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Ludwig Bamberger: one of Deutsche Bank's trailblazers



From condemned-to-death revolutionary to highly respected banker, currency expert and leading liberal politician in the fledgling German Empire: the life journey of Ludwig Bamberger (1823-1899) is eventful and impressive in equal measure. He played a key role in Deutsche Bank's formation in 1869 and 1870. 22 July this year marks the bicentenary of his birth.

If we look at what remains, Ludwig Bamberger's contribution at Deutsche Bank appears modest: a member of the Administrative Board from 1870 to 1872 plus a handful of letters and a few pages in his memoirs. And yet this politician, banker and currency expert will go down in history as one of Deutsche Bank's trailblazers – alongside the Berlin-based private banker Adelbert Delbrück – during its formation in 1869 and 1870. Delbrück found Bamberger to be a powerful advocate of his plans to create a big bank that would primarily be engaged in overseas trade. Bamberger's opinion was highly sought-after and was listened to – even by Otto von Bismarck, the most powerful German politician of the time and the future Reich Chancellor.

Bamberger's life could, however, have ended prematurely two decades previously, executed by firing squad for his role as a revolutionary following a failed uprising against the Prussian army. The interim period represented a long journey from radical democrat to leading National Liberal, which – as one of his biographers commented – “was not free of opportunistic adaptation to the normative power of the factual”¹.



Bamberger's father opened a private bank on Gutenbergplatz in Mainz in 1841.

Ludwig Bamberger was born on 22 July 1823 in Mainz, which in those days belonged to the Grand Duchy of Hesse-Darmstadt created only a few years previously. Both parents came from Jewish families. His father August, originally a merchant, opened the banking house of Bamberger & Co. on Gutenbergplatz in 1841.² A much more prominent banking dynasty, however, was the Bischoffsheim family, from which Bamberger's mother Amalie came. After completing grammar school in Mainz, Ludwig Bamberger began studying law at the universities of Giessen, Heidelberg and Göttingen. He passed both state law exams in 1845 and 1847. The revolution of 1848/49 thwarted his original plans to pursue an academic career. He became an editor of the liberal *Mainzer Zeitung* newspaper in March 1848. His articles soon attracted a wide readership and, after only a

brief period, he became one of the newspaper's publishers. He underwent a rapid shift towards what at the time were radical democratic demands, which were aimed at ending princely rule and creating a parliamentary German republic. His argument went as follows: "Any parliament under a monarch is just an [...] illusion. Monarchical power always finds a way of ruining parliaments and making them blind adherents of the monarchical will."³ He passionately defended his views when speaking at citizens' meetings, which cost him his job as an editor. However, Bamberger's 'left-wing' leanings – and in this respect he differed from many radical democratic fellow campaigners – only went as far as social revolution. He was not in favour of totally transforming property ownership. He believed – unlike his Cologne-based journalist colleague Karl Marx – in the self-correcting mechanism of free market forces. This was a significant difference in view of his subsequent career.



Revolutionary volunteer forces were defeated by the Prussian army at the Battle of Kirchheimbolanden on 14 June 1849. Ludwig Bamberger was forced to flee Germany.

Bamberger applied to become a replacement delegate to the Frankfurt Parliament. Although he was elected by a large majority, he was unable to take his seat in the rump parliament that had relocated to Stuttgart in the meantime. After the ultimate failure of the Frankfurt Parliament, Bamberger became a target of the authoritarian state's counter-revolution. As someone who had participated in the Palatine Uprising, which had capitulated to the Prussian army's superior forces in June 1849, and as a traitor wanted by the authorities, he was forced to flee – first to Switzerland, then to the Netherlands, the United Kingdom and France. The legal proceedings against him were conducted in his absence and culminated in his being condemned to death in 1852, his execution "to be carried out in the market square of the town of Zweibrücken". With this life-threatening sentence hanging over him, he was unable to return to Germany for the foreseeable future at least.

