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► **To cite this version:**

Nicolas Stoskopf. What is the parisian “ haute banque ” in the nineteenth century ?. Journée d'études sur l'histoire de la haute banque, 2000, France. hal-00441164

**HAL Id: hal-00441164**

**<https://hal.science/hal-00441164>**

Submitted on 15 Dec 2009

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## WHAT IS THE PARISIAN “HAUTE BANQUE” IN THE NINETEENTH CENTURY ?

by

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This enquiry regarding the definition of the major merchant banks (*haute banque*) has its origins in a very practical problem, that of identifying bankers in the context of a prosopographic investigation into the Parisian banking patronate during the Second Empire<sup>1</sup>. In this respect the French language is much poorer than the English language, which draws a distinction between the functions of merchant banks, discount houses, private banks, etc<sup>2</sup>. The French language only establishes a hierarchy - the *haute banque* is an elite, a sub-category of what we call the private bank<sup>3</sup>, for want of a better term. According to generally accepted calculations, 10% of bankers had the right to this ‘appellation contrôlée’ in the mid-nineteenth century; this accounted for some twenty to twenty-five banking houses of a total of two hundred listed in the Didot-Bottin, the Parisian address directory. By what criteria? Under what conditions? Where do we draw the line between the *haute banque* and the others?

These questions arise in particular for the many bankers who settled in Paris after 1830 and who founded houses, which grew rapidly in importance, enough, in any case, to take their place in the major business movement of that era<sup>4</sup>.

For the preceding period the situation is usually clearer; the banks, at least the most recent, were contemporary with the appearance, under the Restoration (1815 -

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<sup>1</sup> N. Stoskopf, *Les Patrons du Second Empire*, tome 7, *Banquiers et financiers parisiens*, Picard-Cenomane, 2002, 384 p.

<sup>2</sup> S. Chapmann, *The Rise of Merchant Banking*, London, 1984.

<sup>3</sup> As opposed to credit establishments organized in the form of a limited company.

<sup>4</sup> For example, Edward Blount in 1831, Antoine Jacob Stern in 1832, Léopold Koenigswarter in 1834, Paul Lehideux in 1836, Louis Bischoffsheim in 1848, Meyer Cahen d’Anvers in 1849, Armand Donon in 1851, Simon Lazard in 1858, Emile d’Erlanger in 1859, etc. Data taken from N. Stoskopf’s *Les patrons du Second Empire*, 7, *Banquiers et financiers parisiens*, Paris, Picard, 2002. We are obliged to refer the reader to this publication for source references and a bibliography because of the widespread sources regarding bankers.

1830), of the notion of *haute banque*, identified as such by contemporaries and the lists of which were used by many historians subsequently. Without claiming that the list is exhaustive, we may cite the following among the old *haute banque*: Davillier, Delessert, Fould, Hottinguer, Mallet, Rougemont, Seillière established in Paris before 1800; André, Hentsch, Lefebvre, Perier, Pillet-Will, Rothschild established in Paris during the Consulate and the Empire; and finally Ardoin, Dassier, d'Eichthal, Odier, Vernes and de Waru, which date from the Restoration.

We intend to start from the definitions given by the “major authors”, to examine banking houses, both old and new, in the light of these criteria and thereafter to establish a few working hypotheses.

### 1) The classic definitions of the “haute banque”

Three comments at the outset:

- There is no simple definition of the *haute banque*<sup>5</sup>: several pages would be necessary to cover the subject fully - Dominique Barjot devoted a full page to it even in a university first-year textbook on the economic history of France in the nineteenth century<sup>6</sup>.

- Second observation: the terms definition, description and illustration for example, are used without real distinction in these pages. Though it is essential to note in a descriptive context that the *haute banque* was mainly Jewish and Protestant houses of German or Swiss origin these cannot be essential conditions for a definition - Davillier, Laffitte, Perier, Pillet-Will, Seillière and a few others, catholic and french, contradict any definition based on geographic or religious origins.

