

The Banking Families in Berlin and Vienna around 1900

At the fin-de-siècle, Berlin and Vienna were the glittering capitals of great empires, where court life, government administration and commerce, aristocracy and meritocracy, high finance and high culture met in a way typical of Central Europe.¹ As part of a privileged sphere cut off from that of the 'merely' respectable, the bankers of the two metropolises regarded the middle class not so much with disdain as with disinterest. The banking community was self-contained and self-absorbed, though seeking partners among industrialists and allies among bureaucrats and officials. In the words of Bernard Michel: 'Fortes de leurs privilèges, les banques viennoises forment un univers clos. Leurs directeurs ne sortent guère du cercle étroit du quartier des affaires que pour fréquenter les milieux politiques du Parlement ou des ministères.'² But in the pre-war era, Berlin bankers were more successful than Viennese bankers in their ambitions to increase the power and prestige of their institutions and of the banking sector as a whole and in the social aspirations that went with them. This paper will show why this was so, comparing my own work on Berlin bankers with Bernard Michel's study on Viennese bankers.³ My material on Berlin bankers stems from a larger project on the 502 wealthiest businessmen in Wilhelmine Germany⁴ listed in the *Yearbook of Millionaires*, a reference work compiled by a renegade bureaucrat and published in 1912–14.⁵

The social world of the banker in both Berlin and Vienna was molded in important ways by his economic activities. Banks played a major role in industrialization

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² Bernard Michel, *Banques et banquiers en Autriche au début du 20e siècle* (Paris, 1976), 52.

³ Ibid. Michel's study is a remarkable achievement. He covers the entire Empire and deals with both social and economic history. It is, however, very unfortunate that the study lacks footnotes and that quotations are not properly attributed.

⁴ Dolores L. Augustine, *Die wilhelminische Wirtschaftselite: Sozialverhalten, Soziales Selbstbewusstsein und Familie* (unpublished doctoral dissertation, Freie Universität Berlin, 1991). To appear in 1994 with Berg Publishers as *Patricians and Parvenues: Wealthy Business Families in Wilhelmine Germany*. Cf. Dolores L. Augustine, 'The Banker in German Society,' in Youssef Cassis (ed.), *Finance and Financiers in European History, 1880–1960* (London: Cambridge University Press, 1991), pp. 161–185.

⁵ Rudolf Martin, *Jahrbuch der Millionäre Deutschlands* (18 vols., Berlin, 1912–14).

in Central Europe, and the major banks of Berlin and Vienna were heavily involved in investment banking. As the traditional banking center of the Habsburg Empire, Vienna long held a virtual monopoly over industrial financing in the Austro-Hungarian Empire which Prague was only slowly beginning to undermine in the years before the First World War. Berlin, beginning to surpass Frankfurt by 1900, was emerging as the banking and stock market capital of Germany. Viennese and Berlin bankers often sat on corporate supervisory boards, actively participating in the running of industrial and other enterprises. A second major characteristic of banking in Berlin and Vienna was its dependence upon the state. The state dealt almost exclusively with Viennese banks, hardly concerning itself at all with provincial banks. The government bonds market, monopolized by the Rothschild consortium until 1910, was of great importance in Viennese banking.⁶ In Berlin, the government bonds market was of less importance than in Austria. Here, banks worked together with the state in the export of capital, often following the advice of the Foreign Office and seeking state backing for financial links to foreign governments. In Berlin, bankers negotiated a relationship with the state which neither subordinated the interests of banking to those of the state nor the reverse.

This crucial link between bankers – or the bourgeoisie as a whole – and the state has been misinterpreted in the past. Assuming that the state essentially represented the interests of an alliance of a neo-feudal aristocracy and a neo-absolutist monarch, some historians have come to the false conclusion that in Germany and in the Austro-Hungarian Empire, the bourgeoisie capitulated to the aristocracy in the late nineteenth century, giving up the idea of a ‘bourgeois revolution’ and becoming ‘feudalized.’ As historians have come to recognize in recent years, this ‘feudalization thesis’ totally overlooks the extent to which the state created a ‘revolution from above’ for the benefit of the bourgeoisie.⁷ As far as bankers are concerned, this would involve, for example, the gradual centralization of German financial markets and the negotiating of loans (provided by private banks) to foreign governments.

