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**INTERNATIONAL JEWISH BANKERS BETWEEN 1850 AND 1914: AN
EXAMPLE OF INTERNATIONALISATION ALONG ETHNIC LINES**

Huibert Schijf

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Address: H. Schijf, Department of Sociology/Anthropology of the Universiteit van
Amsterdam, O.Z. Achterburgwal 185, 1012 DK Amsterdam.

e-mail: schijf@pscw.uva.nl

Jewish bankers

The phenomenon of Jewish Diasporas involved in trading routes is an old one. The cosmopolitan Jewish merchants from the 11th to 13th century in Cairo showed a variety of long-ranged contacts with merchants all around the Mediterranean and as far as India. Dealing with money and banking was also among their activities, but Goitein warns us not to overrate these activities and not to see them as the Rothschilds of the Islamic world (1967:229-230). Financial business was usually part of a much wider range of commercial activities by the merchants in Cairo. According to Gotein (248) the banker's vocation was highly honoured in the Jewish community. He concludes from the records in the *Geniza archive* that "the need for capital and perhaps also the complicated nature of the banking was conducive to co-operation. References to partnerships in banking are frequent" (248). It is a characteristic of banking we will see time and again. There have been many minority groups in the past involved in trade and finance, and they exist today as well. Among them were - or still are - overseas Chinese in Southeast Asia, Greeks in the Black Sea (Minoglou & Louris 1997), Parsis in Bombay, other Indian trade communities keeping trading routes between India and Russia in the past (Dale 1994) and Jews almost everywhere, to name just a few examples. The present discourse on globalisation often seems to ignore that international commercial networks have already been in existence for a very long time. The networks of internationally operating Jewish bankers in the nineteenth century are an example to show how this worked in nineteenth century Europe.

To the best of my knowledge there does not exist a modern overview of international Jewish bankers in nineteenth century Europe or the United States, but there are many studies on separate Jewish banks and banking families.¹ Some families, as the Warburgs from Hamburg (Rosenbaum & Sherman 1976; Chernow 1993), Oppenheims from Cologne (Stürmer *et al.* 1989) or Bleichröder from Berlin (Stern 1977), are well documented. So are, of course, the Rothschilds with the famous five brothers from Frankfurt in the first decades of the nineteenth century.² With their huge success they belong to a league of their own, and the Rothschilds are one of the very few families, together with the Warburgs and the Mendelsohns (Treue 1972), to keep their wealth and position in international finance over several generations (Landes 1975; Ferguson 1998). The Rothschild brothers with their offices in various European cities acted as a multi-national banking house using agents, correspondents and from the 1830s onwards satellite-banking houses in other cities. For instance, in the Netherlands *Becker & Fuld* became a satellite-banking house in

¹ It is beyond the scope of this paper to describe the historiography of Jewish bankers, but the variety in background of the studies is enormous, ranging from anti-Semitic tirades or hagiographic publications to careful academic studies. Some German publications in the 1930s clearly wanted to prove the crucial role played by the Jewish business elite in the German economy. We know the sad ending of this contribution. Very useful are local studies on banking, for example: Jonker (1994 and 1996) for the Dutch situation, Chapman (1984) and Cassis (1994) for London and various German studies on banking and banking houses. Also invaluable are the studies by Mosse (1987; 1989), but he restricts himself to the Jewish business elite within Germany. Many studies refer to Emden (1938) who provides many valuable details on banking families, but does not give any references to the whereabouts of his information.

² Frankfurt delivered a remarkable number of Jewish bankers and entrepreneurs abroad. Based on A. Dietz *Stammbuch der Frankfurter Juden*, Chapman (1992:139) provides the following information: "Of 356 men who left the town in the early nineteenth century, 113 went to France (nearly all to Paris), 89 to Britain (London 66, Manchester 14), 52 to the USA (of which New York 31), 47 to the Low Countries, 41 to Vienna, and 14 to various Italian cities."

Amsterdam, in Rotterdam *Moses Ezechiëls & Zoonen* acted as correspondent for the Rothschilds and received from them substantial orders (Stevens 1970:71). Around 1830 the Rothschild did business with M.M. Warburg & Co. in Hamburg (Pohl 1986:66), in the same period the starting Bleichröder bank acted as agent for the Rothschild (Stern 1977:6) in Berlin.

As a result of their strategy the Rothschild had already between 1820 and 1830 a wide-ranging business network all over Western Europe, which provided them with a constant stream of information (Ferguson 1998:296-304). The brothers usually had a keen eye for new chances but not all five brothers had the same financial competence. In practice Nathan Rothschild in London became the leader of the international banking house. Ferguson's magnificent and voluminous study on the Rothschilds as world's bankers saves me to tell their story again, but the disadvantage of so much attention for one particular family is that bankers, who perhaps were more 'ordinary', are perhaps ignored. But very often they followed the same strategies and were very successful as well in this period creating their own sometimes-intertwining networks.³ And although Ferguson's study is extremely detailed he ignores Rothschilds' connections with bankers in the Netherlands, particularly in Amsterdam.

During the nineteenth century a large majority of the internationally operating Jewish bankers were of German origin. They usually kept their contacts with agents and correspondents, financial partners and family branches in Germany. The following examples should give an impression of how their spatial arrangements started. Several banking families from Frankfurt send their sons as bankers to European capitals like Amsterdam, Brussels, London, Paris and Vienna (Grunwald 1967:177). The English Sir Ernest Cassel, "the last Court Jew", as he was called by Grunwald, friend and business partner of the American banker Schiff, was born in Cologne in a family of Rhineland bankers and had already experience in banking when he as young man arrived in Liverpool (Grunwald 1969; Thane 1986). A.J. Rothstein was a manager of an international merchant bank in St. Petersburg at the very end of the nineteenth century. He was born in Berlin, but learnt his banking in England. The conversations with his Russian clients were conducted in French (Barth 1999:95). Important bankers in the capitals of the Habsburg Empire arrived from various German regions as well: Moritz Königswarter from Fürth, Salomon Rothschild (one of the five brothers) from Frankfurt; Zsigmund Kornfeld, who as an employee of the Viennese *Creditanstalt* (Rothschild) run a branch bank in Budapest, came from Bavaria and learnt the bank trade with Thorsch in Prague (Michel 1976:227; Karady & Kemény 1978:33). Another example is Karl Morawitz who also left a small town in Bavaria to join the *Banque de Paris et des Pays Bas* (Bischoffsheim & Bamberger) in Paris. In 1885 he went to Vienna and was co-opted to the board of the Anglo-Austrian Bank in which both Ernest Cassel and Maurice de Hirsch had interests (Ronall 1977:211). Finally, a group of American banking houses among which *Kuhn, Loeb & Co* was the most prominent one with its partner Jacob H. Schiff (born in Frankfurt) were also managed by bankers from German-Jewish descent (Supple 1957; Carasso 1967) and many remained

