

# The London house of Rothschild and its Belgian contacts (1815–1860)<sup>1</sup>

Hans Willems explains the significance of correspondence in The Rothschild Archive to the historian of Belgian financial history and the Antwerp Stock Exchange.

The manner in which it is possible to conduct transactions at the Brussels stock exchange may, from a technological point of view, be ranked amongst the most progressive systems in the world today. As a full-fledged partner within Euronext,<sup>2</sup> the Brussels exchange makes use of the virtual market environment, which allows members (clients) of the exchange to log in via their computer and engage in trades from any place in the world.

Methodology has indeed come a long way since the inception of the modern Belgian stock exchange at the time of the French occupation (1798–1815), when communications relied on a slow-moving mail service or carrier pigeons, rather unreliable messengers. So while during the first half of the nineteenth century, personal contact between the brokers and their clients was certainly very important, the technical impediments made smooth-running exchange transactions practically impossible.

During this period, the Antwerp stock exchange dominated the market for transactions in commodities and government bonds that were undertaken in the Belgian regions. Only after Belgium's independence in 1830, under the stimulus of transactions in corporate shares and Belgian government bonds, did the Brussels exchange begin to gain steadily in importance, to the extent that, as of the second half of the nineteenth century, it played a leading role in Belgian stock exchange history.

Because of the devastating fire that destroyed the Antwerp Stock Exchange in 1858, the archives of this important Belgian exchange institution up to that date have been irrevocably lost. In order to formulate a concrete picture of the exchange transactions and the *modus operandi* of the stockbrokers during the first half of the nineteenth century, the researcher is forced to fall back on indirect source material. While it is true that the documents kept in the City and National Archives provide a clear picture of the institutional definition of the exchange at that time, there is, nonetheless, hardly any information on the practical workings and the degree of activity of the exchange operations.

The documents kept at The Rothschild Archive provide us with a unique opportunity to fill in this lacuna. The extraordinarily detailed and well-preserved series of correspondence between the London Rothschild house and its Belgian 'agents' offer the researcher a rare glimpse into the inner workings of, initially, the Antwerp exchange and subsequently of the Brussels exchange and the Belgian financial market. During the first half of the nineteenth century, Nathan Rothschild employed different contact persons in the Belgian financial world to negotiate his business transactions.<sup>3</sup> For his financial operations, Vande Wiel, Terwagne and, later on, Richtenberger/Lambert and the Société générale de Belgique were the most important contacts.<sup>4</sup> For operations in public bonds and transactions on the Antwerp Stock Exchange, Rothschild relied on Jean Standaert. Osy entered into the picture to undertake transactions in commodities such as cotton, wool, coffee, tobacco, etc. All of these contact persons kept Rothschild informed about the Belgian markets. Every two to three days, they communicated to him extensively by letter. The huge collection of these letters allows the researcher to enter into the inner secrets of the workings and processes of the Belgian financial and commodity markets.



The Bourse at Antwerp in 1802, an engraving from the collection of the Antwerp Stock Exchange archives. University of Antwerp.

N. M. de Rothschild & Co.  
London

Antwerp 23 August 1830

Sir

I beg to confirm my reports of yesterday and to inform you that our prices are quite nominal, no business was done. The news received yesterday evening at 9 o'clock from Brussels was impossible that such a violent demonstration the queen's army is said to have committed in depriving the people and that every thing was quiet this morning. Every thing is quiet here and to maintain this state of things, the most respectable citizens will take up arms this evening.

I remain very respectfully

Sir

Your most obedient servant  
Standaert

Net 46000000 — Lira 385000 — Rbll 40000000  
Sch. 100000000 — 100000000  
Spand 100000000 — in amty 100000000  
Coke 100000000  
Amst 100000000 — 100000000  
Paris 100000000 — 100000000  
London 100000000 — 100000000  
Amst 100000000 — 100000000  
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A letter from Standaert to Rothschild in London, 25 August 1830, the first day of the revolution that led to Belgian independence. RAL XI/38/247.

