

**LIAQUAT AHAMED**  
***Lords of Finance: The Bankers Who Broke the World***  
Translator: Dana-Ligia Ilin  
Humanitas Publishing House, Bucharest, 2014

Former, among others, economist of the World Bank (led its investment division) and director of an investment fund, Liaquat Ahamed began working at the *Lords of Finance* long before the crisis of 2008. However, its appearance in 2009 has increased dramatically its relevance. As a result, *the Financial Times*, *the New York Times*, *Time magazine* and *Amazon.com* declared the volume **Best book of the year**, simultaneously, its author being awarded the **Pulitzer Prize for History**.

The book is primarily the story of the most important Central Banks in the interwar period – those from USA, Britain, France and Germany, and the heads of these banks. It is a history of the financial and economic crisis that began in 1929 and did not really end until after World War II. The subtitle of the book, *The Bankers Who Broke the World*, implies that the blame for the disastrous policies should fall on the decision makers, on the bankers that make up the so-called “the most exclusive club in the world” Benjamin Strong – governor of the Federal Reserve in New York, Montagu Norman – the governor of the Bank of England, Emile Moreau – the governor of the Bank of France, and Hjalmer Schacht – the president of the Reichsbank.

Volume actually covers a longer period than the one between the two world wars. The book is structured chronologically, describing firstly the creation, controversial from a political point of view, of the central banks; then the impact of the Great War on the global finance is described; it follows the presentation of the economic consequences of peace during the post-war reconstruction and, finally, the Great Depression and its outcomes. The book ends with the formation of the system from Bretton Woods in 1944. In *The Epilogue*, the author makes some parallels between the crisis of 1929-1933 and that of the post-war era, including the one that began in 2008. The events presented are too complicated to analyse them in detail, but the author explains them very well and shows how the personalities of the four bankers, as well as the politics lead by they have influenced the events of that period.

Ahamed’s main thesis is that the Great Depression was caused by the wrong economic policies implemented by central banks. The critical decisions taken by the four bankers not only caused the Great Depression, but also created the conditions for the Second World War. From each chapter of the book echoes the idea that unconditional adherence to the gold standard has proved to be a fateful decision. Linking the quantity of money in circulation to the amount of gold available in the treasury is considered arbitrary and meaningless. At the time, however, it seemed a good idea – gold was providing an anchor to which all countries could stabilize their currencies. When the four bankers take their positions, at the middle of the last century’s 20s, the gold standard seems to work,

the currencies are stabilized and capital is circulating. The problem is that there is not enough gold to finance the world trade. The gold standard turns out to be a straitjacket that does not give enough leeway to the central banks. Hence, it results that the fault of those four is that they could not see beyond the conventional economic thinking of their time. The only person who seemed to understand what was happening was John Maynard Keynes.

But things are not resolved in this respect. Even today, an agreement whether the budget deficits and monetary manipulation are complicated solutions or if by chance they complicate the crisis was not reached. Today, as in 1929, politicians and opportunists are looking to not have to deal with accounting practices and solid moral principles that stand in the way of their ambitions for a continual economic growth. It is always about the public good and the economic optimization.

*Lords of Finance* is a compulsory reading for those interested in economics, finance and banks but also for those who want to experience a different perspective on the Great Depression. But it must be told that some of the best passages of the book appear when Ahamed choose to move the discussion from the realm of lucid but arid interest rates and banking policy in the anecdotal area in order to personify his characters, streamlining the narrative and making it more interesting.

**Cristian UȚĂ**, Lecturer PhD  
17.09.2014

Redactor: Mihaela N. ȘTEFAN  
Tehnoredactori: Marcela OLARU  
Mihaela N. ȘTEFAN  
Coperta: Magdalena ILIE

---

Bun de tipar: 25.09.2014; Coli tipar: 4,75  
Format: 16/70×100

---

Editura Fundației *România de Mâine*  
Str. Fabricii nr. 46G, București, Sector 6  
Tel./Fax: 021/444.20.91; [www.spiruharet.ro](http://www.spiruharet.ro)  
e-mail: [editurafrm@spiruharet.ro](mailto:editurafrm@spiruharet.ro)