³ Chapman (1984:45) suggests that other banking families followed the example of the Rothschilds. That seems very likely: many other international banking families originally lived in the same small Jewish quarter of Frankfurt as well. Kirchholtes (1989:50) points to fact that banking houses abroad offered possibilities for world wide financial business and at the same time a save base for political unrest at home. Sometimes poor success at home was a push factor for a son to migrate.

connected through marriages or other personal relations with banking houses in Germany. A minority of these bankers had a modest social background, but the majority were descendants of old banking families.

International banking by Jewish banking families is a thing of the past, but their banking power remained the subject of anti-Semitic stereotyping for a long time afterwards (Tanner 1998) and which had his mainspring in “the fear that demonstrable Jewish pre-eminence proved hidden Jewish *domination*,” as Fritz Stern has aptly put it (1977:503). The Jewish success in banking has been sought in the intrinsic values of the Jewish religion comparable to the correlation Max Weber saw between Protestantism and the rise of capitalism. The most prominent defender of this thesis was Werner Sombart in his *Die Juden und das Wirtschaftsleben* (1911). But one of his earliest and most extensive critiques (Guttman, 1913) already argued convincingly that Sombart’s thesis does not hold against empirical evidence and many other critiques argued in the same direction (see also Barth 1999:105, note 32). There is therefore no reason to pursue further Sombart’s arguments for the nineteenth century in this paper.

Here I want to look at the Jewish bankers as an example of a transnational community and to see which patterns of migrations can be found, how national and international contacts were kept and how a sense of community - if any - developed. Of course, it is still worthwhile to look at the religious and ethnic background of the bankers because their way of operating might be explained by their position as members of a minority, which was for a long period of time excluded from many sectors of economic life. Emancipation of the Jews due to new legalisation occurred around 1800 in many European countries opening more and other economic and academic opportunities. Still, many families continued their long-standing economic activities and some became even more specialised in financing. Moreover, Jewish bankers can be seen as members of a trading Diaspora in the past. The emphasis therefore is on the position of the bankers as members of extended families who with far-reaching international contacts were able to create and sustain extensive financial networks. This approach enables us to raise questions like whether they were in any way distinct from other bankers and businessmen in that period. By looking specifically at the business strategies of the Jewish bankers we get probably a better insight in the strategies used by other Diaspora minorities elsewhere in the past and present.

In the paper hardly any attention will be paid to the bankers’ economic transactions as such. Sufficient to say that in the first decades of the nineteenth century many Jewish bankers were the descendants from families with no particular financial specialisation. Several future bankers dynasties started as traders in precious commodities like silver, gold or diamonds. Many operated in a *niche* economy of money exchange. There also existed the tradition of the so-called court Jews who acted as the financial operators of kings and princes, particularly in Germany. During the nineteenth century this kind of financial activities changed considerably. Quite a number of bankers got involved in financing railway lines all over Europe (Grunwald 1966, 1967; see for Germany Mosse 1987:108-118), in the placement of numerous loans to states and they played an innovative role in financing new industries by founding not always successfully new banks based on the principle of the French *Crédit Mobilier* (Cameron 1953). They usually did not operate as money lenders themselves but as organisers of loans or participated through syndicates in the placement of new bonds and stocks. In this respect the bankers can often better be seen

as dealers in stocks and bonds than as performers of financial operations we usually associate with these of a modern bank. Personal contacts always played an important role in their networks.

In a few occasions certain transactions are named because they provide information on the connections between particular banking houses. The paper focuses on the spatial arrangements of the Jewish bankers and the way connections between them were cemented.

In the next section the focus lies on Amsterdam as a case study on Jewish bankers. The Dutch capital had already experience with an earlier group of Jewish merchants and bankers, the Sephardic Jews, who mainly arrived from Antwerp at the end of the sixteenth century. Dutch examples of international contacts among Jewish bankers in the nineteenth century can be supplemented with many others from all over Europe, as I will sometimes - but certainly not exhaustively - do in the following sections which contain more general topics like strategy and the position of the bankers as a religious and ethnic minority. The paper ends with a discussion of how far the Jewish bankers can be seen in the light of concepts like 'middlemen minority' or 'Diaspora'.

Jewish merchants and bankers in Amsterdam

In the seventeenth century Amsterdam became the centre for commerce and finance in Europe. Among other reasons this was due to the arrival of a group of Sephardic Jews. They had a long experience in immigration. After they left Spain for Portugal, they again left Portugal for Antwerp. After the closure of the Antwerp's harbour in 1585 they finally arrived Amsterdam where they settled down for many generations and became part of the local economic elite.⁴ Their migration movements were partly forced and partly induced by the wish to find better economic opportunities. The Portuguese Jewish merchants in the seventeenth century did not specialise in commodities but in routes where trustworthy associates at both ends of the route were of crucial importance. "The trust that underlies these international commercial associations resided most powerfully in kinship relations" (Swetschinski 1981:59). Originally, there was a route to Portugal, later another one to Brazil and after the Dutch loss of Brazil a new one to Curaçao and New Amsterdam (63). Based on his research in the notarial archives in Amsterdam Swetschinski (65) points out that firms usually consisted of several partners situated in various geographical locations and that these partners were usually related (65). Smaller networks were intertwined with larger ones to form a hierarchy of networks (67). A rare case of a banker performing as a 'court Jew' in Holland was the Jewish Portuguese banker Francisco Lopes Suasso, who, together with Pinto and Medina, raised loans for Stadholder William III to enable him in 1688 to sail to England and claim the English throne (Swetschinski & Schönduve 1988:53-57; Stern 1985:63). In Amsterdam decline settled in around 1713 and the Sephardic community lost much of its vitality in trade and banking (Israel 1985:241). Almost none of these early Sephardic merchant houses survived into the second half of the nineteenth

⁴ Other merchants left for Frankfurt while maintaining their old commercial routes. Thanks to them Frankfurt became a financial centre in its own right, comparable to Amsterdam in the same period (Forstmann 1996:182).