As many disaffected and persecuted German democrats had done, he was actually planning to emigrate to the United States to practise as an attorney. But on the way there he stopped off in London to visit his younger brother Heinrich, who was working for the local branch of the banking house of Bischoffsheim. Following his family's advice, Bamberger decided to try his hand at banking, especially as his mother's two brothers maintained Bischoffsheim branches not only in London but also in Amsterdam, Antwerp and Paris. Based in London initially, Bamberger learned about banking from first principles. Working in this sector, he had to abandon his revolutionary traits – in terms of his appearance too: "The objectionable beard had to go [...] and, indeed, this change was so drastic that most people did not even recognise me at first glance because my unusually short chin now poked out from its previous shadow"⁴. He grew his beard again in later life to reflect his status as a dignitary.



Ludwig Bamberger in the early 1850s. While in exile he decided to learn about banking.

His first attempts at setting up his own bank were not very successful. Private bank L. A. Bamberger, which was established in Rotterdam in 1851, proved to be a failure. After this sobering experience he joined the Paris-based firm of his uncle – Louis Raphael Bischoffsheim – as a *Prokurist* (holder of commercial power of attorney), where he acquired expertise in overseas business especially, which he would later find to be of considerable benefit when setting up a foreign-trade bank. One of his most valuable experiences during this period was the formation of Banque de Paris et des Pays Bas, in which he was a shareholder. This institution was one of the predecessors of BNP Paribas, which even today remains one of Europe's leading banks.

Events in Germany in the 1860s, the national unification movement that Bamberger himself had passionately advocated, and the liberal change of course in Prussia meant that he was considering returning from exile permanently. He was able to go back to Germany for the first time in 1863. But it was only after prosecuted democrats had been given a full amnesty that he felt sufficiently safe to return from Paris to his home town of Mainz in 1868. While still in exile he had supported Bismarck's 'Lesser German' policy, not least because it helped the Liberals' economic ideas to achieve a breakthrough. Immediately after his return he was elected as his home town of Mainz's delegate to the Customs Parliament, which was the Customs Union's parliament comprising delegates to the North German Reichstag and representatives of the southern German states. Bismarck, who was to appoint Bamberger as his personal adviser during the Franco-Prussian War of 1870/71 because of his status as one of the leading experts on the situation in France, believed that Bamberger would enable him to exert influence over the liberal press, which remained fairly unsympathetic towards the Chancellor. Bamberger's close proximity to Bismarck astounded his democratic comrades and attracted a good deal of ridicule: "Oh Bamberger, who used to be the boldest and most trenchant commentator on Hessian democracy, how old and weak have you become after having earned so much money as a banker while sipping champagne in your bitter Paris exile!"⁵

Private banker Adelbert Delbrück (1822-1890) recruited Ludwig Bamberger during the period when Deutsche Bank was being set up.



This period also included the preparations for, and formation of, Deutsche Bank. The financing needed by German business had grown considerably as a result of industrialisation and required traditional banking to be developed and refined. A number of private bankers in Berlin, who were clearly open to new ideas, hatched a plan to set up a joint-stock bank that would specialise in financing Germany's foreign trade. Berlin-based private banker Adelbert Delbrück kick-started this process in 1869. For his planning committee he needed an individual who not only understood the requirements of international business but whose opinions would be listened to by Prussia's leading politicians. Ludwig Bamberger, who had recently returned from exile, possessed both of these qualities. At the time he was involved in transacting various kinds of lending business with South America and East Asia and was forced to use foreign banks to settle a large proportion of these transactions. In his memoirs he writes: "Some coincidence or other had brought about the initial connections with Brazil, and these were followed by a number of others, namely with the La Plata countries. A large proportion of these and the East Asian transactions that were also involved always had to be routed via London, to where the loans were issued and the goods were consigned, and these experiences would subsequently prove to be decisive. When, during my first lengthy stay in Berlin in the late 1860s, Adelbert Delbrück, the boss of the banking house Delbrück, Leo & Co., told me about plans to set up an institution under the name of Deutsche Bank and asked me to help establish and

A letter that Deutsche Bank's founding shareholders sent to Bismarck in February 1870 was given added weight by the fact that Bamberger was a co-signatory.