- Third observation: Historians have a tendency to give preference to the hard core of *haute banque*, the first circle, which includes Mallet, Hottinguer and Rothschild, without giving sufficient weight in their argument to some of the smaller, less powerful or more recent houses. Yet *haute banque* is not a bloc: there are *haute banque* and *haute banque* ...

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<sup>55</sup> In particular we may consult R. Bigo, *Les banques françaises au cours du XIX<sup>e</sup> siècle*, Paris, 1974 ; B. Gille, *La banque et le crédit en France de 1815 à 1848*, 1959, p. 51-57 ; M. Lévy-Leboyer, *Les banques européennes et l'industrialisation internationale dans la première moitié du XIX<sup>e</sup> siècle*, Paris, 1964, p. 418 - 444 and “Le crédit et la monnaie : l'évolution institutionnelle”, chap. IV, by F. Braudel and E. Labrousse, *Histoire économique et sociale de la France*, t.3, vol. 1, Paris, 1976, p. 350 - 352 ; A. Plessis, *Régents et gouverneurs de la Banque de France sous le Second Empire*, Geneva, 1985, p. 81 - 82 and 113 - 118 ; L. Bergeron, *Les Rothschild et les autres ...La gloire des banquiers*, Paris, 1990, p. 10 and following pages; H. Bonin, *La banque et les banquiers en France du Moyen Age à nos jours*, Paris, 1992, p. 49 - 59.

However, we find a consensus on three points:

- The houses of *haute banque* formed an elite that was distinguished by its honourable character, its fame, its respectability, its solidity and its stability, and therefore by the value of its signature, which inspired the greatest confidence during an era when there was a considerable risk attached to payments.

- They were organised on a family basis in the form of a partnership company (*société en nom collectif*), or even a simple limited partnership (*société en commandite simple*) which allowed a veritable osmosis between the family and the company. It should be noted that Alain Plessis attributes special significance to these first two points: they were interconnected. Confidence was conditional on the family structure and the consequent personal identification.

- They dealt with major business with an international dimension; in this context they intervened in negotiations and the international money market, which also concerned the State, by loan grants, a practice that also appears in France during the Restoration. For Maurice Lévy-Leboyer, these functions developed over time: thus ‘at the beginning of the 1830s the three functions - commercial, banking and finance - corresponded to the Parisian *haute banque* house’s past, present and future activities<sup>7</sup>’.

Nevertheless we note a difference of opinion on three points:

- Seniority: whilst Bertrand Gille believes that the *haute banque* was established entirely in 1815, Maurice Lévy-Leboyer speaks of an ‘alteration of details’ after 1825, Alain Plessis places the limit in the middle of the nineteenth century and does not believe that there were any new elements thereafter, while Louis Bergeron distinguishes several waves of banking creation, the last of which he places in the 1840s and 1850s. We see that there is a tendency to extend this chronological limit and to regard the need for establishing seniority as relative, which means that these two viewpoints are contradictory; the first concept is that of a ‘fossil’, dating from the Restoration, which only traverses the time through the houses which prolong its use until the twentieth century; the second makes it a living concept, at least during much of the nineteenth century.

- Significance of capital: there is also disagreement regarding the significance of capital, mainly between the ‘ancients’, Robert Bigo and Bertrand Gille, who believe

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<sup>6</sup> D. Barjot, *Histoire économique de la France au XIX<sup>e</sup> siècle*, Paris, 1995, p. 186

<sup>7</sup> M. Lévy-Leboyer, *Les banques européennes ...*, cited earlier, p. 434

that capital was ‘not considerable’, ‘insignificant’, ‘restricted and relatively fixed’<sup>8</sup>, while the ‘moderns’, on the other hand, stress the financial power of the *haute banque*.