century, but their pattern of operating can be seen again at the first half of the nineteenth century with the arrival of German-Jewish banking houses in Amsterdam.⁵

The doings and dealings of the Jewish bankers have always attracted many negative comments. On January the 4th 1856 a leader in the *New York Tribune* titled “The Russian Loan” criticised the Jewish bankers in Amsterdam. The author was Karl Marx (1818:600-606), who in an anti-Semitic scolding saw an “immense stock -jobbing machinery between the various European cathering points of the loan-mongering confederation now all connected by telegraph communication, which, of course, vastly facilitates all such operations. Moreover, almost all the Jew loan-mongers in Europe are connected by family ties (605).” Marx characteristically overstated his case, but with respect to family ties he had a point, as we will see.⁶ In the first half of the nineteenth century German Jewish bankers like Königswarter and Bisschoffsheim came to Amsterdam and Karl Marx named these and some other banking families: Hollander & Lehren and Raphael (both Dutch Jews). As has mentioned before Königswarter arrived from Frankfurt. Raphael & Co. had branches in London and Paris as well. As there was no successor for the Amsterdam branch Raphael & Co. was discontinued in 1881 and the family moved to Paris.

The new German arrivals brought with them a cosmopolitan life style and international financial contacts (van den Berg 1993:135-141; Jonker 1993, Jonker 1996:249-253).⁷ Thanks to these internationally operating Jewish bankers Amsterdam was able to keep its position as financial market, a market that had been in decline for a long time. However, the bankers remained more internationally than locally oriented, especially towards Germany. The ancestor of the Königswarters started with a banking house in Fürth, while his five sons opened offices in Amsterdam, Frankfurt, Vienna and Paris. The Bisschoffsheim had their settlements in Frankfurt, Amsterdam, Antwerp, Brussels and Paris and from 1846 on also in London. Their business connections were thus widespread and manifold (Emden 1938:325). Through the marriage of the Antwerp Bisschoffsheim they became also related with Benedict H. Goldschmidt, a Frankfurt banker. Their financial position can easily be compared with that of the Rothschilds at that time.

But they did not stay. Königswarter already left in 1848 for Paris, leaving a replacement behind. Others followed in the fifties and sixties and left for either Brussels or Paris, while keeping an office in Amsterdam.⁸ The reasons for leaving Amsterdam were probably quite simple: Brussels and Paris offered a more attractive life style and better chances of financial success than Amsterdam which had become a relative financial backwater at that

⁵ They were not the first bankers from Germany. Around 1760 Lazarus Kann arrived in the Hague from Frankfurt where his ancestors had been part of the Jewish banking world. The banking house *Lissa & Kann* became a successfully operating local bank with many contacts in the Netherlands and Germany (Stevens 1970).

⁶ The article is well-known in Dutch historiography of the period (Stevens 1970; van den Berg 1992; Jonker 1996: 249-253), but I have never seen references to it somewhere else. Marx was certainly not right in every detail, but many names of Amsterdam Jewish bankers are correct, as van den Berg (135-141) has shown.

⁷ There are no remaining archives of these banks in Amsterdam. The same is true for the important bank Lippmann, Rosenthal & Co. For Wertheim & Gomperts the remaining records are to a large extent restricted to the period after 1890.

⁸ This cosmopolitan and seemingly ‘rootless’ behaviour would become the object of vicious anti-Semitic attacks as we know, but there is really nothing typical Jewish about it. In a space of constant changing opportunities people will move from one place to another as can be noticed nowadays as well.

time. Of course, failure was another motive to leave. After acquiring his knowledge of banking in London the future politician and cofounder of the *Deutsche Bank*, Ludwig Bamberger tried his luck in Rotterdam in the 1850s, but failed completely after only a couple of years (Koehler 1998:62). Leaving the Netherlands he went to the banking house of his relatives, the Bisschoffsheims in Brussels. His move would be the start of a successful career. But it was not the complete end of his contacts with banking in the Netherlands. He was involved in the foundation of a *Crédit Mobilier* bank in Amsterdam. After the bank was dissolved the Paris branch was merged with Bisschoffsheims' bank in Paris and became the *Banque de Paris et des Pays Bas*. (The bank still exists under the name *Paribas*). Many of these early banker's families completely disappeared from the financial world after one or two generations because they were unable to find appropriate successors, a great problem in this era where the personality of the banker and his personal contacts made all the difference.

At the end of the 1880s a few Jewish bankers still played a prominent role but their position certainly had become more limited. In his research on Dutch business elites at the end of the nineteenth century Schijf (1993) defines an economic elite by using the number of directorates an individual holds as an indicator. Multiple directors, i.e. persons with positions in more than one company the so-called *interlockers*, from Amsterdam held a prominent position compared to other parts of the Netherlands. In 1886 hundred interlockers of the nearly two hundred interlockers in total lived in Amsterdam, representing almost all sectors of business life in the capital. But among these hundred members of the business elite there were only four Jews, three bankers (Fuld, van Nierop and Wertheim) and the manager of a diamond factory, a large industrial sector in Amsterdam, which was dominated (as in Antwerp) by Jews. On the other hand there was a huge overrepresentation of another religious minority, the Mennonites. Among the hundred members in Amsterdam there were sixteen Mennonites. They had directorships in traditional Dutch economic sectors: trade, transport and finance. Mennonite merchant families had a long history in Amsterdam dating back to the seventeenth century and during their heydays around 1900 some were not only specialised as merchants but in banking as well (Schijf 1993:97-99). However, their activities differed from the early Jewish bankers and were focused on the Dutch colonies. Still, there can be found examples of financial co-operation between the two religious groups.

In 1888 Max Moritz Warburg decided to spend six months with the private banking house *Wertheim & Gomperts* in Amsterdam, as he remembers in his memories (Warburg 1952:10). Max Warburg, a future partner of the banking house *M.M. Warburg & Co* was still in his apprenticeship years. After his time devoted in Amsterdam he would spend two more periods abroad. His father used his connections with the French Rothschilds to place Max with the *Banque Impériale Ottomane* in Paris, and in London he spent his time with N.M. Rothschild & Co. (Chernow 1993:38). In the second half of the nineteenth century M.M. Warburg & Co. developed to a prominent banking house in Hamburg with many international contacts (Pohl 1986:66-68; Rosenbaum & Sherman 1978; Chernow 1993). As with the Rothschilds there were five brothers, but the eldest would not take part in the family business. Through the marriages of two brothers with daughters of partners of *Kuhn, Loeb & Co* in New York they acquired an unmatched access to Wall Street capital.

