

BOOK REVIEW

The House of Rothschild: The World's Banker

Niall Ferguson,

(Two vols, Penguin, 2000)

Reviewed by Scott Donald SF Fin, Chair of the JASSA Editorial Board

It's an irresistible combination: the world's favourite financial historian lays bare the secrets of the world's most iconic financial dynasty; Niall Ferguson and the Rothschilds; unique access to the financial accounts and also to the private correspondence that bound the fraternal volley of five arrows launched by Mayer Amschel Rothschild from the Frankfurt ghetto at the turn of the nineteenth century; and money, power, recurrent racism and intrigue.

This book has all the ingredients to be a best-seller. Yet it ranks only fifth amongst Professor Ferguson's books on the Amazon sales charts. It has been outsold by *Civilisation*, *Empire*, *Colossus*, and *The Ascent of Money*, all four of which have been turned into television miniseries. Indeed so successful has been Professor Ferguson's own ascent into the media firmament, what with television documentaries, newspaper editorials, blogs, public lecture tours and the like, that one might easily be forgiven for forgetting that he is the real deal; a financial historian with an academic pedigree founded on real research and careful analysis. Until one encounters the Rothschild history, that is. For Professor Ferguson's history of the Rothschild family fortune is an historical work. Not for Ferguson the anti-Semitic clichés nor crass voyeurism of more 'popular' writers (though popular is perhaps the wrong word as Ferguson has undoubtedly outsold them all). This is a study that is both painstaking in its attention to detail and extensive in its presentation of that detail. Though Ferguson writes with flair, there is no easy passage for the casual reader here. Details are piled on details; names and places upon more names and places.

The picture that emerges from all this detail is important, though. The myths surrounding the Rothschild fortune

tend to celebrate stunning financial victories, such as the rumoured 'killing' made by Nathan Mayer Rothschild on the London stock market following the Battle of Waterloo. Alternatively, they speculate enviously at the manipulation of politics and of gold prices that turned a modest fortune at the close of the Napoleonic era into a world-dominating one by the third quarter of the nineteenth century. Literary figures including Balzac, Zola and Heine all based important characters on members of the Rothschild family, attracted by the creative opportunities afforded by the Rothschild myths.

Professor Ferguson debunks some of these myths. Others he presents in a more nuanced manner. What emerges from the detail, though, is rather the opposite of the popular image. Ferguson's work highlights that the Rothschild fortune (or fortunes) was built on a myriad of deals, transactions and ventures. Deal built upon deal, but few were so large as to threaten the viability of the whole. Diversification on a global scale was the very essence of the Rothschild business strategy from the earliest days.

There was, moreover, nothing inevitable about the ascent of the Rothschild family over the course of the nineteenth century. Risks were taken and not all of them paid off. Reversals were far from uncommon. The Paris house had to be rescued from insolvency in 1830 and the Vienna house in 1848. The small Naples branch was in fact forced to close in the 1860s. But what *The House of Rothschild* captures is the relentless pursuit of financial opportunity that drove the leaders of successive Rothschild generations. On the evidence presented by Ferguson, those engaged in the family business may not always have been sparkling conversationalists and correspondents, but capitalists accustomed to risk taking on a grand scale they certainly were.

The decline of the financial pre-eminence of the family in the late nineteenth and early twentieth century is mapped meticulously in the second volume. By this stage the sheer size of the Rothschild diaspora renders it impossible to replicate the personal pen portraits that so brought the members of the first two generations to life. As a result, the history loses some of the humanity that so leavened the first volume. Moreover, as befits one cognisant of the sensitivities of his patron, Ferguson is careful in describing the changing priorities of successive generations of the family. The temptation to spice up the history by regaling readers with tales of the colourful eccentricities, the internecine frictions and the conspicuous consumption across the now-sprawling family tree would have been strong. His restraint is palpable, but it is typical of the academic balance of the piece. Indeed his analysis directs the reader's attention in another direction altogether, for he is at pains to point out the relevance of the increasing financial hegemony of the United States in those decades of apparent decline. The Euro-centric Rothschilds initially underestimated the US market and it proved to be their big mistake, one from which the more ambitious of the current generation are still trying to recover. It was the failure to secure a foothold in the United States, more than any of the expensive diversions that distracted later generations of the family, that saw them lose their position at the side of world leaders and the financial might that such access and influence can bring.

The House of Rothschild is a fascinating study of a fascinating family. For readers weaned on Michael Lewis (*Liar's Poker*) and the like, it may prove tiring. It contains no 'get-rich-quick' hints and, at times, becomes bogged down in detail. But it offers an altogether different perspective on subjects ordinarily the province of social and political historians; the Napoleonic era, the Industrial Revolution, the revolutions of 1848 and the 1870s, Bismarckian Germany and the re-unification of Italy, the Whigs and the Tories. In so doing, it shows that although Liza Minelli may have overstated the case in *Cabaret* when she sang 'money makes the world go around', money flows matter. The ability to source and withhold capital elevated members of the Rothschild family to positions of unprecedented influence across Europe for over a century. And, if the reality was at times more prosaic than romantic or than envious observers would have us believe, there is perhaps a lesson in that too. ■