, a crucial but still understudied country in financial history. The oil shocks of the 1970s and the recycling of petrodollars had differential impacts on countries. Japan was expected to be a 'locomotive' of growth along with West Germany and the United States, but the Japanese government was able to maintain a degree of autonomy by opposing market-based recycling mechanisms in favour of capital controls, and strengthening its policy of tight money, state-led growth and international banking without taking a neoliberal turn. National policies and preferences still mattered, with a complex interplay with global economic trends.

The role of big business emerges in the article by Franco Amatori, a collaborator on the project on the performance of European business in the twentieth century. That project showed that firms in smaller markets such as Italy could be profitable where they had an international reach. Amatori suggests that the institutional framework in Italy – antitrust policies, investor protection, corporate governance – should have allowed Italian corporations to prosper and compete, where in fact many firms disappeared. The difference was in the case of firms controlled by the state, and Amatori provides an account of how the nature of the state-owned *Istituto per la Ricostruzione Industriale* (IRI) was contested between those who wanted it to be amenable to political control for wider ends and those who wanted it to be competitive. The return of the 'entrepreneurial state' (or 'stato imprenditore') with the recent nationalisation of Italy's highways (Autostrade), airline company (Alitalia) and, eventually, of the ILVA steel company in southern Italy make Amatori's narrative even more compelling. The issues raised in his article remain relevant today for other countries as well, for state direction, without direct ownership of industry, was also important in Japan; in South Korea through both state direction and some direct ownership; and above all in China where state-owned enterprises are, if anything, becoming more important. The 'Washington consensus' neglected the role of state entrepreneurship in the Asian miracle, which it was more inclined to disparage as 'crony capitalism'; and in the United States and Europe, the major role of the state as an innovator that provided new technology was conveniently marginalised by the proponents of free market capitalism (Mazzucato 2013).

Conclusion

Retirement from full-time academic employment marks a step-change – a release from administrative burdens that constrain intellectual activity. Youssef was always remarkably productive despite his many other commitments in Geneva, Florence and London, but now he has a long-term sabbatical and a major new project that will lead to a new and highly productive stage of his career. He will surely continue to collaborate with his wide circle of fellow financial historians, both younger and older, at the forefront of issues that are attracting still wider attention as the world struggles with financial fragility and the question of paying for the pandemic. This issue of the *Financial History Review*, to which he devoted so much time and which he helped become the leading publication in the field of financial history, is a tribute to what he has achieved in the past, and a mark of respect for what he will continue to achieve in the future. As colleagues and friends, we look forward to seeing in which direction this new phase of his academic career will lead him.

References

BANK FOR INTERNATIONAL SETTLEMENTS (2019). Unconventional monetary policy tools: a cross-country analysis. CGFS Papers, no. 63.

BATTILOSSI, S. and CASSIS, Y. (eds.) (2002). *European Banks and the American Challenge: Competition and Cooperation in International Banking under Bretton Woods*. Oxford: Oxford University Press.

BERNANKE, B. S. and KUTTNER, K. N. (2005). What explains the stock market's reaction to Federal Reserve policy? *The Journal of Finance*, **60**, 1221–57.

BORDO, M. D. and JONUNG, L. (1999). The future of EMU: what does the history of monetary unions tell us? NBER Working Paper, no. 7365.

BREI, M., FERRI, G. and GAMBACORTA, L. (2018). Financial structure and income inequality. BIS Working Paper, no. 756.

CAIN, P. J. and HOPKINS, A. G. (1987). Gentlemanly capitalism and British expansion overseas: II The new imperialism, 1850–1945. *Economic History Review*, **40**(1), pp. 1–26.

CASSIS, Y. (1976). *L'Union de Défense Economique: la bourgeoisie genevoise face à la crise, 1923–1932*. Geneva: Presses Universitaires Romandes.

CASSIS, Y. (1984). *Les banquiers de la City à l'époque édouardienne, 1890–1914*. Geneva: Droz.

CASSIS, Y. (1985). Bankers in English society in the late nineteenth century. *Economic History Review*, **38**(2), pp. 210–29.

CASSIS, Y. (1987). *La City de Londres, 1870–1914*. Paris: Belin.

CASSIS, Y. (1994). *City Bankers, 1890–1914*. Cambridge: Cambridge University Press.

CASSIS, Y. (1997). *Big Business: The European Experiences in the Twentieth Century*. Oxford: Oxford University Press.

CASSIS, Y. (2006). *Capitals of Capital: A History of International Financial Centres, 1780–2005*. Cambridge: Cambridge University Press.

CASSIS, Y. (2011). *Crises and Opportunities: The Shaping of Modern Finance*. Oxford: Oxford University Press.

CASSIS, Y. and BUSSIERE, E. (eds.) (2005). *London and Paris as International Financial Centres in the Twentieth Century*. Oxford: Oxford University Press.

CASSIS, Y., COLLI, A. and SCHRÖTER, H. (eds.) (2016). *The Performance of European Business in the Twentieth Century*. Oxford: Oxford University Press.

CASSIS, Y. and COTTRELL, P. (2015). *Private Banking in Europe: Rise, Retreat and Resurgence*. Oxford: Oxford University Press.

CASSIS, Y., GROSSMAN, R. S. and SCHENK, C. R. (eds.) (2016). *The Oxford Handbook of Banking and Financial History*. Oxford: Oxford University Press.

