



## Bank and History

### Historical Review

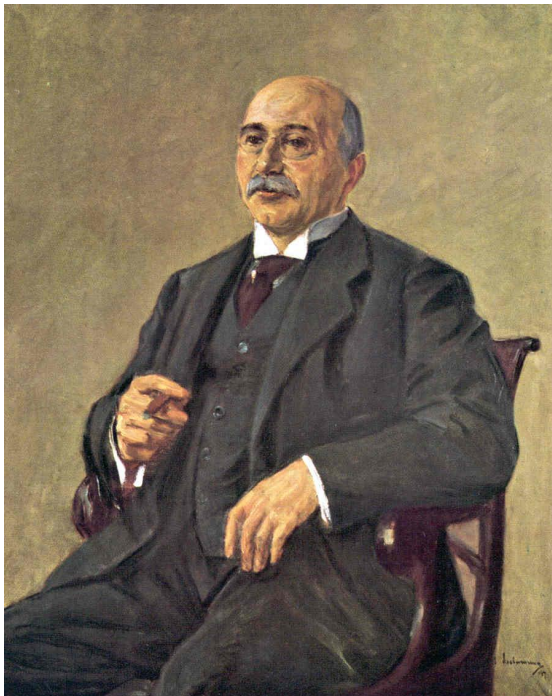
No. 15

December 2007

#### The life and work of Paul Mankiewitz

Paul Mankiewitz was with Deutsche Bank for almost forty-five years, twenty-five of them as a member of the Management Board. He was appointed to the Board in 1898 and, as the successor of Arthur von Gwinner, acted as its Spokesman from 1919 to 1923.

Mankiewitz, born on November 7, 1857, in Mühlhausen in Thuringia, started at the Deutsche Bank Headquarters in Berlin in 1879 after an apprenticeship at the Gustav Hanau private bank in Mülheim an der Ruhr followed by a period with Vereinsbank Mühlhausen and Anglo-Deutsche Bank in Hamburg. As he recalled forty years later, his starting salary was 500 talers – a currency that no longer existed when he was taken on but that was still alive and well in the minds of those who had grown up with it.



Paul Mankiewitz, painted by Max Liebermann in 1919

He owed his rapid promotion both to his mentor Max Steinthal, and to his particular talent. Management Board member Hermann Wallich recalled: "The only subject in which I did not shine was stock exchange trading, and it was left to Mr. Steinthal and the junior staff he trained to make sure our bank had an authoritative position in this field, too." These junior employees included Mankiewitz, who, though versed in all fields of banking, specialized in stock exchange and foreign exchange transactions. Here he could fully develop his well-known ability to grasp complex matters quickly. The arbitrage business was still very important in those days, and Mankiewitz worked his way up from being a specialist for Russian securities to positions of responsibility. In 1885, he became a legal representative (*Prokurist*), and in 1891, Deputy Manager.

#### In his own words I

*Dr. Frey and Dr. Grosse [...] were very pessimistic due to the events on the Balkan peninsula and feared a putsch in Bulgaria, which is well known to correspond to the view of the Foreign Office here and as a result will hopefully not come to pass.*

Memo about a visit to Credit Suisse, August 8, 1903

In 1912, the *Jahrbuch des Vermögens und Einkommens der Millionäre in Preussen* (almanac of assets and income of Prussian millionaires) considered it "unlikely that anyone [had] a greater influence on the Berlin Stock Exchange than Mankiewitz." As Stock Exchange Director, Mankiewitz represented the bank very successfully; it was a position that – as Carl Fürstenberg put it – he "fulfilled with a professional fervour typical for him and a temperament under which his underlings sometimes suffered somewhat." On his sixtieth birthday, the Management Board's congratulations read as follows: "It is not going

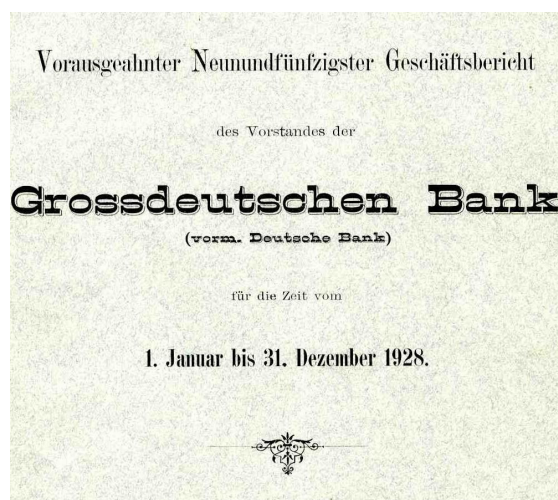
too far to say, and many outside the bank in Germany and abroad know, that you have played a tremendous role in tying leadership in German exchange trading to the flagpole of Deutsche Bank."