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Unsern
 Angewandten Herren
 von Bismarck
 Grafen v. Bismarck
 Legation.
 Berlin.

Die gefertigte Unterzeichnete
 durch mich aufstellen zu dürfen, eine
 Legation des Reichs zu geben über die
 Unterzeichneten, deutschen Bank,
 welche nunmehr in der Welt gesetzt
 werden ist und welche nunmehr der
 Allerhöchsten Genehmigung der zu den,
 für große eingeworfen haben

Unsern haben mit dem Reichsregierung
 der Regierung mit Genehmigung aus,
 Berlin, nunmehr zu verbleiben

Berlin den 8. Febr. 1870. Für Legation
 gefertigte angestanden
 Mitglieder des preussischen Reichs,
 eingeleitet der. deutschen Bank.

ang. Victor Junger von Magnus. G. Ketter. Ervicker.
 Dr. Bamberger. Ad. v. Rath. G. Müller. Anson Lohm. A. Meyer
 V. Wendelstudd. Wilh. Fonges. Delbrück.

organise it, I gladly accepted his offer in view of the German banking industry's planned expansion into transatlantic markets, where I believed that I could offer some relevant expertise."⁶

After the inaugural meeting of the first Deutsche Bank shareholders had been held on 22 January 1870 to approve the new institution's statutes, the provisional Administrative Board appointed by the meeting – of which Bamberger was a member – petitioned the Prussian Trade Ministry to issue a concession to operate a joint-stock bank.⁷

An additional letter that the provisional Administrative Board sent to Bismarck on 8 February 1870 gave added weight to the application for a concession to be issued for the bank to be set up because Bamberger was a co-signatory. The letter was intended to help reiterate the objectives of, and national necessity for, the new institution. And Bamberger knew exactly the right tone to strike in order to present the formation of Deutsche Bank as the completion of Bismarck's policies "because this institution can claim the honour of having taken its start-ing point from the reconfiguration of the national conversation and of having found its deeper meaning in the formation of a Germany that stands unified and strong on the world stage under the powerful protection of the North German Confederation and the Customs Union."⁸ Even though Bismarck did not respond personally, things moved very fast now. The Prussian King and soon-to-be German Kaiser Wilhelm I approved the bank's statutes on 10 March 1870, and the institution opened for business just a few weeks later.

Deutsche Bank opened for business in a modest building at 21 Französische Strasse in Berlin in April 1870.



The high esteem in which Bamberger was held by Deutsche Bank's founding shareholders was illustrated by the fact that he was placed right at the top of the list of 76 initial subscribers although he subscribed share capital of only 18,800 talers (out of a total share capital of 5 million talers). From 1870 to 1872 he sat on Deutsche Bank's Administrative Board, which comprised 24 members and, as the "holder of all powers of attorney on behalf of the company", was vested with executive rights that went far beyond those of the subsequent Supervisory Board.

