

Research Is the Art of Encounter: The Sources of Business History

The Inaugural Rothschild Archive Lecture delivered by David S. Landes, Professor Emeritus of History and Economics, Harvard University, 30 May 2000



Emma Rothschild, Chairman of the Archive Trust with Prof. David Landes at the Inaugural Rothschild Archive Lecture

In 1966 Joseph Wechsberg, descendant of a central European family of Jewish businessmen, wrote a book called *The Merchant Bankers* and devoted the last chapter to the Rothschilds. One passage is relevant to our concerns:

“The Rothschild legend has long ago outrun the facts. This is the Rothschilds’ own fault. They are even more reticent and aloof than other merchant bankers when family matters are concerned. They developed the technique of absolute discretion to perfection. Their family labyrinths are complex, dark and mysterious. Bertrand Gille, the French historian, has been working twelve years on a history of the Rothschilds, and hasn’t finished yet.¹ Significantly, no Rothschild-approved history of the family has yet appeared. A whole library of books exists about the Rothschilds. All were


written without their blessing, often against their wishes, mostly without their co-operation, and sometimes they have protested in court against them.

No one has ever gone through all the family archives. Perhaps once a Rothschild will be permitted but certainly not an outsider. The family has produced many diversified talents in the past two hundred years. Someday there will be a historian named Rothschild and he will write *the book*.²

We are gathered here today to fête a great event: the official opening of the Rothschild Archive. Here we have an enterprise that has played a major rôle in the great events of world economic and indeed general history, both on stage and behind the scenes, both public and confidential.

¹ In 1965 and 1967 Gille published two volumes on the history of the Paris Rothschilds: *Histoire de la maison Rothschild* (Geneva: Droz).

² Joseph Wechsberg, *The Merchant Bankers* (pb. ed.; New York: Pocket Books, by arrangement with Little, Brown, 1966), pp. 263-64.



And it is not only opening its papers to scholars but inviting them to come and providing facilities that will serve as example and model to other private archives. To get an idea of the riches that await, one has only to read the extraordinary opus of Niall Ferguson, a brilliant but still preliminary inquiry and survey – 1,500 pages but still preliminary – a promise of things to come.³

By way of underlining the significance of this inaugural, the difference between today and yesterday, and with an eye to the value of business archives, I would tell of my own cognisance of the records of N M Rothschild & Sons. (In dealing with a subject so various, nothing is so informative as one's own experience.) My story takes me back almost fifty years, to the New Court of the old prints, before the building that currently houses the Bank had been built. I was working at the time on a history of the Bleichröder Bank of Berlin, a fascinating case study of a kind of mini-Rothschild house. The Bleichröders had started out as money changers (important business in much-fragmented central Europe); gone early into personal loans and commercial credit; then, with the railroads, into investment banking; then, thanks to connections to the Rothschild house in Frankfurt, into the role of court banker. In particular, thanks to the Rothschilds' recommendation ("Who do you know in Berlin?"), Bleichröder came to handle the personal banking needs of Otto von Bismarck, Prussia's delegate to the Frankfurt Diet in 1851, later known as Prussia's Iron Chancellor.

How did I come to be doing the history of Bleichröder? Because of business archives. In two respects. First (actually second in point of time), there was the matter of Bleichröder's records. The firm was Jewish by faith and identification. (Not every Jewish firm stays Jewish, *vide* Hambro, or Kuhn, Loeb, or Guggenheim.) So when the Nazis came to power in the 1930s, they Aryanised Bleichröder, that is, they compelled the Jewish house to sell business and assets in Germany to a racially acceptable successor firm, Hardy & Co., which received as part of this forced transfer the

business records of the house. These records were subsequently lost – who knows how?

But, *petit miracle*, some papers did survive. For whatever reason, Gerson Bleichröder (later von Bleichröder), son of founder Samuel, had kept – in his office? in his house? – a disparate and somewhat chance selection of documents: some of his father's papers, partnership agreements, personal records and correspondence, some balance sheets, children's school records, a sample book of account, a sample letter book, some official papers, *et cetera*.