- Individualism or cohesion: finally, there is disagreement between Bertrand Gille, who lays emphasis on the individualistic behaviour of the *haute banque*, the absence of cohesion and the gap between family and professional links, and Alain Plessis, who insists, on the contrary, on the cohesion of the group, on the co-operation between the banking syndicates and on the family alliances.

## 2) Old and new banking houses in the light of the historians’ criteria.

Our work, therefore, consists in applying these criteria to the old recognized houses of *haute banque* and to the new ones under examination, in order to test their validity and to qualify them (or not) as the necessary conditions for the definition of a house of *haute banque*.

- We will start with the simplest, the **familial nature** of the organisation; the houses of *haute banque* are necessarily individual enterprises or partnerships, not joint-stock companies. There is no simple legal phrase to cover this; the owner-managers invest their personal funds and fortunes, and possibly capital brought in by sleeping partners but not money belonging to the shareholders to whom they are accountable. This is the first criterion which allows us to exclude limited shareholding partnerships (*sociétés en commandite par actions*), at least within the framework of nineteenth century legal conditions and thus to make a first selection and to exclude houses such as Lehideux & C<sup>ie</sup><sup>9</sup>, Béchet, Dethomas & C<sup>ie</sup>, Leroy, de Chabrol & C<sup>ie</sup>, Calley de Saint-Paul & C<sup>ie</sup>.

On the other hand, osmosis with a family is not an absolute requirement. Companies with two or three wholly unrelated entrepreneurs need not be rejected a priori, regardless of whether this combination is set out in the articles of association; examples - Laffitte, Blount & C<sup>ie</sup> in 1834, Donon, Aubry, Gautier & C<sup>ie</sup> in 1851 or J.P. Pescatore, founded in 1844, associating the eponymous banker from Luxembourg and the Austrian Frédéric Grieninger.

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<sup>8</sup> B. Gille, cited earlier, p. 56

<sup>9</sup> N. Stoskopf, « Un banquier sur le terrain : le voyage d’Ernest Lehideux (octobre-novembre 1852) », *Histoire économique et financière de la France, Etudes et documents IX*, CHEFF, 1997, p. 529-540. Obviously this question is seen in a different light in the twentieth century; thus Lehideux, managed by four generations of the family until 1955, was regarded between the wars as part of *haute banque*.

Many similar associations are to be found before or during the Restoration, involving future or named representatives houses of *haute banque*; they include Rougemont, Hottinger & C<sup>ie</sup> (1786), Henri Hentsch, Blanc & C<sup>ie</sup> (1812), Ardoin, Hubbard & C<sup>ie</sup> (1819), Ador, Vernes & Dassier (1821), Girard & de Waru (1826), the successors of César de Lapanouze, who was himself associated with the Bartholony brothers, Paccard, Dufour & C<sup>ie</sup> (1827)<sup>10</sup>, etc.

It was not unusual for an employee to be promoted to the rank of partner; thus Jacques Antoine Blanc started at the age of nine as errand boy with Henri Hentsch<sup>11</sup>; Charles Adolphe Demachy entered the Seillière bank in 1836 at the age of eighteen on the recommendation of Ouvrard, had a 5% share of the profits in 1846 and was a partner from 1 January 1858, with a 25% share in the profits. He became head of the firm in 1873 on the death of Achille Seillière and the firm was officially known thereafter as Demachy, R and F Seillière<sup>12</sup>. Even companies which were extremely family-oriented and which included fathers, uncles, brothers and nephews, often allowed a little room among their managing partners for people outside the family: they included Jean-Baptiste Amiel at Hottinguer & C<sup>ie</sup> from 1839 to 1856, Jules Alisse at Mallet Frères & C<sup>ie</sup> until 1848 and Frédéric Mannberguer at Perier & C<sup>ie</sup> from 1865<sup>13</sup>.