Historians have often been struck by the fact that the banking elites of Berlin and Vienna were predominantly Jewish. Bernard Michel estimates that 80% of those running leading banks in Vienna in the years 1898 – 1914 were Jewish. (Just under 9% of the Viennese population was Jewish.⁸) Catholics were to be found above all in subordinate positions or in less prominent banks. There was only a handful of Protestant bankers.⁹ Of the 55 wealthiest Berlin bankers, three-quarters were Jews, converted Jews, or of Jewish descent.¹⁰ What impact did this have on the position of bankers in society? Were they still nothing more than *Kaiserjuden* – the successors of the court Jews who had financed rulers in previous centuries, a

⁶ Cf. Michel, *Banques*, esp. 13 – 14, 52 – 55; Richard Rudolph, *Banking and Industrialization in Austria-Hungary* (Cambridge, London and Melbourne, 1976), esp. 102 – 121.

⁷ Cf. David Blackbourn and Geoff Eley, *The Peculiarities of German History: Bourgeois Society and Politics in Nineteenth-Century Germany* (Oxford, 1984).

⁸ Cf. Steven Beller, *Vienna and the Jews 1867 – 1938* (Cambridge, etc., 1989), 44.

⁹ Cf. Michel, *Banques*, 312 – 314.

¹⁰ In two cases, the religion was unknown.

hated minority serving the imperial state on the latter's terms? Fritz Stern portrays Bismarck's banker Gerson Bleichröder as a 'pariah merchant-prince' who lived in the illusion that the Prussian nobility truly accepted him, while in reality he, as a Jew, was exploited and secretly despised.¹¹ Lamar Cecil asserted that wealthy Berlin Jews – many of them bankers – lavishly courted the Junkers, overcompensating for feelings of inferiority by denying their Jewish identity and seeking approval of a class that would never truly accept them.¹² However, this interpretation largely misrepresents the role the Jewish upper bourgeoisie played in German society. One of the main findings of my research is that class played a far greater role than ethnicity in forming the mentality of the German banking elite. This is not true to the same extent of Viennese bankers.

The position of Viennese bankers in society was very much undermined by anti-Semitism. Operating in a state which was still overwhelmingly agrarian, they were equated with capitalism in a way not true of Berlin bankers, who were part of a much larger business elite. In Austria-Hungary, the *Gründerkrise* of 1873 led to widespread discreditation of capitalism in general and of Viennese bankers in particular. The press constantly attacked so-called 'speculative Jewish capital.' The economy recovered from the depression of the 1870's, but the Austro-Hungarian Empire failed to become a dynamic industrial powerhouse such as the German Empire. In Germany, admiration for the achievements of Germany industry – very much promoted by the Kaiser and by the government in general – began to weaken anti-capitalist sentiment in the years before the First World War. The *Gründerkrise* was forgotten to a much greater extent. There are at least some signs that in the upper echelons of society, Jews were beginning to enjoy greater acceptance, a fact which should not be obscured by the resurgence of anti-Semitism in the wake of the First World War.

The position of bankers in Vienna and Berlin was molded by other economic forces as well. A more rapid process of concentration was underway in Vienna, leading to the sudden disappearance of private banking houses there. By 1911, Albert von Rothschild was the only remaining major private banker in Austria, the great Schoeller bank having lost its independence in 1910. And in fact, the Rothschild group was much weakened, having lost its monopoly on the sale of government bonds and torn as it was by internal rivalries. By this time, seven institutions dominated the financial market: the Credit-Anstalt, the Boden Creditanstalt, the Wiener Bankverein, the Länderbank, the Anglobank, the Eskomptebank and the Unionbank.¹³ Private banking was – granted – on the decline in Germany as well, but according to Manfred Pohl, there were still 1,200 private bankers in Germany in 1913.¹⁴ Of the 55 Berlin bankers in my quantitative study, 38 were the owners of

¹¹ Cf. Fritz Stern, *Gold and Iron* (New York, 1977).

¹² Cf. Lamar Cecil, 'Jew and Junker in Imperial Berlin,' *Leo Baeck Institute Year Book* 20 (1975), 47–58.

¹³ Cf. Rudolph, *Banking*, 51–52, 106–107.

¹⁴ Cf. Manfred Pohl, *Konzentration im deutschen Bankwesen. 1848–1980* (Frankfurt am Main, 1982), 464.

private banks,¹⁵ while 16 were in corporate banking.¹⁶ Admittedly, my study is somewhat skewed in favor of bank owners, since the bankers listed in the *Yearbook of Millionaires* were selected according to their wealth.