B. Langeniss
und andere Gesellschafter der Deutschen Bank Actien-Gesellschaft.

No	Namen	I. II. III.		
		Ursprüngliche Einlage	nach Erhalten	Namen
1.	L. Bamberger. Paris.	18800	17600	17
2.	S. Mamroth Berlin	12400	11600	11
3.	Schlesischer B. Verein. Breslau	133000	125000	125
4.	Communal-Städtische Bk. Goerlitz	40000	37600	37
5.	Carl Eggert Hamburg	10000	9400	9
6.	Gebr. Vöhringer Berlin	150000	141000	141
7.	Jul. Kraft. Bremen	7400	7000	7
8.	Gewers & Schmidt. Goerlitz	50000	47000	47
9.	Friedrich Friedenthal. Breslau	37400	35200	35
10.	L. E. Langhans. Hamburg.	5000	4800	4
11.	Hermann Wollner. Berlin	7400	7000	7
12.	F. Mart Magnus. "	175000	164600	164
13.	E. T. Meyer. Berlin	500000	470000	470
14.	Rosenfeld & Goldschmidt. Berlin	50000	47000	47
15.	Lohn, Bürgers & Co. Berlin	150000	141000	141
16.	Bamberger & Co. Mainz	30000	28200	28
17.	Ag. Deutsche Credit-Anst. Leipzig	50000	47000	47
18.	Frege & Co. Leipzig	75000	70600	70
19.	Singel & Co. Magdeburg	5000	4800	4
20.	Koster & Co. Mannheim.	62400	58000	58

The list of subscribers of Deutsche Bank's initial share capital dated 21 March 1870 shows Ludwig Bamberger (who is still registered as being resident in Paris) right at the top. The banking house of Bamberger & Co. founded by his father in Mainz subscribed 30,000 talers of share capital and comes 16th. An even larger amount was subscribed by London-based Bankhaus Bischoffsheim & Goldschmidt, where Bamberger had once completed his banking apprenticeship.

In addition to the commitment he showed during the period when Deutsche Bank was being set up, Bamberger was responsible for making a key personnel decision. He persuaded Hermann Wallich – a proven expert in overseas business – to join the bank.

How did this come about? Although, in Georg Siemens, the bank's founders had recruited a dynamic entrepreneur to the senior management team, he had no experience of banking. A further factor was that Siemens was drafted as a reserve officer following the outbreak of the Franco-Prussian War just a few months after Deutsche Bank had opened for business. Moreover, America expert Wilhelm Platenius, who was also appointed to the bank's first Management Board, had soon fallen out with the Administrative Board. And Bamberger could only shake his head at another personnel decision made by Administrative Board chairman Delbrück: "When a senior director needed to be appointed to the top position, those involved in Berlin – especially at the behest of Adelbert Delbrück, who was the leading player in this respect – agreed, out of Prussian respect for bureaucracy, to appoint a privy financial councillor [Andreas Friedrich Mölle], who had worked in the government administration for a long time, to this post. Although the man was neither stupid nor ignorant, I have never seen anything more incompetent in such a position. The civil service and commercial professions are simply miles apart."⁹



Bamberger's idea of recruiting Hermann Wallich (1833-1928), a proven expert in overseas business, to Deutsche Bank turned out to be a stroke of luck.

The upshot of all of this was that, in the summer of 1870, the fledgling Deutsche Bank did not have a single experienced banker in its senior management team. Bamberger's comprehensive overview and network once again came to the rescue: "I heard that the Paris-based institution Comptoir d'Escompte was making all of its German employees redundant – even those working at its overseas branches. Then I remembered that one of them – Hermann Wallich, whom I had known well in Paris and who was a distant relative of mine – was a senior executive at that bank and was bound to become available. I contacted him immediately and, true enough, both he and senior management in Berlin accepted my suggestion, and so we now had an experienced and intelligent practitioner instead of a petty bureaucrat."¹⁰ Hermann Wallich turned out to be a huge stroke of luck. He and Georg Siemens together headed up Deutsche Bank for a quarter of a century, helping it to become Germany's leading financial institution.