The various changes of name that featured in some houses such as de Neufelize, which underwent nine in the nineteenth century<sup>14</sup>, or Hentsch or Fould, convey the complexity of the succession and prevent us from ensuring from outside the legibility of a permanent family presence, which therefore (necessarily) took second place. It is for this reason, too, that the successions sometimes benefited very distant relatives or connections by marriage; when the brothers Armand and Michel Heine entered Fould in 1865 they were second cousins by marriage through Cécile Furtado-Heine, the daughter of one of the managers, Elie Furtado, himself a son-in-law of the founder, Berr Léon Fould, brother-in-law of his son Benoît, who had died in 1858, and of

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<sup>10</sup> Cf. *supra*, note n° 4.

<sup>11</sup> Cf. R. Hentsch, *Hentsch, banquiers à Genève et à Paris au XIX<sup>e</sup> siècle*, Paris, 1996, p. 44

<sup>12</sup> On the Seillière-Demachy bank see J.F. Belhoste and H. Rouquette, '*La Maison Seillière et Demachy*', Paris, 1977, and R. Darteville (dir.), *La banque Seillière-Demachy, une dynastie familiale au centre du négoce de la finance et des arts, 1798-1998*, Paris, 1999, 239 p.

<sup>13</sup> On 11 November 1865, Perier & Cie succeeded Perier Frères, a house founded in 1801 and operating under that name since 1805 (the company's articles of association 1853-1865, 23.2.1853, Maître Mocquard, National Archives (NA) MC LXVIII-1027).

<sup>14</sup> Dominique André (1800), Dupin & Dominique André (1801), Dominique André (1807), André & Cottier (1809), Adolphe Marcuard & Cie (1843), Marcuard, André & Cie (1863), André, Girod & Cie (1883), André, Neufelize & Cie (1889), de Neufelize & Cie (1896).

Napoleon III's minister Achille Fould; Cécile Furtado-Heine was also second cousin of the other manager, Adolphe Fould, Achilles' son<sup>15</sup>.

In short, the diversity of combinations makes it impossible to retain the familial characteristic of the company as an essential condition.

- By the same token, **undertaking major business transactions** is not very useful as a condition, as they were easy of access in the mid-nineteenth century:

The commercial bank of Alphonse Béchet, already eliminated for being a limited partnership, presents all the other characteristics of the *haute banque*, with branches at Le Havre and Bordeaux prior to 1848, a successful Turkish loan pinched from the Rothschilds in August 1852<sup>16</sup> and interests in the mines and foundries in Santander (Spain).

A very small and ephemeral house, Delahante, Boykett & C<sup>ie</sup>, later Delahante & C<sup>ie</sup>, directed by Adrien Delahante from 1845 to 1848, which took over the clientele of the American banker Samuel Welles, also succeeded in ousting the Rothschilds from the pontifical finances in 1847 by contracting a consolidation loan with Pope Pius IX.

Emile d'Erlanger, who set up in Paris in 1859, according to the press, 'with a cash desk window opening onto the landing of the third floor of the service lift at the back of the second courtyard at 21, *rue de la Chaussée d'Antin*',<sup>17</sup> made his fortune very quickly by loans to the American Confederate forces and to Tunisia, then emulated 'big business' in record time - large-scale land speculation in the Auteuil district of Paris, a loan to Tunisia in 1863 - at the Rothschilds' expense, the sale of arms to Tunisia in 1865, the French transatlantic cable concession in 1868 etc.

The international dimension, public finance tenders and major industrial business were all within the scope of the banking elite in general. To beat the Rothschilds on their own ground was both a sufficiently remarkable performance to be memorable and sufficiently accessible to tempt the bold! In general we cannot help being impressed by the rapidity with which this elite could be accessed; the career of

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<sup>15</sup> F. Barbier, *Finance et politique, la dynastie des Fould, XVIII<sup>e</sup>-XIX<sup>e</sup> siècles*, Paris, Armand Colin, 1991.