The bankers of Berlin and Vienna were part of highly exclusive elites that exhibited a high degree of cohesion, but also a tendency to seek links both with industrial and government circles, as shown in marriage and succession strategies and patterns of sociability, to which we now turn. Social newcomers were in the minority in the banking elites of Berlin and Vienna.¹⁷ Of the 36 Berlin bankers for which information was available, 22 (or 61%) were the sons of bankers. Some were part of old banking dynasties: the Mendelssohn and Mendelssohn-Bartholdy clan, the Schicklers, and the Delbrücks, along with James Hardy, who was related to the Speyers of Frankfurt am Main. But many of the other bankers' sons were only second-generation bankers, often from other towns. The father of Dresdner Bank co-founder Ludwig Max Goldberger was more renowned as the producer of metal bracelets that warded off rheumatism than as a banker. His paternal grandfather was a rabbi. Carl Hagen (born Levy), owner of Wiener, Levy & Co., was the son of a banker whose operations are described as 'modest.' Two fathers were middle-class merchants, five are described as 'Kaufmann,' ('merchant'), a vague term which in Prussia is probably indicative of a middle-class rather than wealthy background. One rabbi's son was to found in the sample. The remaining fathers had upper-middle-class professions. Though 14 of the 55 bankers held titles of nobility, none of these titles predated the 19th century, and few predated 1871.¹⁸ Information was available on the professions of the sons of 32 Berlin bankers. Of the 50 sons of these 32 persons, 26 (or half) went into banking. Five went into big business, two became engineers, and two are described as 'Kaufmann.' Only 6 became officers, great landowners or diplomats.¹⁹ Admittedly, this sample is small, but these findings are in line with those for the German business elite as a whole.

According to Bernard Michel's data, two-thirds of the Austrian bankers were from families that were wealthy or prosperous. Only 4% had risen from poverty. Only a quarter of the fathers were bankers – a fact that is not surprising, given the decline of private banks in Vienna. However, the great majority of Viennese bankers came from business families. Viennese bankers' titles of nobility were of recent vintage. Earlier in the 19th century, it had been quite common for aristocrats to engage in capitalist ventures, but the depression of 1873 caused them to leave

¹⁵ Private banks as defined here include the following legal forms: the G.m.b.H. (Gesellschaft mit beschränkter Haftung) and the Kommanditgesellschaft.

¹⁶ In one case, the legal form of the bank was not known.

¹⁷ On Austrian bankers, cf. Michel, *Banques*, 310–311.

¹⁸ According to which two-thirds of the bankers were bankers' sons.

¹⁹ This is not surprising, given that Jews could not become officers or diplomats in Prussia and that converted Jews were discriminated against as well. Nevertheless, a Jew was really intent on assimilation with the aristocracy could always embark upon a military career in Bavaria or could retire to a large landed estate.

banking and industry.²⁰ Most of the sons of Viennese bankers in Bernard Michel's study became bankers or industrialists.²¹

Marriage strategies could reinforce succession strategies. Of 29 fathers-in-law of Berlin bankers, 6 married bankers' daughters. Such marriage alliances provided a basis for cooperation between two banks, a potential pool of bank management recruits, and access to additional capital.²² Bank directors sometimes married into old banking dynasties.²³ However, it was more common in the group under study to marry the daughters of businessmen not in banking (13 cases). On the other hand, distinctly less than half of bankers' daughters married into wealthy business families: Of 61 bankers' daughters, 24 married businessmen, 22 men with aristocratic professions (landowners, officers, diplomats) and 12 married men with non-business bourgeois professions (civil servants, artists and intellectuals, and professionals). One explanation lies in the fact that by the children's generation, the wealth and economic position of the family had been established. To maintain this position, a son or sons had to become bankers. But the daughters could be allowed to marry into socially prominent families, so as to consolidate the family's social standing.

In Berlin, prominent business families socialized primarily with other business families. The men lunched together at certain restaurants or met at the Club of Berlin, and in the evening, they attended large, formal dinner parties at the homes of other business families, together with their wives.²⁴ The wives were responsible for the organization of this networking, and they were the arbiters of the social sphere so important to the business world. Banking families were part of these social circles, though they formed a distinct group within the propertied upper bourgeoisie. For example, banking families' homes were concentrated in the Tiergarten district of Berlin. Also, though there were strong social ties between Jewish and non-Jewish families within the banking world and the business world as a whole, there were also barriers, particularly as far as intermarriage is concerned. Here, Berlin seems to have been more progressive than the rest of Germany.