While Rothschild carried on an active correspondence with several people, it is the correspondence with the Antwerp exchange agent Standaert<sup>5</sup> that is especially revealing and allows us to gain a better insight into the internal working of the exchange. This correspondence ran from October 1828 until June 1845.<sup>6</sup> The contact with Standaert was initiated on advice from the Paris branch of the Rothschild family, which had for some time made use of the services provided by Standaert to direct their operations in the Antwerp commercial metropolis into the proper channels.<sup>7</sup> Nathan Rothschild decided to make use of Standaert to carry out transactions in notes and public funds at the Antwerp exchange. Concluding the contract with Rothschild signified for Standaert an important step in his career as an exchange agent. Indeed, during this period, the transactions at the Antwerp exchange were fairly limited and to be able to rely on regular orders from Rothschild meant that Standaert now assumed a very lucrative and important position within the Antwerp brokerage community. Nevertheless, it took Standaert a great deal of effort to satisfy the expectations that Rothschild had of him. In his turn, Rothschild, used as he was to the large-scale workings and liquidity operations of the London exchange, needed to adapt himself to the small-scale operations at the Antwerp exchange. The initial orders that Rothschild passed on to Standaert in the course of 1828 were so large (up to £10,000) that it was impossible to transact them on the low-liquidity Antwerp exchange.<sup>8</sup> This lack of liquidity would, in fact, remain an on-going problem long after Belgian independence, which meant that the execution of Rothschild orders could take weeks. This lack of liquidity was, in fact, not the only weakness confronting the Belgian exchange markets. Because of the high purchase price of funds and large quantities of commodities, only a very small circle of capital-rich individuals could handle these kinds of transactions. Standaert himself lacked the financial means to prefinance the transactions ordered by Rothschild and was thus forced at regular intervals to ask for cash, which Rothschild in turn then sent to Antwerp.<sup>9</sup> The distance and the awkward connections between London and Antwerp proved not only an obstacle to transporting the liquid funds or securities that Rothschild wanted to sell in Antwerp, but turned the process of passing on trading orders by mail into a very involved procedure. Standaert, initially wary of upsetting Rothschild, did not dare to deviate from the limits passed on to him, which meant that he was regularly forced to ask the financier by letter if the latter agreed with the possibly deviating prices. The archives that were consulted often show an exchange of five to ten letters on the subject of the same order before the transaction was effectively concluded.

Drawing on the practically inexhaustible cash flow available to him, Rothschild had little difficulty in dominating the Antwerp stock market. For instance, Standaert, on orders from Rothschild, systematically purchased all 'bills on London' and in this manner had a dominating



'The Bourse at Antwerp recently destroyed by fire',  
*Illustrated London News*,  
21 August 1858.





Chappe semaphore telegraph station, Condé, 30 November 1794, a military invention later adapted for commercial purposes. Alexis Belloc, *La Télégraphie Historique*, (Paris: Firmin-Didot, 1888). BT Connected Earth.

influence on the performance of the market. Often he was the only buyer of the government bonds that were being negotiated in Antwerp, and certain securities, such as the Brazilian bonds, were included in the Antwerp quotation lists at his express request.<sup>10</sup>

From the reliable reporting of the market situation, it further becomes clear that the Antwerp market was in the first place geared to the situation in Paris.<sup>11</sup> News about a drop in the market in Paris meant, according to Standaert's correspondence, instant repercussions on the Antwerp exchange, whereas the London market fluctuations often had little influence on the Antwerp exchange movements. This factor made it very difficult for Rothschild to make gains via arbitrage between the Antwerp and London markets. Frequently, Standaert was forced to return Rothschild orders without negotiating them since the Antwerp prices were out of line with the situation in London. In 1842, the Rothschild bank provided Standaert with carrier pigeons to facilitate communications between them.<sup>12</sup>

Because of the confidential nature of the correspondence between exchange agent and client, the letters saved in The Rothschild Archive offer a unique glimpse into the practices of

the price setting of securities negotiated on the Antwerp exchange. Thanks to the very restricted market, large orders by a single individual could influence the entire market. Rothschild, as well as other major players on the Antwerp exchange, such as Le Grelle, for instance, were very much aware of this and via strategically prepared buy/sell orders often succeeded in steering the prices of specific securities in order to serve their personal interests.<sup>13</sup>