Unfortunately Warburg does not tell why he preferred *Wertheim & Gomperts*, but his choice must have been a well-informed one and it is most likely that the two banking houses had already direct business contacts, or through mediators participated in common business projects. Wertheim's biographer (Rijxman 1961) does not refer to the apprenticeship of Max Warburg in Amsterdam either. Warburg also mentions his first business success in Amsterdam. He became a correspondent for the Dutch National Bank (*Nederlandsche Bank*). It is most likely that he had to thank Wertheim for this success, because his host kept very good banking contacts with the *Nederlandsche Bank* and was even invited to take a seat in the bank's Board of Directors in 1892. It was a unique success for a Jewish banker in this era.

Wertheim & Gomperts operated internationally on a wide range: in 1884 the banking house invited *Kuhn, Loeb & Co* in New York to join them in a syndicate for underwriting bonds and shares. The New York bank was only willing to conduct negotiations in the U.S., provided Ernest Cassel would do the same in London. The plans ultimately changed and the syndicate became interested in the Louis-Nashville Railway by the end of 1887 (Grunwald 1969:127-28). In this venture alone three international banks were involved. A.C. Wertheim, the leading personality of the banking house, made many important contributions to the Dutch economy and to the Amsterdam economy in particular and was very well connected in Dutch business life (Schijf 1993:112). He held, among others, directorships in shipping companies and railway lines. Contemporaries rightly praised him for his banking activities, but he was also the victim of some vile anti-Semitic pamphlets. Wertheim's uncle Abraham Wertheim together with Leon Gomperts, a German cousin of Abraham Wertheim, founded the banking house. Originally the house operated mainly as stockbroker with good financial connections to the internationally operating banking house of J. Königswarter. Wertheim spent his own learning years in the forties with Julius Königswarter.

There were also other contacts between Amsterdam and German bankers. In 1890 Carl Fürstenberg, the famous Jewish banker of the joint-stock bank *Berliner Handelsgesellschaft*, telegraphed to *Lippmann, Rosenthal & Co*, another Jewish banking house in Amsterdam which had also good business contacts with *Wertheim & Gomperts*. Fürstenberg wanted to organise new loans to the Russian state and needed the co-operation of the Amsterdam banking house, which was one of Europe's specialist in Russian loans and the leader of a consortium of earlier loans to the Russian state. In this respect *Lippmann, Rosenthal, & Co* was the successor of Hope's banking house, which was the specialist in Russians loans in the early nineteenth century. Fürstenberg (1934:252) remembers that the Dutch were rather demanding and new negotiations were required before Fürstenberg could proceed with his own deals. As so often happens in difficult business negotiations Fürstenberg started the meeting with personal questions, among others the well-beings of Milli Fuld who would marry another banker from Berlin and became one of the leading ladies of Jewish high society but was never fully accepted into Berlin high society (Augustine 1994:206). Fürstenberg had met her before on earlier business visits to Amsterdam. She was the daughter of a Jewish Amsterdam banker of still another banking house: *Becker & Fuld*, which had been founded by the Rothschilds in 1853. Both Becker and Fuld were employees in the Rothschild banking house in Frankfurt (Becker was the only Protestant among them). Having mutual acquaintances and friends smoothed things and a business deal was successfully concluded.

Wertheim & Gomperts and *Lippmann, Rosenthal & Co.* participated together in a wide variety of national and international activities. On an international level, for instance, one can find both banks involved in the placement of Russian Railway Company bonds (Anan'ich & Bovykin 1991:Table 12a-1) or in the international consortium for raising money for the development of the ill-fated Bagdad Railway in 1904 (Barth 1995:222, note 94). Earlier on the banker Lippmann also participated in the foundation of some Dutch railway companies as many other Jewish bankers did all over Europe in the first half of the nineteenth century (Grunwald 1967).

The last example has a somewhat different character. In 1871 a joint-stock bank the *Amsterdamsche Bank* was founded. German banks (Jewish and non-Jewish) and the three mentioned Jewish banking houses in Amsterdam were the main initiators (Brouwer 1946:32-35). There was also an Austrian bank involved: the *K.K. Priv. Oesterreichische Credit-Anstalt für Handel und Gewerbe* from Vienna. This important bank was for at least 40% owned by the Rothschilds (Ferguson 1998:597).⁹ So through both *Becker & Fuld* and the *Creditanstalt* the Rothschilds participated in the founding of the *Amsterdamsche Bank*. The Eltzbachers from Cologne were also involved. These Jewish bankers were the descendants of court Jews (Krüger 1925:84-87) and had already a branch in Amsterdam. Another Jewish banker was Rudolf Schultzbach from Frankfurt who at the same also participated in the foundation of a bank in Florence (Hertner 1977:6). Although founded with the help of 80 per cent German capital, a Dutchman would become the first director. But the German influence remained in place for a long time to come as can be seen from the number of Germans in the Board of Directors, among them Adolph B.H. Goldschmidt, member of the banking house B.H. Goldschmidt in Frankfurt and a Dutch member from the Eltzbacher family. As said before the Goldschmidts were through marriage related with the Bisschoffsheims in Antwerp.

The young Dutch lawyer F.S. van Nierop became the first director of the bank and he would become a prominent banker in Dutch economic life in the early twentieth century (Rijxman 1967). Van Nierop was a descendent from an Amsterdam Jewish regent family. After the early death of his first wife (she was the daughter of Berlin banker) he married a daughter of Leon Gomperts, the co-founder of *Wertheim & Gomperts*. The example of van Nierop has nothing to do with the fame of a banking family but shows the success of a well-educated professional of Jewish origin. In Germany these new professionals occupied many seats in modern joint stock banks as well (Mosse 1987:219-236; Barth 1999:103). For our story the importance of the third example lies in the large number of German and Dutch banking houses, both Jewish and non-Jewish that participated in the foundation of the bank. From these and many other examples one sometimes gets the impression that the founding of new banks was among the key activities of bankers in the nineteenth century

⁹ "With its branches in Prague, Budapest, (...) and later Triest and Lemberg, the *Creditanstalt* swiftly established itself as the dominant financial institute of the Habsburg Empire. (...) Nothing did more to re-establish the Rothschild's economic influence in Central Europe," (Ferguson 1998:598).