This *Nachlass*, as the bundle was designated, had come into the hands of a partner of the firm (no relation), which after 'selling' its Berlin persona, had re-established in New York under the name Arnhold and S. Bleichröder. Whence this appellation? After the Great War, Bleichröders had merged with (been absorbed by) Gebrüder Arnhold of Dresden, a major provincial bank, also Jewish, which had wanted to move to the capital and saw in the merger an opportunity to marry enterprise (their enterprise) to high prestige. For in matters commercial and financial, Bleichröders was no longer what it had been. In the partners' marital strategy as well. (Which came first?)

This partner was Friedrich Bunner, in New York a German expatriate out of time and place. He conceived it his duty to preserve and disseminate the record of the house, and he went to Columbia University in the hope of finding someone to turn this sacred remnant into a book, a history of the Bleichröder Bank. And that brought him to me, then Assistant Professor of Economics with the special charge of teaching European economic history. And I, foolishly, said yes.

Why 'foolishly'? Because the task was far bigger than I suspected or imagined.

I should have known better, for I had some experience in this line of work. Which brings me to my first major adventure in business records.⁴ My doctoral dissertation had been an exercise in

³ In the latest two-volume paperback edition, we have Niall Ferguson, *The House of Rothschild*, vol I: *Money's Prophets 1798-1948*; vol II: *The World's Banker, 1849-1998* (London: Weidenfeld & Nicolson, 2000).

⁴ Not exactly the first. I had also done extensive work in the records of the Wendel iron and steel conglomerate. But the payoff there was postponed (set aside) to a study of banks in Paris and Alexandria (Egypt), details of which below.

business history based on a similar paper trove. It was a study of roughly a decade of banking and commercial operations in Egypt – the Egypt of the late 1850s and 1860s, the Egypt of European imperialism and the building of the Suez Canal.⁵

What was I, a student of European, specifically French, economic history, doing in Egypt? That too was a matter of chance, of archives and accident. I want to emphasise here the role of luck and accident in research; it's like panning for gold. But luck is never entirely accidental. Chance, encounter, are an art. They rest on preparation, on sensitisation. I found these papers because I could not return a fat dossier labelled *Affaires Ottomanes* without peeking inside. I had no interest in Ottoman affairs. But how can a serious historian simply throw back a bundle of documents without looking? So I looked and found the richest, most intimate business correspondence I'd ever seen or would see – the kind that no longer happens now that we have the telephone and airplane. That's luck, but also trained curiosity.

I had come to France as a graduate student in 1948 – a long time ago – to study French entrepreneurship and its consequences for French economic development. My strategy, *grosso modo*, was to find what I could learn in French business records. The primary sources would tell me. So I wrote letters and travelled about, visiting firms and directors and CEOs, asking for permission to see their papers.

Now it should be understood that it took much brass (*chutzpah*), politeness, tact, and impertinence to ask such a favour. French business firms were not accustomed to opening their records to outsiders, the less so as they never knew whether their visitor was not an agent of the '*fisc*' the dreaded tax-collecting treasury, disguised as a scholar (or whatever) to penetrate the *secret de l'affaire*. (So I was actually favoured as an American, not a very French reaction.) A number of firms told me as much. They received me politely, even invited me to lunch or aperitif, but

told me candidly that they would have to be crazy to open their files to a stranger. If they were very polite, they sent me on to some other house, maybe to someone they had it in for, maybe as a smooth way of dismissing me. But it was one of those pass-ons, from an old, strait-laced member of the *Haute Banque Protestante* (even their French was different – tight mouth, scarcely open, distinctive accent) that brought me to the bank de Neuflyze, Schlumberger et Cie in Paris's place de la Bourse; and there I hit pay dirt.

