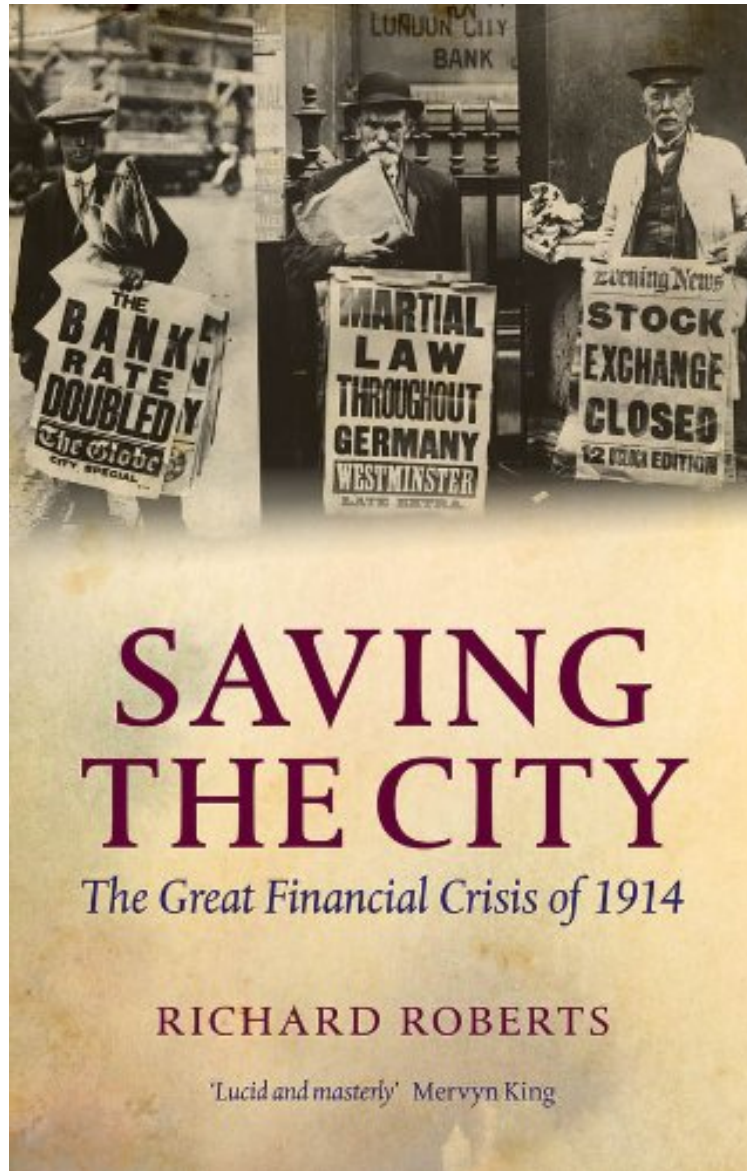


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Saving the City: The Great Financial Crisis of 1914

Richard Roberts

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Richard Roberts : Saving the City: The Great Financial Crisis of 1914 before purchasing it in order to gauge whether or not it would be worth my time, and all praised Saving the City: The Great Financial Crisis of 1914:

1 of 1 people found the following review helpful. Five stars, no question By Peter Mathenge I read Roberts' fine book in one and a half sittings. Exhaustively researched and well written. A book about a forgotten crisis should be dry and tedious. Roberts' work is concise, accessible and exciting. 1 of 1 people found the following review helpful. A very good book all around By Mark bennett This book is excellent from both a history and an economics point of view. It

also seems very original which is a major accomplishment for any book dealing with the world war one era. It tells the largely untold story of the economic crisis of 1914 which afterward was overshadowed by the war and other events. In 1914, London was the center of the financial world and of the world's trade. While the world operated on a gold standard, behind the scenes the world largely operated on bills of exchange issued and traded through London. Trade between many countries was "cleared" financial through London. The threat of war in July 1914 led to investors all over Europe pulling money out of investments into cash. It systematically turned into a global "stock market" run with nearly all of the major exchanges eventually halting trading. That led to bank runs in various countries shortly after and then the money markets that financed international trade locking up. The British government responded to the crisis quickly and very definitively. The government bought up assets, loaned money to institutions to keep them functioning and even printed money. The state engaged in an open-ended intervention to save the global financial system. Ultimately the crisis is so little remembered because the government intervention to stop it was so successful. There were however consequences. The banks were at the mercy of the government for the duration of the war in terms of raising money for the war. Events also put an end to London's place at the center of world trade and saw its role as a financial center eclipsed by New York. In terms of history, the crisis somewhat flushes out events around Europe going to war in 1914. The leaders were not simply dealing with a political crisis, but at the most important moments many of them were dealing with a massive economic crisis as well. It opens up the whole (I think unanswered) question of how much time the leaders of the various governments spend on the economic crisis in the runup to war and how it affected their decisions. In terms of economics, there are odd parallels to the 2008 crisis. Enormously complicated financial instruments had been created by the banks to provide liquidity. But that liquidity was combined with massive not well understood liabilities which only came to light once the system failed. The book also sort of puts a major hole in the political theory that trade interdependencies between states can prevent wars. It was not the case in 1914. No amount of financial consequences could stop the states from going to war. And in the case of the British, if war required bailing out the entire financial system, it would be done. It's a good book for telling a story that has largely been neglected and a story that sheds new historical light on the whole question of bailing out the financial sector in a crisis. I also found it very informative in explaining how the gold standard worked in practice at the time which is not at all the way many describe it as working. Even back in 1914, the gold standard had been subverted to a point where little physical gold was transported and huge amounts of liquidity unconnected with physical gold could be created through the banking system. It was somewhat of an eye opener at least to me.