<sup>16</sup> Cf D. S. Landes, 'Vieille banque et banque nouvelle: la révolution financière du XIX<sup>e</sup> siècle', *Revue d'histoire moderne et contemporaine*, t. III, 1956, p. 212.

<sup>17</sup> *Le Mot d'ordre*, 1.10.1881.

Jules Mirès is well known in this respect, but that of Antoine Prost is less so<sup>18</sup>: Unlike the Béchets, Delahantes and d'Erlangers, Prost was wholly without family experience and personal fortune; the son of a Lyonnais doctor, he started as a pen pusher in the press and tried his hand at various jobs before setting up *Compagnie générale des caisses d'escompte* in April 1852 with a personal capital of 30 000 francs. The company's object was to create banks in the provinces and to ensure them against the risk of losses. In 1856 and then in 1857 the success of this venture opened the doors to major business to him. One after the other he established the *Compagnie générale de credit* and the *Compagnie générale des mines*, both in Spain, the *Crédit mobilier portugais*, the *Compagnie générale de chemin de fer Guillaume-Luxembourg*. In September 1858 he was found guilty of fraud and he disappeared from view; nevertheless this adventurer was on equal terms with the greatest for a while, and competed with the Pereires in the Iberian Peninsula.

During this period some houses of *haute banque* took the opposite road, progressively relinquishing major international business: the Ardoin bank, which had been very active in Spain under the Restoration, specialized in Parisian real estate transactions which were far from successful financially; they included the construction of the *boulevard de Strasbourg* and the *rue Lafayette*, where Ardoin was finally obliged to give way to *Crédit foncier*<sup>19</sup>. When he died in 1871, Jules Ardoin, the founder's son, was one of the rare bankers of his generation to leave his heirs only half a million francs and the Ardoin, Ricardo & C<sup>ie</sup> bank did not survive him.

Ardoin was not alone in the downturn at the end of the Second Empire and this leads to further questions: was there a threshold below which a banking house ceased to belong to the elite group of the *haute banque* or is membership of this group permanent? Can the *haute banque* be equated with a diploma, which is inalienable once acquired, or is it like a title that can be questioned and withdrawn. Obviously the reply also determines the conditions for access.

It is true that immigrant bankers had the advantage a priori over their indigenous colleagues in maintaining relations with their country of origin and through the networks created by the dispersion of members of the same family over the major

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<sup>18</sup> Mirès and Prost are cited here as examples of a rapid rise but they both directed joint-stock companies which are therefore not included in the *haute banque*. Cf. N. Stoskopf, cited earlier, p. 258 and 310.

<sup>19</sup> Cf. M. Lescure, *Les banques, l'Etat et le marché immobilier en France à l'époque contemporaine, 1820-1940*, Paris, 1982, p. 141-143 ; and J.P. Alline, *Banquiers et bâtisseurs, un siècle de crédit foncier, 1852-1940*, Toulouse, 1984, p. 77.

European money markets. The German Jewish families specialised in this type of organisation<sup>20</sup>. In this respect newcomers such as the Sterns, the Bischoffsheims, the Koenigswarters, Cahen d'Anvers, Heine or d'Erlanger had little need to envy the oldest such as Fould, Rothschild and d'Eichthal. Doubtless nothing could replace these family connections but the indigenous bankers had several ways of compensating for this handicap:

They could form partnerships or close relationships with foreign bankers or with those who had branches abroad, as Jacques and Jules Ardoin did with the English Hubbard, and then with Frédéric Ricardo, as Charles Laffitte did with the English Edward Blount, Benoît Fould with his wife's family, the Oppenheims, in Cologne, Alfred André with Edouard Dervieu, a French expatriate in Alexandria<sup>21</sup>, and Armand Donon with the English William Gladstone<sup>22</sup>, etc.

They could form an alliance with a bank that had overseas connections, such as the strategy of allied houses used by the Rothschilds, the Davilliers, the Durands and the Lefebvres.