Following Belgian independence, the London House of Rothschild proceeded full throttle to the buying of securities of the initial Belgian government issues that had been released through its bank.<sup>14</sup> These buy-orders were so extensive that Rothschild during this initial phase secured the bid for these securities and here also monopolised the market so as to drive up the price. Standaert, who during this period continued to act as an agent for the French Rothschild branch, frequently found himself forced to divide equally the few securities he had been able to buy on the Antwerp exchange between both the Rothschild Houses, whose buy orders kept on exceeding the limited supply of securities. The Antwerp exchange, but likewise the Brussels institution, struggled for business because of the tense political situation in newly independent Belgium. Correspondence to Rothschild reveals continuous complaints about the absence of transactions. None of this, however, deflected Rothschild from placing his stream of orders on the Belgian market.

Although, after 1830, the number of limited companies that were listed on the Belgian exchanges rose, Nathan Rothschild continued almost exclusively to place orders in various government bonds (Danish, Brazilian, Belgian, Prussian, and so forth).<sup>15</sup> That was also the reason why, through Standaert, he kept dealing primarily on the Antwerp exchange, and specialised in this type of security, and not so much on the Brussels market, which, as of 1840, recorded an increasing number of listings of limited companies.<sup>16</sup>

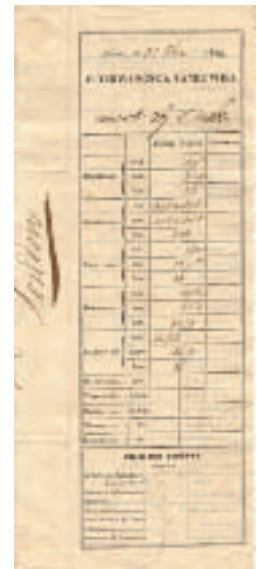
From 1844 onwards, a few years after the death of Nathan Rothschild in 1836, the correspondence between Standaert and the London Rothschilds became less frequent, and in 1845 was reduced to the trickle of one single letter per month. On 17 June 1845, Standaert sent his last letter to London. Why the exchange of letters was halted is not clear. Rothschild's interest in placing orders on the Antwerp exchange had subsided for some time already. From the correspondence with Lambert (see below), it also appeared that Rothschild had become more and more interested in the Brussels exchange and diverted its attention in that direction. Also for transactions that had to be conducted in Antwerp, Lambert had increasingly become the central figure. Nonetheless, it is remarkable that a relationship carried on by correspondence for more than fifteen years would be halted abruptly without any given reason or explanation.<sup>17</sup>

As mentioned earlier, for the historical researcher interested in the workings of the Antwerp exchange, Standaert was Rothschild's most interesting contact person. In addition, The Rothschild Archive contains a treasure trove of information about the Belgian economy and the workings of the commodities markets, all of which may be gleaned from studying the very extensive correspondence Rothschild conducted with other Belgian contacts.

The London house of Rothschild maintained with Joseph Osy a business relationship during the period 1810 to 1815 based on cashing exchange notes in Brussels.<sup>18</sup> In turn, Osy informed Rothschild about the price fluctuations of the government bonds. But Osy limited himself to the execution of financial operations on commission from Rothschild and did not act as an agent for the eventual transactions of these securities.

As of 1814, the son of Joseph Osy established a base in Antwerp from where he represented the Rothschild interests.<sup>19</sup> The concluding of financial transactions from a distance was at the start of the nineteenth century still a very complex matter. Like Standaert, Osy too had to cope with an inefficient postal system and the forwarding of large sums of money between Brussels/Antwerp and London was not without its pitfalls.<sup>20</sup>

Subsequently, these financial operations were taken over by P.J. Vande Wiel (from 1829 onwards together with F. Terwagne), as well as trading in commodities.<sup>21</sup> With this trading



*Above*

One of the regular reports on the exchanges arriving in London, from the firm of Terwagne & Vande Wiel. RAL XI/38/250.