In London, the world's foremost financial centre, the week before the outbreak of the First World War saw the breakdown of the markets, culminating with the closure for the first time ever of the London Stock Exchange on Friday 31 July. Outside the Bank of England a long anxious queue waited to change bank notes for gold sovereigns. Bankers believed that a run on the banks was underway, threatening the collapse of the banking system; all with the nation on the eve of war. This book tells the extraordinary, and largely unknown, story of this acute financial crisis that surged over London and around the globe. Drawing on diaries, letters, and memoirs of participants and a wide range of press coverage, as well as government and bank archives, it presents a lively and colourful account of a remarkable episode in financial and social history, outlining the drama of the collapse and the measures taken to contain it. This crucial and compelling 'missing piece' in the world's financial development was the first true global financial crisis, and proved a landmark in the management of financial crises.

"Lucid and masterly... The story of a financial crisis, when told with the knowledge and skill of a Richard Roberts, is a mix of detective story (the gory but fascinating details of what happened and who did it) and compelling political and social history." --From the Foreword by Lord King of Lothbury, former Governor of the Bank of England "A timely reminder that if we don't want to repeat the mistakes of the past then we first need to understand them." --George Osborne, Chancellor of the Exchequer "A fascinating insight into a half-forgotten crisis. Written with a verve and clarity that any reader can savour." --Sebastian Faulks, author of *Birdsong* and *A Week in December* "A masterly account of the financial crisis that brought the first great age of globalization to a close. Richard Roberts's narrative is finely wrought and wholly absorbing." --John Plender, Columnist, *Financial Times* "Richard Roberts is an authority on the history of the City of London. He has brought his great expertise to the hitherto largely unexplored financial crisis of 1914. A masterly study brought to life with extensive quotation from contemporaries." --Forrest Capie, Professor Emeritus of Economic History, Cass Business School "This is a superbly researched, calmly authoritative, and finely told account of a momentous episode in modern financial history. Richard Roberts has a formidable grasp of the technical intricacies but is also fully alive to the human dimension, as politicians, mandarins, bankers, and others jostle in not always seemly pursuit of self-preservation as well as the greater good. The drama of 1914 may until now have been the 'unknown' financial crisis; that is assuredly the case no longer." --David Kynaston, author *The City of London, 1815-2000* "Lucid and masterly... The story of a financial crisis, when told with the knowledge and skill of a Richard Roberts, is a mix of detective story (the gory but fascinating details of what happened and who did it) and compelling political and social history." --From the Foreword by Lord King of Lothbury, former Governor of the Bank

of England "A timely reminder that if we don't want to repeat the mistakes of the past then we first need to understand them." --George Osborne, Chancellor of the Exchequer "A fascinating insight into a half-forgotten crisis. Written with a verve and clarity that any reader can savour." --Sebastian Faulks, author of *Birdsong* and *A Week in December* "A masterly account of the financial crisis that brought the first great age of globalization to a close. Richard Roberts's narrative is finely wrought and wholly absorbing." --John Plender, Columnist, *Financial Times* "Richard Roberts is an authority on the history of the City of London. He has brought his great expertise to the hitherto largely unexplored financial crisis of 1914. A masterly study brought to life with extensive quotation from contemporaries." --Forrest Capie, Professor Emeritus of Economic History, Cass Business School "This is a superbly researched, calmly authoritative, and finely told account of a momentous episode in modern financial history. Richard Roberts has a formidable grasp of the technical intricacies but is also fully alive to the human dimension, as politicians, mandarins, bankers, and others jostle in not always seemingly pursuit of self-preservation as well as the greater good. The drama of 1914 may until now have been the 'unknown' financial crisis; that is assuredly the case no longer." --David Kynaston, author *The City of London, 1815-2000* About the Author Richard Roberts, Professor of Contemporary History, Institute of Contemporary British History, King's College London Richard Roberts is Professor of Contemporary History at the Institute of Contemporary British History at King's College London. He has held fellowships at Downing College, Cambridge, Princeton University, and the Bank of England. He specialises in financial history and is author of many publications in this field including histories of City investment bank *Schroders* (1992) and consortium bank *Orion* (2001). His contemporary studies *Wall Street* (2002) and *The City* (2008) are published by *The Economist*.