They could create their own network of friendly banks abroad: When Auguste Dassier<sup>23</sup> died he had deposits in seventeen European and American banks which were his correspondents, including Galline & C<sup>ie</sup> in Lyon, Duval & Ribiollet and Paccard, Ador & C<sup>ie</sup> in Geneva, Schultes in Zurich, Morris, Prevost & C<sup>o</sup> and Baring Brothers & C<sup>o</sup> in London, Hope in Amsterdam, C.F. Brot in Milan, Quartara Brothers in Gênes, Salomon de Rothschild and Zimmermann & Thomas in Vienna, Bethmann and Goll & C<sup>ie</sup> in Frankfurt, de Aham & C<sup>o</sup>, L. von Hoffmann and James King's Sons in New York<sup>24</sup>. These deposits enabled Dassier to operate in all these markets and they bear witness to the extent of his network of relationships.

- **Respectability** can be analysed in terms of seniority and the size of the capital, which are components in the reputation of a banking house.

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<sup>20</sup> W.E. Mosse, *Jews in the German Economy ; the German-Jewish Economic Elite (1820-1935)*, Oxford, Clarendon Press, 1987.

<sup>21</sup> David S. Landes, *Bankers and Pashas, International Finance and Economic Imperialism in Egypt*, Harvard University Press, 1979.

<sup>22</sup> W. Gladstone (1809-1873) was the cousin of William Ewart Gladstone (1809-1890). Cf. H.C.G. Matthew, *The Gladstone diaries*, vol. VIII, p. 298 (10.3.1873), Oxford, 1968-1994.

<sup>23</sup> He cannot be considered as a French national as he was originally from Geneva. He settled in Paris in 1821.

<sup>24</sup> Inventory after the death of Auguste Dassier, 13.12.1862, Maître Fould, NA MC VIII-1718.

**The notion of seniority** is relative and obviously it could be acquired: the house of Rothschild was barely ten years old when it began loan allocations under the Restoration; Jacob Meyer Rothschild, who had not yet become James de Rothschild, arrived in Paris for the first time in March 1811 and settled there permanently in 1812. He won his first State loan in the summer of 1823. Jean Bouvier did not need ten years; it took him only three years, from 1814 to 1817, to gain admittance to the banking elite in the capital on equal terms<sup>25</sup>. David Landes stresses that “Incredible though it may have seemed in 1850, it was nevertheless true that even the Rothschilds had been poachers in the field of established interests only a generation earlier<sup>26</sup>”. In any event it is clear that Rothschild was neither handicapped nor intimidated by his lack of seniority under the Restoration as compared with Mallet Frères, founded a hundred years previously in 1723 and dean of the Parisian *haute banque*.

‘Youth’ did not prevent Laffitte, Blount & Cie, founded in 1831, from competing with Hottinguer to finance the railway companies from 1835 to 1846. It was no impediment to Meyer Joseph Cahen d’Anvers admission to the *Réunion financière* by a unanimous vote in 1856, only seven years after his arrival in Paris, to join the cartel formed around Rothschild to compete with the cream of the Parisian *haute banque*, and we have seen that it did not stop Delahante and d’Erlanger from taking business from Rothschild as soon as they were able. Certainly no one did them any favours: David Landes comments yet again that ‘The *haute banque* could be completely merciless to newcomers and to banking houses which were visibly weaker’: “However, once these smaller houses were established they were treated with the customary courtesy.”<sup>27</sup> In this respect the Rothschilds had led the way in their own time; those who succeeded in ousting them from a loan contract half a century later had won their spurs and shown proof of their emerging respectability.

Taking account of these observations the **capital amount** involved would obviously be a better criterion if it were not so difficult to determine. There is a considerable difference between the share capital stated in the articles both of very large and much smaller companies. The Rothschilds were wholly atypical. Bertrand Gille estimates their capital in 1825 at 102 million francs, 37 of which were at the Paris house. Towards 1860, the declared capital of houses such as Hentsch, Perier,

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<sup>25</sup> Cf. J. Bouvier, *Les Rothschild, histoire d’un capitalisme familial*, re-edited 1992, Brussels, p. 63.