After the German Empire was founded in 1871, Bamberger was elected as a National Liberal delegate to the Reichstag, in which he was to serve for more than two decades until 1893. He soon stepped down from Deutsche Bank's Administrative Board at his own request to avoid any hostility and conflicts of interest: "I myself retired from the Administrative Board in 1872 when I could see from a distance the approaching era of all business activity being vilified and denigrated, a trend which has increased considerably since. I wanted to protect myself and my parliamentary position on the major economic questions against any attacks, no matter how far away they came from."¹¹

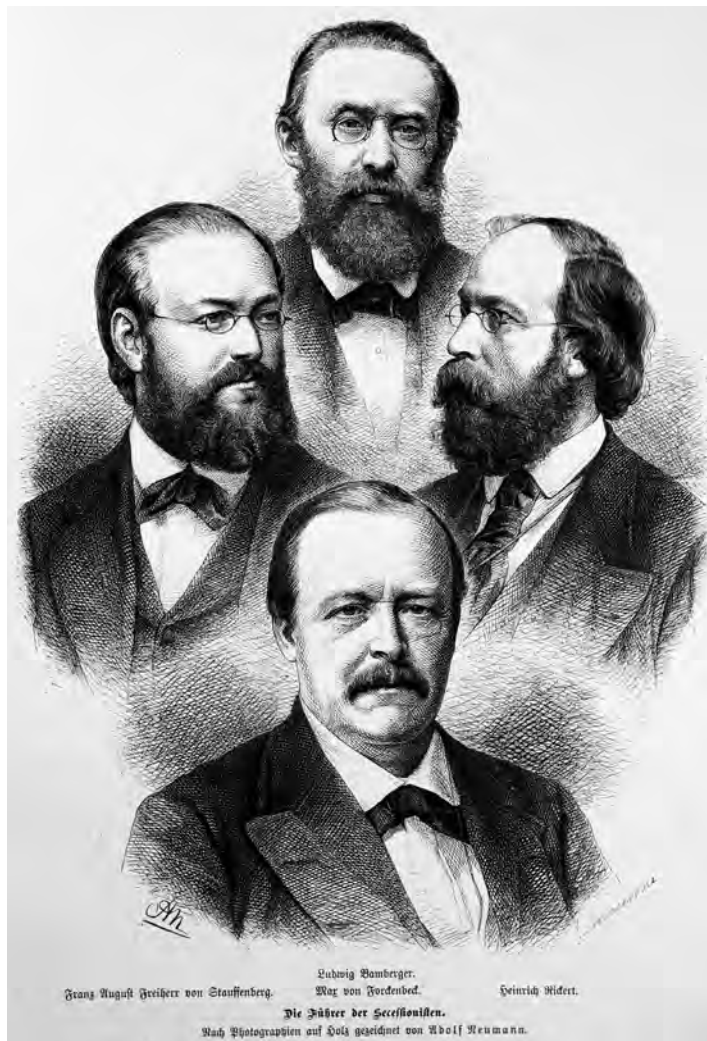
As a leading member of the National Liberal parliamentary party, he played a significant role in the standardisation of German coinage, in the switch from the silver standard to the gold standard, and in the establishment of a German central bank, the Reichsbank, which commenced its activity in 1876. This earned him an excellent political reputation as a currency expert, with the Reichsbank erecting a marble bust of him the year he died.

Currency expert Ludwig Bamberger played a key part in setting up the Reichsbank.



In 1880, Bamberger joined the so-called Secessionists, who had split from the National Liberal parliamentary party as a result of the controversial debate on the introduction of protective tariffs demanded by Bismarck. Unlike their party colleagues who were willing to collaborate with the Reich Chancellor, the Secessionists – who soon changed their name to 'Liberal Union' – firmly rejected the protectionist economic policies advocated by the Conservative majority in the Reichstag, the Central Association of German Industrialists, and the agricultural sector. This also caused a permanent rift with Bismarck. Bamberger was a member of the German Free-Minded Party (Deutsche Freisinnige Partei) from 1883 to 1893, which temporarily constituted the largest party in the Reichstag and for which Georg Siemens was also a delegate at the same time. When this party split again in 1893, he joined its right wing – the Free-Minded Union – but without being re-elected as a delegate to the Reichstag.

