Schönhärl, Korinna (Hrsg.): *Decision Taking, Confidence and Risk Management in Banks from Early Modernity to the 20th Century*. Cham: Palgrave Macmillan 2017. ISBN: 978-3-319-42075-2; XIX, 342 S., 5 s/w Abb., 1 farb. Abb.

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In a 1979 speech made before the Economic Club of Chicago the banker Walter Wriston, then chairman of the US commercial banking goliath Citicorp, assured his audience that „all investments and all loans are risky because they are all based on educated guesses about the future rather than the certain knowledge of what will happen."[1] The thirteen essays in this edited volume grapple directly with this financial truism, investigating how bankers have historically made investment decisions and mitigated risk.

Each contribution departs from the restrictive notion of bankers as rational, utility-maximizing specimens of homo oeconomicus. Borrowing insights from economic sociology and behavioral economics, the contributors explore a variety of institutions, psychological biases, and cultural forces to explain how bankers have historically created confidence and made financial decisions. The essays highlight important changes in general business and banking practice stretching from the seventeenth to twentieth centuries. Topics explored include the advent of the modern joint-stock corporation, innovation in accounting methods, and the role of scientific expertise. Despite covering vastly different times and places, the volume stresses how bankers „de facto still relied on second-order observation" obtained through personal networks and cultural rubrics to make investment decisions. (p. 10) While the quality of the contributions is slightly uneven, the most successful demonstrate the potential of new methodological and theoretical approaches for financial historians.

The volume is divided into three parts, based upon different levels of risk management. The first deals with the human actors making decisions at banks and the processes which select those individuals and endow them with agency. These focused approaches collectively reveal that at the individual level, economic decision making often hinges on interpersonal relationships. Susie Pak examines how the various banking firms behind the House of Morgan „confronted challenges related to family succession" throughout the 20th century. (p. 16) As business underwent a Chandlerian reorientation towards corporate managerialism, Pak argues that external „state, educational, and social" institutions (such as Ivy League universities) were key in creating bonds and confidence between individuals in place of kinship. (p. 46) Daniel Wylegala theorizes how „top careers" of bank executives able to „demonstrate that they can manage risks" control how financial institutions build external and internal confidence. (p. 72)

The second part focuses on methods of risk management in different historical settings and questions the extent to which „banks and bankers [...] portray themselves as risk-averse rational actors" to the public. (p. 149) The volume offers a rich range of case studies, from late-nineteenth century English and French banking syndicates set up to handle the underwriting of Argentinean bond issues to late-twentieth century retail banks' calculation of lending risk through computerized information technology. Sebastian Knake revisits Monika Pohle Fraser's argument that nineteenth-century German and French bankers „based their decisions on the assessment of the people who were involved in a proposed investment rather than [...] the proposed project itself." (p. 148) Knake's study of a Brunswick State Bank lending scandal in the 1950s contends that the crisis grew out of problems of interpersonal trust rather than misinterpretation of financial data. Matthew Hollow similarly contends that attitudes towards risk in Barclay's twentieth-century retail banking operations depended on „senior management" at the bank heavily regulating which types of people became branch managers, who would then frequently „have to rely on their own initiative and intuition" in evaluating and book-

[1] Speech of Walter B. Wriston, Risk and Other Four-Letter Words, Economic Club of Chicago 25.10.1979, in: Walter B. Wriston Papers, Tufts University, Digital Collections and Archives, Medford, MA MS134.001.004.00004.

ing loans. (pp. 178-179) Across the case studies in the second part of the volume, metrics for risk assessment only have value inasmuch as they shape and are shaped by relationships between financial institutions, networks, and individuals.

The final part grapples with the different methods scholars use to analyze the intricate webs of personal and financial relationships sketched across the first two parts. These essays draw from sociological network theory, theorizations of principal-agent relationships, behavioral economics, and Pierre Bourdieu's notion of social capital. Daniel Velinov argues that risk-management within the merchant networks integral to early modern European banking took place via a „remarkable variety of risk-mitigating customs, techniques, and procedures." (p. 250) These practices dictated the relationship between principals entrusted with the transfer of an agent's financial resources and the various agents for whom they were working. Korinna Schönhärl suggests that historians might better understand financial actors by borrowing psychological concepts from behavioral finance. Schönhärl utilizes the concepts of „belief in expert knowledge" and „overconfidence" to explain why private French and British banks were eager to lend to the Greek state in a late-nineteenth century canal-building project despite obvious uncertainty and substantial financial loses. (pp. 295-296)

The large chronological and geographic scope of the volume insulates against generalized conclusions about how financial decisions are made. Instead the volume reveals, in its best moments, how theory can illuminate the „soft," non-rational factors of financial decision making. Pierre Bourdieu's formulation of social capital appears fruitfully and frequently across all parts of the volume. The scattershot nature of the contributions, however, has its limitations. For all the attention these scholars give to interpersonal and sociocultural factors in financial decision making, they give scant attention to questions of gender which pervade nearly all of the topics. Examining how gender expectations may have shaped the House of Morgan's selection of future male non-kin partners or how gender ideologies shaped the reputations of potential loan clients would have enriched the volume.

The analysis of historical context is also at times underdeveloped. The essays focused on the late-twentieth century, for example, fail to situate their developments within the larger political-economic process of „financialization" so poignantly explored by economic sociologists such as Greta Krippner.[2] Pak's commentary on building social networks in an era of corporate reorganization is a strong counterexample to this larger trend in the volume. While Walter Wriston's 1979 declaration may seem to be timelessly relevant, the „educated guesses" which bankers have to make are always and everywhere deeply contingent on larger historical circumstance. The methodological contributions of this volume are therefore only useful so far as they can be productively grounded in historical time and place. While difficult decisions about which loans to book and to whom have been a constant across the centuries of modern banking history, financial historians must remain attuned to how these processes have changed alongside ever-shifting modes of economic organization.

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[2] See Greta Krippner, Capitalizing on Crisis. The Political Origins of the Rise of Finance, Cambridge, MA 2011.