<sup>26</sup> D. Landes, cited earlier., p. 213.

<sup>27</sup> *Ibid.*

Marcuard (de Neuflize), Mallet, Mirabaud, Davillier and Lefebvre was between 2 and 4 million francs, while Charles Laffitte was content with 500,000 francs and Sébastien de Neufville, the heir of a major Huguenot banking family in Frankfurt, set up in Paris in 1849 with a capital of 120,000 francs, half of which was invested by the Frankfurt house. We are really looking at two different worlds, or even three, if the Rothschilds are counted as constituting a level on their own.

In reality this information offers little scope:

In the first place these totals are far from being the real sums available in the business. The 4 million francs of registered capital in Joseph Perier's banking house did not include 3.5 million francs in the current account and in various debts.

Generally speaking the fortunes which bankers left to their heirs, in large part the result of their professional activity, give a better idea of their financial power; they are also essential as a guarantee of their solvency, as they were responsible for the whole of their personal fortune. Jean-Pierre Pescatore left 16 million francs in 1855, Frédéric Pillet-Will 15 million in 1860, Auguste Dassier almost 25 million in 1862, Jean-Henri Hottinguer 14 million in 1866, Louis Bischoffsheim 36,5 million in 1873, Meyer Cahen d'Anvers 22 million in 1881, Armand Heine almost 30 million in 1883, Antoine-Jacob Stern 50 million in 1885, Frédéric Grieninger 22 million in 1888 and Sébastien de Neufville 13 million in 1891<sup>28</sup>. We are a long way ahead of the few millions set out in the companies' articles of association.

Finally, capital could be accumulated very rapidly and situations could develop very quickly; Edward Blount, for example, recommenced in 1851 with a capital of 500,000 francs of which he had subscribed only the ridiculously small sum of 25,000 francs - he was supported at arm's length by his English sleeping partners. Within five years his capital had risen to six million, two-thirds of it his own, and he moved triumphantly into rue de la Paix. Obviously Blount was anxious to demonstrate his recovery in public. Others had no such ambition, preferring secrecy to publicity, and they were therefore obliged to be prudent about the figures they published. We must therefore avoid reaching hasty conclusions about houses that started at a very low level.

We are told that *haute banque* can be distinguished by their duration and their **stability**.

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<sup>28</sup> N. Stoskopf, cited earlier.

Nevertheless Berr Léon Fould, the founder of Foulds, went bankrupt twice, in 1799 and 1810, before starting afresh and being rehabilitated in 1825.

The Thuret bank only traded for twenty-three years, from 1809 to 1832.

Delessert, D'Eichthal, Laffitte et Blount ceased payments in 1848.

Many houses of *haute banque* only lasted one generation (Dassier, Odier, Waru), or two (Ardoin, Lefebvre). Dynasties were the exception. Where are the solidity and the stability?

Furthermore, like all businesses, the houses of *haute banque*, even the best established, were not spared failures, some honourable and some less so : according to M. Lévy-Leboyer<sup>29</sup>, Rougemont de Loewenberg was no longer important at the end of the 1830s but the worst was yet to come; the bank still had a capital of 2 million francs at the beginning of the 1850s when it was governed by two brothers, Edmond and Léopold, the fourth generation of the family; Leopold, the younger, was clearly trusted by his father; he died in 1852. The eldest lived with a mistress for a long time and fathered five children before deciding to marry in 1860. He retired from business on 9 November 1864 and the company went into voluntary liquidation under the supervision of five commissioners. He finally sold out in 1865 to a third party for 200 000 francs, which was distributed to his creditors and the assets were yet to be recovered. It was the end of a major bank that had lost its respectability.