(Schijf 1993:69-72).¹⁰ Usually the new banks were specialised in financing a particular economic sector or oriented towards a specific region.¹¹

London and Paris in a nutshell

The examples from Amsterdam show us almost all the patterns, strategies and spatial networks one can find among Jewish bankers all over Europe in the nineteenth century. In Amsterdam Jewish bankers certainly predominated in the early nineteenth century period: eight out of fourteen banking houses were Jewish (Stevens 1970:62). In the early decades of the nineteenth century Amsterdam lost its central position as financial market to London. The rise of the City is largely associated with the migration of foreigners. "In the early and middle nineteenth centuries this heterodox company were further diversified by the arrival of a large contingent of Germans, 'Greeks' (Ottoman Christians), Americans and various Continentals," as Chapman (1986:181) writes. Before 1914 there were fifteen Merchant Banks with a capital of over one million pounds (Chapman 1986:182; see also his slightly different table in Chapman 1984:44; see also Chapman 1992:133-149 for the whole of Great Britain). Six had a Jewish background and two of these a German Jewish background: Baron Hirsch and N.M. Rothschild & Son. Apart from their international networks each bank became part of local and regional networks in Great Britain.

At the beginning of the nineteenth century there were already a few German Jewish banking houses in Paris: Eichthal (from Munich), Heine and Fould. The last family came from Lorraine (Barbier 1989:161-162). All maintained close networks with Germany and these connections were not exclusively towards business partners but involved close ties with family as well (Espagne 1996:135-138). The arrival in 1812 of James Rothschild and of Königswarter in 1830 intensified these international networks even further. Some examples suffice to give an idea of the patterns we already have seen before. In 1803, when Prussia was still under Napoleon's rule, a son from the Mendelsohn's banking house in Berlin had a position as cashier with the Foulds in Paris (Barbier 1989:167; see for Mendelsohn's part of the story (Treue 1972:29). In 1813 Bénédict Fould, son of Berr Léon, married a daughter¹² of the banker's family Oppenheim from Cologne and founded its own bank in Paris: the *Fould-Oppenheim Bank*. Another son, Achille, married a daughter of Goldschmidt in London, a banker Fould conducted already business with. Through these two marriages the banking house Fould expanded its already substantial financial network in France and became fully integrated into the international Jewish banking world.

Strategies

From the examples presented so far we can conclude that many connections between them went often much further than strictly money matters. Two characteristics of the bankers' behaviour will be discussed in more detail: creating networks and marrying a proper

¹⁰ In 1856 Mevissen and Oppenheim, important private bankers in the Rhineland, together with Mendelsohn, Bleichöder and Warschauer from Berlin founded the *Berliner Handels-Gesellschaft* (Treue 1972:39) of which the above mentioned Carl Fürstenberg would become the most prominent director.

¹¹ The new *Amsterdamsche Bank* would become a success and after many mergers it is now part of ABN AMRO.

¹² The bride was only fifteen years old and the marriage was closed by proxy (Stürmer et al. 1989:41).

partner. Banking houses were usually rather small, except maybe the offices of the Rothschilds and some others. Apart from competence and sheer hard work (and, of course, a little bit of luck) knowing the right things at the right time and above all having a network of fellow bankers, were the key elements to success in banking in the nineteenth century. The personal contacts the bankers maintained were thus of eminent importance and an apprenticeship abroad was often a first step to create them. But maintaining a network successfully requires a substantial amount of social capital. And in its turn social capital implies trust of the network members and the ability to sanction misbehaviour by partners. The importance of relations depends on the content of information passed, the quality of the goods and services delivered and may be above all on the mutual expectations of the actors involved (Aldrich & Zimmer 1986:11). Speaking of merchants in English ports and abroad Chapman formulates these problems elegantly: “So long as communication between trading centres continued to be slow and uncertain, the only way in which merchants could repose confidence in their correspondents’ discretionary decision making was to employ members of their families, or, failing that, the ‘extended family’ of co-religionists.” (Chapman 1992:93; see for Greek merchants Minoglou & Louri 1997). To put it in economic terms using trust between the members of one’s own families usually lowers the transaction costs.

We already have seen this strategy among the Sephardic traders in Amsterdam in the seventeenth century. The early nineteenth century bankers faced exactly the same difficulties or even more so. Starting a new banking house abroad usually begun with an extensive kinship network. Furthermore, trust was best created between people with the same religious and ethnic background and people who had a language in common. Almost all German-Jewish bankers spoke German or French and both languages functioned as a *lingua franca* in this period (but the first generation of Rothschilds wrote their letters in an archaic Hebrew). Another aspect of participating in a network of trustees is the opportunity of gathering useful information. The fortune of the Rothschilds can perhaps be partly explained by their early excellent network of foreign correspondents that gave them an advantage over later newcomers. Others bankers presumably copied these information network. Bleichröder as Bismarck’ banker at least was sometime able to provide him with better and more recent information than his own services (Stern 1977). As railway lines developed extensively travel became easier and from the biographical studies of some bankers we can see how much business travelling was going on in the 1850, helping to cement the international contacts.

However, the great advantage of the information network of the Rothschilds over other bankers might have been temporarily. The introduction of a good working telegraph made international contacts faster and cheaper. “It appears”, James Rothschild complained in 1851, “that yesterday a great many German scoundrels sold [French] railway shares in London with the telegraph. Since the telegraph became available, people work much more. Every day at 12 they send a despatch, even for trivial deals, and realise [their profit] before the bourse close the same day” (cited in Ferguson 1998:573, 574). A last network strategy we have already seen with the *Amsterdamsche Bank*. The purpose of founding new banks or creating syndicates for loans again and again was simply sharing the risk. But sharing risks requires again a network of trustees. In this respect the Rothschilds were extremely successful by creating their own satellite banks with employees who learnt their business in one of the Rothschild branches.