The bankers of Berlin and Vienna – much dependent upon the state – assidu-

²⁰ Cf. Michel, *Banques*, 314–317. On Spitzmüller, cf. Carvel de Bussy, trans. and ed., *Memoirs of Alexander Spitzmüller Freiherr von Harmersbach (1862–1953)* (Boulder, 1987), 1.

²¹ Michel, *Banques*, 318.

²² On the role of the family in capitalism in German, cf. Jürgen Kocka, 'Familie, Unternehmer und Kapitalismus,' *Zeitschrift für Unternehmensgeschichte* 24. Jg. (1979), 99–135.

²³ Examples for Vienna in Michel, *Banques*, 318.

²⁴ Cf. my article 'Arriving in the Upper Class: The Wealthy Business Elite of Wilhelmine Germany,' in David Blackburn and Richard J. Evans, *The German Bourgeoisie* (London, 1991), 46–86. On social life, cf. Carl Fürstenberg, *Lebensgeschichte eines deutschen Bankiers (Berlin, 1931)*, esp. 254–255, 262, 263, 308, 315, 350, 355, 369, 371, 397, 436, 497, 509ff.; Paul Wallich, 'Lehr- und Wanderjahre eines Bankiers,' *Zwei Generationen im deutschen Bankwesen* (Frankfurt, 1978) 343–345, 352–353. On the Club of Berlin, cf. Arthur von Gwinner, *Lebenserinnerungen*, ed. by Manfred Pohl (Frankfurt am Main, 1975), 54–56; Max I. Wolff, *Club von Berlin: 1864–1929* (Berlin, 1926), esp. 20–29, 89, 99. On Grunewald, cf. Dittmar Machule and Lutz Seiberlich, 'Die Berliner Vororte,' *Berlin und seine Bauten*, pt. 4, vol. A (Berlin, Munich and Düsseldorf, 1970), 93–114. On Tiergarten, cf. Erich Achterberg, *Berliner Hochfinanz* (Frankfurt am Main, 1965), 43–46.

ously courted bureaucrats, high officials, and even the kaiser himself.²⁵ The home of Carl Fürstenberg (head of the *Berliner Handels-Gesellschaft*) and his wife Aniela Fürstenberg was a focal point of Berlin social life, where bankers, high officials, influential personalities and diplomats – German ambassadors abroad and representatives of foreign powers with which Fürstenberg's bank did business – congregated.²⁶ Paul Schwabach and Fritz von Friedländer-Fuld socialized with some of the politically best-informed aristocrats in the capital – ministers, state secretaries, ambassadors.²⁷ The information they picked up doubtlessly helped them to keep an eye on events at home and abroad that could have a major impact on their business ventures. Both had close ties with the Foreign Office, which on occasion asked for their assistance in diplomatic negotiations.²⁸

In Vienna, bankers and government officials had a close relationship, but on very different terms than in Berlin. The emperor and Archduke Francis Ferdinand showed little interest in economic matters and remained aloof of business circles. Bankers tried to influence the government through their contacts with top bureaucrats. Shared values – notably a Vienna-centric view of the Empire – brought bankers and government officials closer together.²⁹ However, the scope of bankers' influence was severely restricted. In 1910, two former ministerial directors (*Sektionschefs*) – Rudolf Sieghart and Alexander Spitzmüller – became the heads of two of the most important banks of the Rothschild group. However, as Spitzmüller recounts in his memoirs, his old colleagues in the civil service immediately turned their backs on him, treating him with 'distrust, based on jealousy, and were unwilling to give me special cooperation. . . . The harsh treatment of the (Rothschild) Group which had been customary for some time continued on. This was clearly a serious mistake, because Rothschild, through his international relations, was important for the national finances and was indispensable for the solution of the problem of the southern railway.'³⁰

Ultimately, the Austrian banks found themselves in an inferior, dependent position in their relationship with the state – the result of the hostility of society at large. The virulently anti-capitalist and anti-Semitic climate in Austria convinced bankers, not only that they had no place in the political arena, but that they could not defend even their vital interests in public. The state clearly took advantage of their weakness. Bankers accepted a fiscal system which was unusually unfavorable to banking by the standards of pre-war Europe. The Ministry of Finance took gov-

²⁵ Cf. Hans Jaeger, *Unternehmer in der deutschen Politik (1890 – 1918)* (Bonn, 1967), 172 – 178; Ernst Feder, 'James Simon. Industrialist, Art Collector, Philanthropist,' *Leo Baeck Institute Year Book* 10 (1965), 6; Stern, *Gold*, 544; C. Fürstenberg, *Lebensgeschichte*, 439.