Ludwig Bamberger with other representatives of the so-called Secessionists, who split from the National Liberals in 1880.



Following the financial and economic crisis of 1873, Bamberger found himself being increasingly subjected to a form of economic antisemitism. He sought to defend himself against personal verbal abuse, especially from his former National Liberal comrade Heinrich von Treitschke, by writing articles, such as an essay entitled *Germanness and Jewishness*, which was published in 1880. This was because he had rightly identified a generally antisemitically motivated attack on liberalism, which posited the argument that key Liberal representatives were Jews. Although he regarded himself as being fully assimilated and

was patriotically minded, this did not prevent him from, for example, criticising Germany's nascent colonial policy from an economic perspective. He considered it to be "an economically misguided luxury and a poor substitute for export-friendly trade policies".¹²

Ludwig Bamberger as a delegate of the German Free-Minded Party in the Reichstag.



Bamberger had high expectations of Friedrich, the heir to the German Imperial throne, whose liberal views were well known, and he had been acting as his political adviser since 1884. But the premature death of the 99-day Kaiser in 1888 meant that the hoped-for changes from above never materialised. Germany's colonial policy under Wilhelm II assumed increasingly imperialistic characteristics.

Bamberger spent the last few years of his life in seclusion, alternating between Berlin and, during the summer months, Interlaken in Switzerland. His wife Anna died in 1874. The marriage had remained childless. He worked on his memoirs and continued to write articles until just before his death, even though he no longer believed that the German Empire could be transformed from an authoritarian state into a liberal constitutional monarchy. When the *New German Biography* published its first volume in 1953, the article on Ludwig Bamberger was written by no less than Theodor Heuss, who was Federal President at the time. The head of state appears to have felt an obligation to pay tribute to one of his liberal forebears from the southwest of Germany.



Ludwig Bamberger's gravestone, which was anonymised during the National Socialist period, was renovated with Deutsche Bank's support in 2001.

By the time Ludwig Bamberger died on 14 March 1899, the events of 1848 lay half a century in the past. He was one of their last contemporary witnesses. He found his final resting place in the Jewish Cemetery on Schönhauser Allee in Berlin where, since 1901, he has shared a gravestone with the liberal politician and lawyer Eduard Lasker. The inscription on the tombstone was removed during the National Socialist period. It was only in 2001 that it was restored with Deutsche Bank's support.

Numerous writings on coinage and other economic policy issues have established Bamberger's fine reputation as an expert on macroeconomic theory. His academic education, his political and journalistic connections and, above all, his practical experience of both politics and business meant that he was predestined to act as a 'policy adviser' while Deutsche Bank was being set up and to exert influence on key personnel decisions during its early phase.

Reinhard Frost

¹ Christopher Kopper, Ludwig Bamberger. Vom Revolutionär zum Vater der Goldmark, Berlin 2015, p. 62

² Disconto-Gesellschaft, which eventually merged with Deutsche Bank in 1929, acquired Bankhaus Bamberger & Co. in 1909 and gave the proprietor at the time, Franz Bamberger, a seat on its supervisory board.

³ Quoted from Kopper, Bamberger, p. 17

⁴ Paul Nathan (ed.), Erinnerungen von Ludwig Bamberger, Berlin 1899, p. 231 f

⁵ Quoted from Erich Achterberg/Maximilian Müller Jabusch, Lebensbilder deutscher Bankiers, Frankfurt am Main 1963, p. 211

⁶ Bamberger, Erinnerungen, p. 385

⁷ At the time the application was submitted in January 1870, concessions were still required for joint-stock banks being set up in Prussia. This requirement was abolished just a few months later.

⁸ Letter sent by Deutsche Bank's provisional Administrative Board to Bismarck on 8 February 1870, HADB, P51, sheet 5

⁹ Bamberger, Erinnerungen, p. 385

¹⁰ Ibid.

¹¹ Ibid.

¹² Kopper, Bamberger, p. 58