Intermarriage within the group of international bankers was another strategy to create trust and those marriages made it possible to keep capital within the family and also to keep their financial partners in line, although there always was the chance of having a black sheep in the family. Cassis (1994:214-217) makes a helpful tripartite classification of the marriages of the Jewish bankers in London in the period 1890-1914. At the level of the firm there are the marriages of the daughter of a partner; secondly, there were marriages between English Jewish families, not necessarily engaged in banking or finance and at the third level international marriages with the possibility of staying within the same family. The Rothschilds knew, for instance, a relative high percentage intermarriage between cousins. “Out of the nineteen cousins in the third generation - the children of the ‘five brothers’ - fourteen married a Rothschild” (Cassis 1994:215, note 28). The second level was the most important one in the London case because that made possible the integration of the bankers and merchants with Jewish dynasties not necessarily active in banking in England. Although the Jewish bankers certainly formed a closely knitted group, Cassis (210) points to another group in the City as even more close-knitted through marriages, bankers with a Quaker background. So had the successful Mennonites who got involved in banking at the end of the nineteenth century in Amsterdam.¹³

Migration

To understand the patterns of migration two concepts from literature on migrations might be useful. Tilly (1990:84) argues convincingly that individuals or households migrate but that the focus should be directed on the networks that do migrate with them. Although he uses his concept *transplanted networks* somewhat different than I do, it can be applied on the migration movements of the bankers as well. Although some went alone they almost always had the backing of local, regional and international networks for fathers’ connections were usually of great help to find a place. The young men acquired their international experience, learned foreign languages and sometimes cemented their future business relations by marrying a daughter of their host and cultivated future business connections abroad. Price (1969:210-212) coined the term *chain migration* to describe a process of migration where the first migrants settle down somewhere creating the favourable circumstances for others to follow. We see the same with younger bankers who followed in the footsteps of older brothers, uncles or cousins. They almost never started as isolated immigrants. An example from Amsterdam illustrates this point nicely. Rosenthal married the daughter of a Jewish civil servant civil servant from Hamburg. Her brother Amandus May immigrated to Amsterdam as well and he became an employee in *Lippmann, Rosenthal & Co.* Later on he became a partner in the bank and in due time his two sons also became partners.

Ludwig Bamberger might have started on his own in Rotterdam where he failed but he had a kinship network to fall back on and left for Brussels. The early years of Ernest Cassel (Grunwald 1969) are even more telling. He started as an apprentice with a bank (Eltzbacher & Co.) in Cologne. In 1869, when he was only seventeen, he arrived in Liverpool where he started to work with a grain merchant; in 1870 he left for Paris to work

¹³ So had the textile barons (Jewish and non-Jewish) in Twente (an eastern part of the Netherlands) at that time, to name just another example. Intermarriage within the same group of businessmen was a widespread phenomenon in nineteenth century Europe and probably still is.

at the Anglo-Egyptian Bank. At the outbreak of the Franco-Prussian war he returned to London where he acquired a position at Bischoffsheim & Goldschmidt. For such a young man he seemed to be very well connected indeed. His transplanted network must have been based on that of his family and its business contact. Transplanted networks also imply that networks that are already in existence in the homeland are transferred to the host country, helping but also restraining the new immigrants. Working together with other Jewish bankers in Europe is a striking characteristic of their business. Further enforced by international marriages, which in fact were to large extent marriages with families back in Germany. In this way local and regional networks were transformed into international ones.

In order to place the Jewish bankers among the many entrepreneurial Diasporas or trading minorities two ways to categorise them might be helpful. On the one hand we can divide migration groups in 'voluntarily' and 'forced or expelled' minorities (compare Rubinstein 2000:22). The position of Jewish Diasporas contains both elements. Almost all these Diasporas experienced long periods of expulsion and restrictions. The second distinction is between migration groups offering labour and groups providing service in the most general sense of the word (Gross 1992:12). The Jewish bankers belonged obviously to a group, which left their homeland, Germany, voluntarily to look for new opportunities elsewhere although we should not ignore push factors at home. They offered specialised services very much in demand, as they were able to offer knowledge and international contacts and routes to be used. Ultimately their migration comes down to *career* migration. Many migrants often start in a kind of *niche* economy. So did the German-Jewish bankers with their specialisation in exchange business in Amsterdam. The margin of profit in these dealings might have been small, nevertheless it required international contacts and up-to-date information and the Jewish bankers were able to offer both. The spatial arrangements of Jewish bankers within Europe have therefore little in common with the usual flows of immigrants in the past or present.

Jewish bankers as ethnic minority

Did Jewish bankers worked together because they were in the majority among their banker colleagues and therefore it was easier to find a Jewish banker elsewhere than a non-Jewish one in the nineteenth century? To see how the position of Jewish bankers was two questions has to be answered. The first one is directed at the representation of Jewish bankers among all bankers in this particular space and time. A second question is whether banking and other financial activities really was a dominant activity within the Jewish Diasporas as a whole. To answer these questions one needs census tables where distributions of occupations are divided by religion in order to see how many Jews were present in specific occupations. It turns out that such tables are very rare indeed for the nineteenth century. Reliable statistics for Germany are only available for the years 1895 and 1907. What follows is a brief presentation of some of the German data.

According to Prinz (1984:134) the number of Jewish bankers was in decline at the end of the nineteenth century in Germany. In 1882 there were 2733 bankers in the state of Prussia of whom 43,25 per cent was from Jewish descent; in 1895 the number of bankers grew to 2982, whereas the proportion of Jewish bankers declined to 37,63 per cent (the absolute number declined as well; from 1182 to 1122). Prinz sees the data for Prussia as

representative for the whole of Germany, but it is far more informative to look at the financial centre, the capital Berlin separately. I do not have statistics for the year 1882 but according to the same census data Prinz used there were in 1895 790 (11 were women) bankers or bank managers active in Berlin. The proportion of bankers with the Jewish religion (in one census table professions are split up by religion) was 434 or 55 per cent. It might well be that in 1895 this proportion was lower than the one in 1882, but 55 per cent was still completely out of proportion when we look at the employed Jewish population as a whole in Berlin which was only 4,6 per cent at that time (*Stat. Jahrbuch* 1895:236-238).

But these data answer only one question, namely whether there was an overrepresentation of Jewish bankers at the end of nineteenth century in Berlin? The answer is definitely yes. But that certainly does not mean there was an overrepresentation within the Jewish minority as such. As is to be expected other economic sectors with a Jewish overrepresentation were various kinds of trade and commerce, and in Berlin the clothing industry. The same is true for Hamburg. According to the same kind of census statistics for the year 1907 62,7 per cent of the employed Jewish population worked in various sectors of commerce and trade, 8,7 per cent was employed in the financial sector (Krohn 1974:70-72). In none of these sectors Jews were dominant. In whatever way we look at the international banking families it should be clear that they formed just the top of the pyramid of Jewish financial activities. Simple loan houses or change offices were also included in the census data and those financial operators were completely out of range in comparison with the Jewish banker families. The number of top bankers was much lower, my estimate would be not higher than hundred for Germany as a whole.