By *haute banque* standards, de Neuflyze, Schlumberger was something of a newcomer. The leading names – Mallet, Vernes, Hottinguer – went back to the 18th century, were pre-Revolutionary. To be sure, the bank that fathered de Neuflyze, Schlumberger was equally old, but not in Paris. The house went back to the 17th century, to the Revocation of the Edict of Toleration of Nantes, when the André family of Nîmes left France and found shelter and religious freedom in Genoa. The André clan were a good example of Huguenot entrepreneurial genius and cosmopolitan dispersion. Politically progressive, they began grain shipments to hungry France in 1792 and were led by growing trade to open an office in Paris. Progressive as they were, however, they were not radical enough. One of them ended his days under the knife of the guillotine.

Others moved via Geneva to England, and it was the English branch that gave us Americans the best known of the clan. This was Major John André of the Royal Army, an adversary of the American War of Independence. John was a British spy (he would have said, a British agent), negotiator with Benedict Arnold for the surrender of West Point – Arnold, whose very name spells traitor to those of us raised on American histories of the conflict. André was caught in civilian dress, tried as a spy, and hanged – to much regret, even on the part of the Americans, who respected his dignity and liked, even admired, his courage and bonhomie.⁶ After learning about him as a schoolboy, I was now running into his French cousins. The intellectual world, the world of

⁵ Later published as *Bankers and Pashas: International Finance and Economic Imperialism in Egypt* (London: Wm. Heinemann, 1958).

⁶ On André and his branch of the family, see Robert McConnell Hatch, *Major John André, a Gallant in Spy's Clothing* (Boston: Houghton Mifflin, 1986).



print and imagination, is small as well as large.

The de Neuflyze also went far back, but not in banking. They had been wool manufacturers in the 17th and 18th centuries, putters-out of Sedan (that is, they bought the raw materials and gave them out to spinners and weavers to be worked up into cloth), family name Poupart. They got the surname de Neuflyze from an estate they bought and title with it – death to Calvinist simplicity and modesty. (This is always the great threat to business continuity: the temptations of success.) The end of royal connections during the Revolution brought hard times and liquidation. But family is family and connections are connections, and the de Neuflyze were able to place one of their sons in the André bank and then marry him to an André daughter. Say no more.

The Schlumberger went back even farther, back to the 16th and 17th centuries, first as putters-out, then as factory manufacturers, then as makers of textile and other machinery, then, in the second quarter of the 19th century as railway entrepreneurs. And smart too. Two others, brothers Conrad, who went to the Ecole Polytechnique, a school of ferociously competitive admission, and Marcel, who went to the Ecole Centrale, also selective, became interested in electricity and began looking into ways of using the new energy to prospect for oil. With a substantial advance from father Paul, they invented a technique that became the standard for an industry that was on the point of take-off. Rich as the Schlumbergers were already, the oil branch made their relatives look poor.

Anyway, the bank I visited went, after several avatars, by the name de Neuflyze, Schlumberger et Cie. Yes, they did have records, which they kept in a vault in the Bank of France. And yes, they would be pleased to let me see them. One of the junior partners was delegated to show me the papers. This was Henri Costa de Beauregard, of an old Savoyard family, Catholic in this Protestant stronghold, from Genoa originally. Perhaps they had had connections to the André firm in Genoa. (In those days this difference in religion was still very important. It has much diminished since, as shown by the marriage of the Catholic manager of

the Houston branch (where else for oil prospecting?), a Monsieur Deménil, to a Schlumberger heiress. Even so, some cousins absented themselves from the ceremony.)

Well, Costa and I met at the bank and went down into the cellars, passing first through an entry tunnel some ten metres long. That was the thickness of the masonry wall that protected the vaults. At night the tunnel was filled by a huge plug, tons and tons, which rode on rails into the hole and was then lowered off the wheels so that it sat immovable and impenetrable until the next day. In this treasure room, money men and jewellers kept valuables and showed them to potential customers: trays of black velvet speckled with shiny stones.