*Opposite*

Postal cover for a letter from a major Rothschild agent, S. Lambert, Antwerp, 1864. RAL XI/78/3.

company, Rothschild carried on a very active correspondence in German and in French. Vande Wiel kept Rothschild minutely abreast of the price fluctuations of the government bonds and exchange notes via a daily dispatch of the price quotations on the Antwerp exchange. It was, for instance, on the basis of this information, that Rothschild subsequently passed on his orders to Standaert. Rothschild thus simultaneously relied on different sources of information to keep in touch with the situation in the Belgian markets.

Starting in 1844, Samuel Lambert increasingly assumed the role of informant on the Belgian situation and demanded a central role in the transactions that the London Rothschilds conducted on the Belgian markets. Both commodities and security transactions were to pass through his office.<sup>22</sup> The Rothschild bank was happy to be able to use Lambert's expertise to carry out transactions in cotton, and, as of 1847, also in grain, sugar, coffee, and tobacco. When in December 1853, Richtenberger<sup>23</sup> (Lambert's father-in-law) died suddenly in Brussels, Lambert also undertook these Brussels activities, by commission and as agent of the Paris and London houses of Rothschild.<sup>24</sup> From that time onwards, the researcher can, in separate archival series, retrieve from this correspondence very instructive information about the workings of the Brussels exchange and its market transactions.<sup>25</sup> As of November 1854, the Rothschild bank would ever more frequently place orders by telegraph, while correspondence was used only to pass on information on the Belgian financial and economic situation, and as an extension of the social contacts that existed between the Lambert and Rothschild families.

The files in The Rothschild Archive containing correspondence with the Société générale de Belgique and the Banque nationale de Belgique complement the rich treasure of letters with Belgian contacts that is present in the collection. The correspondence with the latter pertains primarily to purely financial operations and the management of the current accounts that Rothschild had opened with the Société générale and the payments that needed to be made in consequence of the transactions that Rothschild had undertaken in Belgium. It also provides information on the nature of the business relationships that the Rothschild bank enjoyed with the Belgian government via the issuance of loans to the latter.