Other countries knew a substantial larger proportion of Jewish bankers as well. For bankers in top positions in Vienna Michel (1976:312) names the almost unlikely high percentage of 80% of Jewish participants at the beginning of twentieth century, although the number is more or less confirmed by McCagg (1992:74). Following Rubinstein's argument (2000:6) that the highest Jewish percentages of the wealth elite can be found in the most feudal societies without a well-developed middle class we should not be surprised of this high percentage of Jewish bankers in Central Europe (and Russia). Moreover, it is exactly in cities like London, where there existed already a group of Quaker bankers, in Amsterdam with its strong group of Mennonites or in Hamburg where traditional Protestants merchants got more involved in banking that the proportion of Jewish bankers was relatively small. In this respect Hamburg looked more like Amsterdam than Berlin. As in Amsterdam a number of Protestant merchant families who had lived in city for centuries really dominated economic life in Hamburg. Over the eighteenth and early nineteenth century some merchant houses slowly converted into banking houses (Pohl 1986:30-31).

Jewish international bankers used the same strategies as were quite common in economic life of that era. However, the societies they lived in always seemed eager to remind them of the fact that they were Jewish and they remained the object of much negative attention. Usually highly valued as business partners there social acceptance was almost never complete. "In the centre but nevertheless at the margin," (*In het middelpunt en toch aan de rand*) is the way Jonkers (1994) characterised the position of Jewish bankers in Amsterdam between 1815 and 1940. This characterisation can be applied to many of the bankers in Germany and elsewhere in Europe (Augustine 1993; Barth 1999). Identity and integration remained the twin problems many bankers were never able to solve entirely

(Mosse 1989:331). Although they had a Jewish background their attitudes towards Jewish religion and Jewish positions within European societies varied widely. As the Rothschilds, many of them acted as local philanthropist for the their co-religionists, participated in the foundation of synagogues and libraries or other local Jewish institutions (orphanages, for example). Others did not participate in religious activities at all, nevertheless exclusively lived within Jewish circles.

Jewish bankers might have a different past from other groups of bankers but it is unlikely that this particular group acted differently from the strategies of other bankers. Trust is always a key element in the relation of a banker and his client. The Jewish bankers almost never had an exclusive clientele. And there are numerous examples where they co-operated with non-Jewish bankers in the financing of a railway or the foundation of banks. It would also be naive to think that belonging to the same religious or ethnic group implies that there was at the individual level no competition or animosity among the bankers. Commercial communities, of course, are never fully homogeneous in this respect. A.C. Wertheim had a very disappointing meeting with James Rothschild in Paris. The banker from Amsterdam wanted the participation of the French Rothschild in a Dutch colonial bank (*Javasche Bank*) that was then in an economic crisis. But James Rothschild thought nothing of the proposal, the amount of money was simply too small to make an interesting venture and he arrogantly refused (Rijxman 1961:126). The same Paris Rothschilds with their almost monopolistic position very strongly opposed the Pereire brothers with their new type of bank, the *Crédit mobilier*, in 1852 (Graetz 1989:213), although they had co-operated before in financing railways. The French Jewish financier Jules Isaac Mirès saw the Rothschilds as representatives of the German and the Pereires of the Portuguese Jews and he hated both (Redlich 1967:64). In the fifties he preferred Pereire's *Crédit Mobilier*. In the eyes of Mirès James Rothschild was defending his power, Pereires "l' intérêt générale" (Redlich 1967:65).¹⁴

But the bankers also differed in their attitude towards general topics as the dealing with anti-Semitic states. In the eighties *Wertheim & Gomperts* in Amsterdam refused to introduce Russian bonds because of the pogroms that then took place in the Russian Empire, whereas his Amsterdam colleagues *Lippmann, Rosenthal & Co.* were very active in this market (Rijxman 1961:133). Perhaps the most striking example was the different attitudes towards the Russo-Japanese war of 1904-1905 (Aronsfeld 1973; Best 1972; Sherman 1983) among several international bankers. *Lippmann, Rosenthal & Co.* in Amsterdam continued with their speciality, namely organising loans to the Russian state. In 1905 a tsarist's decree authorised another loan, which was underwritten by German, and Dutch banks, among them were the Jewish banking houses of Bleichröder and Mendelsohn in Berlin and again *Lippmann, Rosenthal & Co.* (Anan'ich, *et al.* 1991:263). These loans were no great success, however. Their activities are in striking contrast with the behaviour of *Kuhn, Loeb & Co.* in the United States. Schiff personally asked the Rothschilds and other Jewish bankers in Europe to block loans to the Russian state. He himself organised subscriptions of Japanese bonds and kept warm contacts with the Japanese special finance commissioner. Both subscriptions organised by Schiff were a great success in the United

¹⁴ The career Mirès learns us that there were spectacular failures in the financial world of that era. As a young upstart his career had a meteoric rise, but in the end he failed completely and went bankrupt (Redlich 1967).

States. This was probably the last time Jewish bankers had such an important but conflicting impact on international affairs (Best 1972; see also Aronsfeld 1974).¹⁵

In Germany private Jewish banking houses remained in existence till the end of the thirties, even after the beginning of Nazi rule in Germany (Walter 1992; Fisher 1994), but then international Jewish banking had already been in decline since the end of the nineteenth century.¹⁶ The rise of the national state had its drawbacks on the international activities of the Jewish bankers. Crossing borders became stricter. But the process of state formation also improved the standards and requirements of schooling. As became easier for Jews to follow an academic study and from the eighties on we see a steadily increasing number Jews in professions like doctors and lawyers across Europe. For bankers' sons the necessity to follow their father in his footsteps became less urgent. With the outbreak of World War I many of the international Jewish networks disappeared for good. This decline can further explained by two other more intrinsic factors.