The de Neuflyze, Schlumberger archives were in a large self-standing cage in the cellar, an island of documentary tranquillity. The bank allowed me first to explore, then to take bundles of papers away [*sic!*] to work on at home. *Incroyable!* Back and forth I went, accompanied each time by Monsieur Costa; and then one time I took home, along with other things, a thick bundle of papers marked *Affaires Ottomanes*. So I didn't open it; what interest did I have in Ottoman affairs? Until the day came when I had to return it, and then I felt guilty about not examining the contents. So, *par acquit de conscience*, I opened it and was stunned. There, neatly ordered, was a rich personal correspondence between Alfred André, banker in Paris, and Edouard Dervieu, banker in Alexandria. Rich isn't the word: I had never seen a business exchange of such detail, candour and intimacy. I'd hit the jackpot.

It was this discovery that led me to decide that, instead of doing some kind of general survey of French entrepreneurship, I would do a monograph in business history, a case study. The end result was *Bankers and Pashas*.

But how does one get from a bundle of letters – the originals from Alexandria and ink-blotted copies of those sent from Paris – to a book? The letters do not make a history; they are the nucleus of a story. To give them meaning and sequence, one has to put them in context, build outward, identify, define, explain. So I found myself

reading materials on the history of trade and banking, on the mid-century political and commercial conjuncture, on the activities of European businessmen in Egypt, on the planning, negotiation and construction of the Suez Canal, on the size and uses of the Egyptian debt, on the life histories of the *dramatis personae* – not only printed materials but the consular and diplomatic records of divers French, British and American government agencies. I didn't read everything. I should have gone to Vienna and I looked into the diplomatic records of the Habsburg monarchy, and to Moscow for those of tsarist Russia; and even more to Istanbul for the archives of the Ottoman suzerain.

As for Egyptian materials, I quickly learned that newspapers of the period had not survived, and that such government papers as remained dealt with such relatively trivial matters as the purchase of furnishings for the vice-regal residences. How did I know that? Well, I didn't really know it, but rather inferred as much from the materials used by Egyptian historians of the subject.⁷ In regard to archives in both Istanbul and Cairo, matters were complicated by the use of Ottoman Turkish, a very different language from that employed in Turkey today and written in a different script. It may well be that Egyptian scholars simply could not read much of the material; and to this day, no one has explored the Turkish sources.

So far, then, so good. I had learned an important principle: that it is easier to start from the general and focus down to the particular, than to start from the particular and explore an open-ended (read, endless) topic.

But let's get back to our sheep. What to do about Bleichröder? Well, my first thought was to find a collaborator, someone familiar with German history as I was not, and I found him in my Columbia University colleague, Fritz Stern. And

then, how to fill out the gaps and round out the material? This was a much bigger task than for *Bankers and Pasbas*. The *Nachlass* was spottier than the André papers and potentially wider-ranging – in effect, they pointed at a century and more of Prussian and German history. The research took us (Stern and me) into Prussian and German archives in Merseburg and Potsdam; into Hungarian archives and library materials in Budapest (railway projects); into the National Library in Bucharest (the Romanians were unwilling to admit me into the archives and found ways to delay until past my departure dates);⁸ and into sundry business records in Paris and London.

In regard to these last, our principal source was the correspondence of Bleichröders with the Rothschild banks in these two cities. This more or less daily exchange of letters offered invaluable information on Bleichröders' international activities. We had no copies in the *Nachlass*. But we assumed that the Rothschild archives would have copies of both letters sent and received. And this proved true in Paris. The man we dealt with there was Pierre Dupont-Ferrier, one of the bank's higher officers, whom I knew by his earlier work as a significant historian of French banking and finance in the 19th century.⁹ He was sympathetic to scholarship and treated us with a benevolence matched only by my earlier good fortune with de Neufville, Schlumberger. He let us work up in the attic (this was the old building, long since demolished and replaced), alone and undisturbed with the bank's archives, room after room of letter books and bundles, and allowed us to make use of a camera we brought in for this purpose. (This was before the days of xerox copiers, but we did almost as well with a cheque-copying machine normally used only by banks. We rented it from a bank supply house.) These records, be it noted, have since been transferred to the care of the French National Archives and moved to a repository in Roubaix, in the far north

⁷ See especially M. Sabry, *Episode de la question d'Afrique: l'empire égyptien sous Ismail et l'ingérence anglo-française* (Paris, 1933); and Abdel-Maksud Hamza, *The Public Debt of Egypt, 1854-1867* (Cairo, 1944).