CASSIS, Y. and MINOGLOU, I. (eds.) (2005). *Entrepreneurship in Theory and History*. Basingstoke: Palgrave Macmillan.

CASSIS, Y. and MINOGLOU, I. (eds.) (2006). *Country Studies in Entrepreneurship: A Historical Perspective*. Basingstoke: Palgrave Macmillan.

CASSIS, Y. and QUENNOUËLLE-CORRE, L. (eds.) (2011). *Financial Centres and International Capital Flows, 19th–20th Centuries*. Oxford: Oxford University Press.

CASSIS, Y. and TELESCA, G. (2018). *Financial Elites and European Banking: Historical Perspectives*. Oxford: Oxford University Press.

CGAP (2019). China: a digital payments revolution. 19 September. www.cgap.org/research/publication/china-digital-payments-revolution

CHAZAN, G. (2020). The minds behind Germany's shifting fiscal stance. *Financial Times*, 9 June.

CLERC, L. and RAYMOND, R. (2014). Les banques centrales et la stabilité financière: nouveau rôle, nouveau mandat, nouveaux défis? *Revue d'économie financière*, **0**(1), pp. 193–214.

CRAFTS, N. (2016). Reducing high public debt ratios: lessons from UK experience. *Fiscal Studies*, **37**, pp. 201–23.

DAVIES, G. (2020). A crossover of fiscal and monetary policy. *Financial Times*, 16 February.

EICHENGREEN, B., MEHL, A. and CHITU, L. (2018). *How Global Currencies Work: Past, Present and Future*. Princeton and Oxford: Princeton University Press.

FINANCIAL STABILITY BOARD (FSB) (2019). BigTech in finance: market developments and potential financial stability implications. Report, 9 December. www.fsb.org/2019/12/bigtech-in-finance-market-developments-and-potential…

FLEMING, S. (2019). Currency warrior. *Financial Times*, 1 July.

HALL, B., FLEMING, S. and CHAZAN, G. (2020). Is the Franco-German plan Europe's 'Hamiltonian' moment? *Financial Times*, 21 May.

IMF (2020). *IMF Fiscal Monitor*. April, table A7. www.imf.org/en/Publications/FM/Issues/2020/04/06/fiscal-monitor-april-2020

ISSING, O. (2018). Overburdened central banks. In P. Hartmann, H. Huang and D. Schoenmaker (eds.), *The Changing Fortunes of Central Banking*. Cambridge: Cambridge University Press.

JOHNSON, S. (2019). Rise of the renminbi is 'story of the next cycle'. *Financial Times*, 26 April.

KUHN, M., SCHULARICK, M. and STEINS, U. (2018). How the financial crisis drastically increased wealth inequality in the US. *Harvard Business Review*, 13 September.

LARDY, N. R. (2019). *The State Strikes Back: The End of Economic Reform in China?* Washington, DC: Peterson Institute for International Economics.

LIAN, C., MA, Y. and WANG, C. (2019). Low interest rates and risk-taking: evidence from individual investment decisions. *Review of Financial Studies*, **32**(6), pp. 2107–48.
MAZZUCATO, M. (2013). *The Entrepreneurial State: Debunking Public versus Private Sector Myths*. London: Anthem Press.
MIAN, A., TRAUB, L. and SUFI, A. (2020), The savings glut of the rich and the rise in household debt. NBER Working Paper, no. 26941.
PETRALIA, K., PHILIPPON, T., RICE, T. and VERON, N. (2019). Banking disrupted? Financial intermediation in an era of transformational technology. *Geneva Reports on the World Economy*, **22**, pp. 1–120.
PRINS, N. (2018). *Collusion. How Central Bankers Rigged the World*. New York: Bold Type Books.
ROCKOFF, H. (2000). How long did it take the United States to become an optimal currency area? NBER Working Papers, Historical Paper 124.
RODRIK, D. (2011). *The Globalization Paradox: Why Markets, States, and Democracy Can't Coexist*. Oxford: Oxford University Press.
ROOS, J. (2019). *Why Not Default? The Political Economy of Sovereign Debt*. Princeton, NJ, and Oxford: Princeton University Press.
RUBINSTEIN, W. D. (1977). Wealth, élites and the class structure of modern Britain. *Past and Present*, **76**, pp. 99–126.
SMITH, C. and WIGGLESWORTH, R. (2020). Why the coming emerging markets debt crisis will be messy. *Financial Times*, 12 May.
STRANGE, S. (1996). *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge: Cambridge University Press.
THOMPSON, F. M. L. (1990). Life after death: how successful nineteenth-century businessmen disposed of their fortunes. *Economic History Review*, **43**, pp. 40–61.
TOOZE, A. (2018). *Crashed: How a Decade of Financial Crises Changed the World*. London: Allen Lane.
WIENER, M. J. (1981). *English Culture and the Decline of the Industrial Spirit, 1850–1980*. Cambridge: Cambridge University Press.
YIFU LIN, J. (2013). *Against the Consensus: Reflections on the Great Recession*. Cambridge: Cambridge University Press.
ZHANG, L., BROOKS, R., DING, D., DING, H., HE, H., LU, J. and MANO, R. (2018). China's high savings: drivers, prospects and policies. IMF WP/18/277.