²⁶ Cf. C. Fürstenberg, *Lebensgeschichte*, 332 – 33, 337, 427, 510ff.

²⁷ On Schwabach, cf. Rudolf Vierhaus (ed.), *Das Tagebuch der Baronin Spitzemberg* (3rd ed., Göttingen, 1963), esp. 475. On Friedländer-Fuld, cf. Bogdan Graf von Hutten-Czapski, *Sechzig Jahre Politik und Gesellschaft* (Berlin, 1936), vol. II, 63; Werner Frhr. von Rheinbaben, *Viermal Deutschland. Aus dem Erleben eines Seemanns, Diplomaten, Politikers 1895 – 1954* (Berlin, 1954), 76; Jules Huret, *En Allemagne. Berlin* (Paris, 1909), 313.

²⁸ Cf. Hans Jaeger, *Unternehmer in der deutschen Politik (1890 – 1918)* (Bonn, 1967), 181.

²⁹ Michel, *Banques*, 355; cf. 54.

³⁰ Spitzmüller, *Memoirs*, 57; cf. 52 and Michel, *Banques*, 331 – 332, 355.

ernment bonds out of the hands of the Rothschild group, though it had served the state well – supporting the government in the area of railroad building in southern Europe and giving loans for election campaigns to politicians which the Emperor supported. Sieghart's acquiescence was bought with a seat in the House of Lords, offered to him by the Minister of Finance.³¹ Thus, while in Germany bankers renounced political activity in favor of direct influence on government at the highest levels, Austrian bankers did in fact revert after 1873 to the role of *Kaiserjuden*.³² The difference lies above all in the different level of economic development in the two countries.

Conclusion

In both Berlin and Vienna, a sort of patrician banking class existed, bound together not only by business connections, but also by ties of marriage and friendship. Banking families were at least partially integrated into a larger wealthy business elite. Investments in industry brought about such social and marital connections. Bankers were often the sons of non-banking businessmen, and bankers' sons often went into industry or commerce. Bankers were interested in building up a network of contacts with the political and administrative elites that could be activated to gain access to insider information, influence the formulation of government policy and bureaucratic regulations, and to win opportunities to participate in financial dealings abroad. Bankers and other businessmen competed with each other for connections in high places, and their wives played an instrumental role in this endeavor. There is hardly any evidence of bourgeois capitulation to the aristocracy here.

It may be of some use here to apply Anthony Giddens' typology of elite formation.³³ Giddens distinguishes elites according to the degree of 'social and moral integration' and the degree of openness of recruitment. The banking elites of Berlin and Vienna were part of a larger business elite which had tendencies in the direction of a 'uniform elite,' that is, an elite closed to newcomers and characterized by a high degree of 'social and moral integration.' Bankers of both financial centers came largely from propertied business backgrounds, and their sons usually remained within this class. However, wealth levels in these families did vary considerably, and banking dynasties were very much in decline, particularly in Vienna, where private banking was fast disappearing. Social integration was based on ties of marriage and sociability, which held the banking world together and rooted it in the larger business elite. The 'moral cohesion' of the banking world was based on its professional ethos (not discussed in this paper), but the larger business elite was much more heterogeneous in its values and mentality.

³¹ Cf. *ibid.*, 344; Spitzmüller, *Memoirs*, 57–59; Somary, *Raven*, 56.

³² ichel is rather naive to believe that anti-Semitism no longer played a role in the Viennese banking world. Cf. Michel, *Banques*, 312–313.

³³ Cf. Anthony Giddens, *The Class Structure of the Advanced Societies* (London, 1973), esp. 118–138.

Despite their similarities, the banking elites of Vienna and Berlin differed in their relationships to other elites, to society as a whole, and to the state. Confronted with a hostile environment, Viennese bankers developed a fortress mentality. The state used the tenuous position of Viennese bankers in Austrian society to its own advantage. Berlin bankers, on the other hand, had a much stronger bargaining position as part of the capitalist class that had made the German economy the most dynamic in Europe.