⁸ This was pre-Ceausescu, but everyone I met was terrified at the prospect of helping a foreigner, or perhaps an American. No one, for example, would see me alone. And when it was time to make microfilms for me, they deliberately (I say that advisedly) put the fixed-focus camera out of focus so that the film was virtually illegible.

⁹ Pierre Dupont-Ferrier, *Le marché financier de Paris sous le Second Empire* (Paris, 1925).



– a mournful, single-purpose factory town. This exile no doubt made it possible to avoid allocating costly space in the bank in Paris to old papers; but it certainly made it less fun to do research on the history of the bank.

London was another matter. First I got Arnhold and S. Bleichröder to write to N M Rothschild & Sons and ask for their kindly co-operation. Then I wrote to London to ask to see the appropriate powers about access to the Rothschild-Bleichröder papers. In reply, I was granted a meeting with the new senior partner Edmund de Rothschild. In anticipation, Edmund had given instructions to the archivist to find whatever she could in the way of correspondence between the two houses. Her search had not yielded much – some 24 letters and notes containing trivia and politenesses.

And then I learned more about the archive: how it was dispersed during the war and it took years afterward to reunite and arrange it. Apparently those few letters and notes were all one could find at the time. All of which shows how important and promising the work that the newly organised Rothschild Archive has done, in assembling these dispersed materials and classifying them for future users. And past.

I wish I were younger, because now I know where these Bleichröder letters to NMR are to be found, and others too, thanks to the good work of Victor Gray, Melanie Aspey, Mordechai Zucker, Elaine Penn, Richard Schofield and the rest of that gifted and devoted team; and to the generous financial support of the Rothschild Bank today and its open-minded policy of encouraging research by any and all legitimate students and scholars.

In all this, I would stress the value of a broad purview. The staff of the Rothschild Archive have made it a point to collect and order not only the records of the Rothschild Banks, but also the relevant personal papers of officials and friends

and the journals, letters, and mementoes of members of the family. They also understand that written records can be enriched and informed by iconographic material. This is something I myself am especially sensitive to because of my interest in and work on the history of time measurement. This is a field where, for obvious reasons, things (objects) matter. If you can't open and "read" a clock or watch, you can't write about the industry and its uses.¹⁰

The other aspect of breadth is the versatility of the Rothschild material, which relates not only to the history of the firm and family, but to a host of other subjects and issues. Consider, for example, the evidence on patterns of expenditure in good times and bad, the sort of thing relevant to Professor Maxine Berg's programme of study of the luxury trades and manufactures. She'll be sending colleagues and students here. In that regard, just a word about a personal experience here in London. Monday was Bank Holiday, and the windows of the luxury shops on Bond Street were bare or, in the case of the jewellers Collingwood, decorated with old account books: one from 1825, with His Majesty's account and mention of what was presumably a Christmas present (dated 21 December), a £200 gold serpent bracelet; and another book from 1902, with accounts of the Russian emperor and empress. Business records, especially when reinforced as here with family materials, are the still unexplored treasure of future generations. Working in them is like the explosions of firework rockets, one bright flame after another. Once again: that's what makes knowledge and research the art of encounter.

I could write a book or even books now. I just don't have time. But others do, more than we know, and that is why we fête this occasion. It marks the triumph of a new, enlightened policy important for substance and as example to other families and business houses. This is a great day for knowledge and scholarship. Bravo, Rothschild!

¹⁰ On the debate over priority in the design of the marine chronometer, no small matter, see Landes, *Revolution in Time* (rev. ed; London: Viking, 2000), ch.11 "Fame is the Spur", especially pp.196-199