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## NOTES

- 1 I would like to take this opportunity to thank the collaborators at The Rothschild Archive for the invaluable assistance they offered me in the course of my research, as well as The Rothschild Archive Trust for giving me a study grant that allowed me to spend an extended period at the archives in London.
- 2 Euronext is the product of the merger of the stock exchanges of Amsterdam, Brussels, Paris, and Lisbon, founded on 17th September 2000. Euronext offers an integrated service, consisting of uniform trading regulations, a single price list, central electronic order book, trading platform, and system for clearing and settlement.
- 3 This network was in the years 1820 and 1830 expanded into the world's most important trading centres (New York, Havana, Saint Petersburg, Madrid, and others). In these centres, the Rothschilds attracted agents to their employ; in other cities that were readily accessible to the Rothschilds and where they had already established good contacts with local bankers, exchange agents, and the like, this method was not used. In Belgium, only in 1832 was a fully-fledged agent appointed. Yet, even so, many transactions continued to be conducted via the existing contact persons. See Niall Ferguson, *The World's Banker: the History of the House of Rothschild*, (London: Weidenfeld & Nicolson, 1998), pp.296–7.
- 4 The files that are kept at The Rothschild Archive of the correspondence between Vande Wiel, Terwagne, and the London Rothschild banking house cover a period from 1827 to 1837, those with Osy from 1814 to 1826, with Standaert from 1828 to 1845, with Lambert from 1844 to 1918, with the *Société Générale de Belgique* from 1832 to 1868, and with *Banque Nationale de Belgique* from 1851 to 1855.
- 5 On 1 May 1806, J. Standaert was appointed by Napoleon as official exchange agent at the Antwerp exchange and remained in that position until the end of the 1870s.
- 6 Standaert sometimes wrote daily letters, but mostly every other day, to Rothschild. Initially, these letters were written in English and contained, aside from confirmation of Rothschild's orders, a brief account of the state of affairs at the Antwerp exchange. Starting in November 1831, the letters were written in French and became gradually more expansive.
- 7 The Rothschild Archive London (RAL) XI/38/246A, Standaert to Rothschild, 7 October 1828.
- 8 Also during the unsettled and uncertain period in the spring of 1831 following Belgian independence, Rothschild continued to pass on orders of £5,000 and more, and this while the Belgian exchange markets had completely collapsed. Standaert frequently urged Rothschild to limit his orders to £1,000 or £2,000, even though these amounts also seemed to him rather on the high side. Nathan Rothschild nonetheless continued unabatedly to place his orders in Antwerp for the same amounts, undaunted, so it appeared, by the political unrest reigning in Belgium. RAL XI/38/24A, Standaert to Rothschild, 8 March 1831.
- 9 On 24 October 1828, Rothschild shipped 4000 coins of 10 Dutch guilders to Standaert. In July 1832, Captain Cook, on orders from Rothschild, delivered a shipment of Danish securities to Standaert for negotiation in Antwerp. RAL XI/38/246A, Standaert to Rothschild, 28 October 1828 and 3 July 1832.
- 10 As of 1830, Standaert, on orders from Rothschild, was introducing very large quantities of Brazilian government bonds into the Antwerp market. RAL XI/38/246A, Standaert to Rothschild, 3 March 1830.
- 11 Via carrier pigeons and the optical 'Chappe' telegraph (a military invention that dated from the period of the French occupation), the Paris exchange price quotations were transmitted to interested parties at the Antwerp exchange who adjusted their orders on the basis of this information.
- 12 These pigeons were delivered to Standaert by ship. RAL XI/38/246A, Standaert to Rothschild, 3 September 1842.
- 13 The massive buy/sell orders from Rothschild for, as an example, Danish or Brazilian securities often resulted in direct repercussions on the price fluctuations. In February 1833 Le Grelle did the same thing with Belgian government bonds.
- 14 At the end of 1831, Rothschild, together with J. Osy (see below), approved a loan of £2.75 million to the Belgian government. Because of the internationally charged situation and political uncertainties, the Rothschilds decided to shore up the market via buy-backs of the securities. Ferguson, pp.268–9.
- 15 As of 1833, Standaert in his letters made frequent mention of new limited companies that were being incorporated in Belgium. But since Rothschild failed to show any interest in this information and no orders ever resulted from it, Standaert quickly limited himself to providing information regarding the movements of the (foreign) government bonds.
- 16 Exceptions were in the course of 1837 and 1838 the purchases made by Rothschild of securities of the firm of John Cockerill in Liege. RAL XI/38/246A, Standaert to Rothschild, 7 August 1838.
- 17 As a note to the last letter that Standaert sent to London, we mention only that there was no answer to it, without any further explanation. RAL XI/38/246A, Standaert to Rothschild, 17 June 1845.
- 18 RAL XI/38/193, Osy J., 1810–1815.
- 19 RAL XI/38/194–198, Osy J.J.R., 1814–1826.
- 20 RAL XI/38/193, Osy to Rothschild, 24 September 1814.
- 21 RAL XI/38/266, Vande Wiel P.J. & Co., 1827–1828; and RAL XI/38/250, Terwagne F. & Vande Wiel 1829–1837.
- 22 Richtenberger had in 1840 opened an Antwerp branch office and made S. Lambert (1906–1875) its manager. As of 1843, the name of the firm was 'Lambert-Richtenberger, agent Rothschild'. RAL XI/77/0–19, Lambert S. 1844–1914; RAL XI/78/0–25, Lambert S. 1853–1918 and RAL XI/38/209–12, Richtenberger L., 1827, 1835–1841.
- 23 Lazare Richtenberger became in 1832 the first fully-fledged Rothschild agent in Brussels. See Ferguson, p.301.
- 24 The activities in Antwerp would shortly be entrusted to his brother Eugène Lambert. RAL XI/78/0, Lambert to Rothschild, 8 December 1853.
- 25 In fact, the Brussels exchange was confronted with the same problems as its Antwerp counterpart. These problems centre on an absence of sufficient liquidity, a very limited number of transactions, and a very close dependency on what was happening on the Paris exchange.