**In his own words II**

*As far as the introduction of American shares to the stock exchange here is concerned, I disagree with you entirely; I can see no reason why, since the shares have a large market in London and to some extent also in Amsterdam, we should not also introduce good and low-priced shares here, and that was indeed your view to date; one should not sweepingly reject the introduction of American shares in Germany in anger because one feels that one has been provoked by the gentlemen from Standard Oil regarding Chicago Milwaukee; we will of course have the opportunity to discuss this in detail. Our customers have made a lot of money with the Baltimore Ohio Shares and this gives us a powerful standing.*

Letter to Arthur von Gwinner dated July 27, 1910

In the United States, which were actually the domain of his colleague Gwinner, Mankiewitz had to handle the Lehigh Coke Company project between 1909 and 1917, a large-scale venture concerning a newly founded coke plant in Pennsylvania, but one which turned out to be a nightmare for the bank. In a memo dated January 1912 he wrote: "The transaction is generating an enormous amount of work for me but I will master it and continue to strive for a satisfactory solution



For Paul Mankiewitz's 25<sup>th</sup> anniversary of service in 1904, his staff produced a parody of the bank's annual report.

with all my strength. [...] I will stick at it [...] that despite all the adversaries to date the transaction [...] will be a splendid one." This example shows what Steinthal emphasized as a particular characteristic of Mankiewitz's work ethic: he strove "to always devote his energies to Deutsche Bank in the areas where the greatest difficulties and most awkward personal situations lay. It mattered little to him whether this damaged his personal popularity." Many of Mankiewitz's letters reflect his temperament: they are written in a blunt, direct matter seldom found in correspondence of the German Empire, especially that of councillors of commerce and bankers.

**In his own words III**

*The mood here is very stable, especially now news has spread of the Tsar's trip from Russia to Berlin for the wedding. But the issuances are atrocious. Every day there is something new: AEG is now even issuing 5% debentures for Elektrizitäts-Lieferungs-Gesellschaft of the Mark Brandenburg! It takes all the money from the market and, were we not such cowards, we would have to throw AEG out.*

Letter to Karl Helfferich dated April 15, 1913

Mankiewitz also devoted himself to solving problems of macro-economic policy. He was involved in the preparations for setting up the U.S. central bank system. From 1915, he belonged to the central committee of the Reichsbank and in this capacity worked after the First World War on the financial methods for handling the Allied reparation claims.

**In his own words IV**

*Just as it is impossible for you, my dear Mr. Klaproth, to perform as a trapeze artist, it is impossible for us to perform things today which go beyond our capabilities. Germany succumbed because it overestimated its power and believed that it could do its work and wage war from the Caspian Sea to the Baltic Sea, from the Daugava to the Channel. That was our misfortune and we here at Deutsche Bank do not want total disorganization. A bank that cannot do its work with the usual care, prudence and caution has no right to carry out transactions at the moment.*

Letter to Paul Klaproth dated January 30, 1920

Mankiewitz's years as Spokesman of the Management Board were not easy. Deutsche Bank found itself set back on the home mar-

ket; instead of wide-reaching projects, pragmatism was now called for in order to rescue what could still be rescued from the ruins of its foreign assets. In Germany, political chaos abounded, and the new Republic knew no peace.

**In his own words V**

*The discussions with Havenstein are very painful. One has the impression from the Reichsbank, that just as it was optimistic about the currency during the war, when we warned it, today it is caught in a mire of pessimism.*

Letter to Carl Bergmann dated November 26, 1921

Economically, everything was hit by hyper-

### A fine brand of cigarette

A banker needs a cigar, or at least a pipe – that was the common conception until not so long ago. So it was probably something of a risky business bringing the "Deutsche Bank cigarettes" into circulation in the twenties – one can only suppose they were an advertising gift. Apart from the metal case shown here, only a few letters have survived from which one can guess rather than glean what this strange brand product was all about. Apparently, it was a company called Reemtsma which suggested using cigarettes as another way of increasing awareness of Deutsche Bank. On November 14, 1925, Hermann Reemtsma, board member of the cigarette factory, wrote to Johannes Kiehl, head of the Deutsche Bank secretariat: "As the old saying goes, 'hard work pays off over time'. I hope that you that you will acknowledge this truth when you have received and tried the small delivery of 'Deutsche Bank cigarettes' that I am sending today. [...] The blend used for the cigarettes corresponds in terms of its character, I trust, to the dignity and standing of Deutsche Bank. I would be happy to hear your verdict sometime."