Solving the problem of continuity was far from easy. Competent sons or cousins were sometimes in short supply and many private banks went broke. Other lost their international prestige with the arrival of a successor of the founder of the bank house. Successful banking dynasties like the Mendelsohns, the Rothschilds and the Warburgs were in this respect very lucky families, the Bleichröder family was not (Landes 1975). In Amsterdam A.C. Wertheim's prestige as a creative banker was not reproduced by his son and successor. *Wertheim & Gomperts* declined into a decent but hardly influential banking house.¹⁷ A second factor is the profound change within the financial world itself starting at the end of the nineteenth century, particularly in Germany. Many of the financial activities were taken over by the new and much larger joint-stock banks all over Europe. Only a few of the most prestigious private banking houses remained, others became modest local banks and quite a number merged with the new large joint-stock banks, one of the explanations why relatively many Jewish bankers were members of Board of Directors of these banks in the 1910s and 1920 in Germany and elsewhere. The consequence of this new form of banking was that networks through apprenticeships and marriages declined. Other networks and a new kind of social capital were, for instance, created through interlocking directorships (Schijf 1993; see for Germany Mosse 1987:260-322).

¹⁵ Just before World War I Schiff wanted to support the German side, but "at this time, although Schiff and other American Jewish bankers of German origin favoured Germany as an enemy of Russia, they had little influence on the loans floated (Best 1972:324; see also Aronsfeld 1973).

¹⁶ Of course not all German Jewish bankers had an international career. Moritz Pauk who in 1908 owned one of the largest Berlin fortunes lived his whole life modestly in Berlin. As banker he did not do anything out of the ordinary and was mainly specialised in exchange dealings (Schwartz 1958).

¹⁷ Remaining records of the bank for the period around 1900 show that bank was involved in many placements or national and international share, usually in commission for the *Amsterdamsche Bank* (Amsterdam Municipal Archive: 593). In 1918 *Wertheim & Gomperts* finally merged with *Crediet Vereeniging* in Amsterdam.

Jewish Diasporas

“There is little doubt that the Jewish people represents the classical Diaspora phenomenon of all time,” Elazar have remarked (1986:212). This might be true, but the position of Jewish Diasporas in nineteenth century Europe was far from straightforward and this position also raises questions with respect to this particular use of the modern concept of a Diaspora. Safran (1999:255) distils from the example of the Jewish Diaspora the following general attributes: collective forced dispersion, a collective memory with respect to the dispersion, the will to survive as a minority and the “persistence of an ‘externally oriented’ collective identity after the lapse of several generations of residence in a ‘host’ country”. This seems to me a very political use of the concept.

First of all European Jews had no homeland to keep in contact with. Certainly, as part of their religion and cultural past they referred to the *imagined community* they all were exiled from, but there were almost no real contacts with Palestine. Only after the foundation of Zionist movement in the second part of the nineteenth century returning to Palestine became an option to reckon with. But for better or worse the European host countries became the home country for European Jewry. Moreover, Jewish communities adapted to these countries, which led to a variety of Diasporas depending on where Jewish communities were settled. If contact with a homeland is a crucial characteristic of Diaspora, Jewish bankers pose an interesting problem. Although the bankers kept their contacts with people who stayed-behind, it seems to me that these contacts with Germany were meant for relatives and above all business partners and not necessarily for the German towns and regions they came from and it is very unlikely that those relations implied a political sense. On the contrary, many bankers displayed a great loyalty to the rulers of their respective host countries sometimes receiving noble titles in France and peerages in England as a reward. Some were also very good in adapting to new political circumstances and rulers as James Rotschild who started as banker for Louis XVIII and Charles X and converted himself into the banker of Napoleon III (Graetz 1989:199). In England on the other hand Jewish bankers were suspected of German sympathies (Young 1990:7) just before the outbreak of World War I.

Part of being a Jewish Diaspora is created because others see a minority as a separate ethnic group. Almost all Jewish Diasporas experienced long periods of exclusion of certain locations and professions in the past. In many countries their experience changed more or less for the best at the end of the eighteenth century. Finally, we can see movements from one Diaspora community to another. Sephardic Jews who were originally expelled from Spain moved to Portugal, later on to Antwerp and after the fall of Antwerp to Amsterdam and other towns. Their economic success in Amsterdam was partly due to keeping contacts with their homeland Portugal and to a lesser extent Spain. I would suggest that this keeping of trade is another interesting aspect of Diaspora communities, certainly from economic or anthropological point of view.

The image of the success in trading minorities is often inspired by newcomers starting as small shopkeepers or peddlers, of whom some would become the successful founders of

large companies.¹⁸ Only among the German bankers in the United States such persons can be found in a substantial number. Supple (1957) makes a distinction between a very small number of bankers who as such emigrated to America and others belonging to large groups of immigrants from Germany arriving in the United States in the 1850s. Some of these were successful, became banker and merged through marriages and business contacts with the earlier banker group. Together they formed one financial group in New York.

Because of historical reasons European Jewry had a long past of financial dealings. In medieval times and to some extent even in the seventeenth and eighteenth century Jews had played an important role as so-called court Jews, especially in Germany (Stern 1950; Karsten 1958). They operated as loaners to kings and princes, a dependent but beneficial relationship. Germany with its many kingdoms and principalities must have known hundreds of these functionaries over the centuries. The court Jews from the period between 14th and 18th century might have functioned as an example for future generations of bankers in the nineteenth century. The Rothschilds and some other families were direct descendants of court Jews, but others were not.

It would be worthwhile to investigate such dependant but beneficial relations in other diasporas, because they are not restricted to the Jewish experience in Europe. Wu Xiao An informs us about the relation of a local Chinese businessman in Penang (Malay) with a regional sultan around 1890: “the sultan also relied on Lim Leng Cheak in order to get access to finance from Penang and the market there. Lim Leng Cheak’s position as an influential wealthy Chinese *towkay* in Penang made him the best middleman and guarantor through whom the sultan could secure loans from the Chinese, Chetties and European business community” (1999:89). Nineteenth century Jewish bankers form themselves an interesting subject of research and from a comparative viewpoint the migration and network strategies the bankers used are helpful to explain the behaviour of other trading minorities or diasporas with a past of exclusion and discrimination.

A characteristic of modern globalisation is the harsh way multi-nationals move their production and capital to countries where they expect the highest profits. In contrast, the Jewish bankers usually settled down in one place. Many of them participated in local Jewish organisations and societies, both religious and non-religious. They were cosmopolitan in their orientation, but they were certainly not rootless in their activities and movements.

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¹⁸ In the eighteenth century Jewish pedlars from neighbouring German regions dealing in textile began to settle as textile industrialist in Twente and their families would become very successful Dutch textile industrialists in the nineteenth and early twentieth century (de Vries 1989).

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