The answer came about a week later: "The delivery of cigarettes has arrived. Allow me to express my sincerest thanks to you and your company for the kind gesture. As far as the Deutsche Bank cigarettes are concerned, I shall give half of them to [...] Dr. Millington-Herrmann in accordance with your wishes. [...] I will take great pleasure in

inflation; many business veterans were at a loss what to do about it. Shortly after the war, Mankiewitz said to Minister of Finance Matthias Erzberger: "You will continue until the mark is only worth ten pfennigs" – hardly anyone could imagine that the German currency would become completely devalued.

A stroke which laid him low in February 1923 prevented Mankiewitz from continuing his work on Deutsche Bank's Management Board; he retired from it at the end of 1923. Paul Mankiewitz died on June 22, 1924, on his estate in Selchow in Brandenburg; he had, to quote his friend Fürstenberg once again, "worked himself to death in the true sense of the word."

smoking the other half myself with the best wishes to your company. After sampling the cigarettes, I can confirm that the blend certainly corresponds, as you say, to the dignity and standing of Deutsche Bank and also does credit to Reemtsma A.G."



Cigarette box for the *Weyla* brand manufactured by the cigarette firm Constantin embossed with the name "Deutsche Bank"

The fact that this correspondence was more than an exchange of pleasantries can be concluded only from a further letter, which Reemtsma wrote to Kiehl one year later: the company still had, he said, some 10,000 bank cigarettes in stock and as many as possible were to be used at Christmas.

## In memory of Gerald D. Feldman

On October 31, 2007, Professor Gerald D. Feldman died in Berkeley, California, following a serious illness. He had been a member of the Board of Directors of Deutsche Bank's Historical Society since its foundation. His speeches enhanced many of the Society's events, such as its foundation in 1991, the 125<sup>th</sup> anniversary of Deutsche Bank in 1995 and the automotive industry event in 1998. One of his lasting achievements was to demystify events in banking and economic history and make them accessible to a wider audience. His great scientific work set standards in its field; those who knew him will remember him for his extensive knowledge, his wit and his warm-hearted nature.



Gerald D. Feldman was born in 1937 in New York City. He studied history and graduated in 1964 from Harvard University. From 1963

he taught at the University of California in Berkeley. He became a specialist in German business and corporate history of the period between the two world wars. Investigations into the war economy during the First World War were followed by a biography of industrialist Hugo Stinnes. His comprehensive history of German inflation in the twenties (published in 1993) is regarded as a standard work.

Feldman's academic career was marked by many awards and honours, such as the prize he received from the Institute for Advanced Historical Studies (*Historisches Kolleg*) in Munich (1982/83), and the invitation to research at the *Wissenschaftskolleg zu Berlin* (Institute for Advanced Study Berlin) in 1987/88. From 1994, he was Director of the Center for German and European Studies at the University of California.

Feldman co-authored *The Deutsche Bank 1870-1995* (published in 1995), which was a milestone in German business history. In recent years, he was heavily involved in the research on the history of companies during the National Socialist period. He belonged to the Historical Commission Appointed to Examine the History of Deutsche Bank in the Period of National Socialism and wrote fundamental works on the history of the insurance company Allianz and of Creditanstalt-Bankverein in Austria.

## Lost & Found

### On opportunity and risk

"The escalation of the economic situation gives us cause to urgently recommend all our branches to take the new circumstances into account to the greatest extent possible when handling loans and to focus in all measures on ensuring that our bank does not suffer any losses. Not a day passes without us hearing from our branches about financial collapses of customers that make it necessary for us to seek satisfaction of our collateral claims. It often emerges that in handling loans one had been too immersed in the thought that the economy is always

sailing with the wind behind it and had been only too prone to assuming that customers would ultimately succeed with the support of the bank in keeping their companies above water and in fulfilling their obligations. [...] This attitude explains why, in relation to the borrower's capital, the loans are often none other than an interest held by the bank in the company, where the bank bears the risk of loss and only the customer has the opportunity of generating a profit."

(Deutsche Bank and Disconto-Gesellschaft, special circular to branch directors dated August 6, 1930)