As this investigation draws to a close we are obliged to recognise that we cannot precisely define the limits of the *haute banque* and that the essential conditions are obscure. Must we therefore resign ourselves to an approximation, an imprecise concept which in reality exists only through its hard core and which progressively loses its relevance with distance and which has no specific limit beyond the legal form of company articles? In any event the search for classic definitions or descriptions in confrontation with historical realities has led us to this conclusion.

### **3) Hypotheses regarding the collective operation of the “haute banque”.**

There is one way of emerging from this impasse and of reintegrating into the definition all the criteria we have just discarded but which we know to be generally valid. We must start from the hypothesis that membership of *haute banque* was not based on objective criteria but on a subjective assessment, an overall judgement

pronounced by the informal community of old *haute banque*, and that it was therefore the result of a tacit co-option: in these circumstances it is clear that family cohesion, capital, seniority, stability and the international dimension were persuasive arguments for inclusion in major banking circles

However, it is not for the historian to make the choice or to define or weight these conditions. The selection has already been made, using carefully considered criteria the alchemy of which necessarily escapes us. We can only observe and describe; we must never usurp the place of their contemporaries by submitting the bankers of the past to a new examination based on a grid of criteria.

This does not mean that we have no work to do, because, in the absence of direct testimony, which is very rare, it may still be possible to find traces of this co-option. The method may be simply to distinguish between those which form a group and work together and those which remain isolated. Alain Plessis has already suggested this in his thesis on the Bank of France when he stressed that the directors of the Bank of France (*régent*), who were bankers too, formed “a particularly cohesive little group” in the Governing Council (*conseil de régence*)<sup>30</sup> and that “this cohesion stemmed first and foremost from the many links which business had created between them”, links which “were strengthened by family alliances, close or otherwise”, from friendships, social alliances or business relations, as the signatures on marriage contracts bear witness. “These directors”, he writes, “constitute a kind of extended family, an ‘elite family’ (*haute famille*), to use the phrase employed by Capefigue regarding the bankers of the Second Empire<sup>31</sup>”.

With a little amendment this formula can be extended to all *haute banque*:

First of all, rivalries within the ‘family’ divided it into rival clans under the Second Empire, but this did not prevent strong coherence within the various groups.

Instead of the family metaphor we may perhaps prefer that of an operational partnership between social clubs, which also proceed by co-option and contribute to the choice of a social elite. As it happens, the development of the *haute banque* was contemporaneous with this form of sociability, which was very typical of the nineteenth century. We may therefore think of it as a kind of mimicry of the operation

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<sup>29</sup> M. Lévy-Leboyer, *Les banques européennes*, cited earlier., p. 426, note 40.

<sup>30</sup> He administered the bank under the authority of a governor and two sub-governors appointed by the State.

<sup>31</sup> A. Plessis, cited earlier, p. 116-117.

of the *haute banque* milieu and that of the clubs or circles<sup>32</sup> to which many bankers belonged.

This analogy allows us to take account of the development of the conditions for membership. These were very open under the Restoration when the group was formed but they closed progressively as ‘members’ recognized their specific quality, based on seniority, family tradition and transactions conducted in common, and as they became suspicious of newcomers, whom they regarded as adventurers or parvenus, and also of the revolution in banking and the development of the new bank. Alain Plessis notes that the directors (*régents*) of the Bank of France “were reluctant to admit newcomers to a place amongst the financial notables without respecting the established positions”<sup>33</sup>. Such a reaction could only harden with time - as the century advanced the *haute banque* was ever more ready to advance the arguments of seniority, respectability and solidity. Little by little this elite was transforming itself into a closed aristocracy.

Such a scenario also enables us to understand why Jewish and Protestant bankers were more numerous and assimilated more easily into the *haute banque* milieu: their co-religionists or compatriots, some of them acquaintances of many years’ standing, were predisposed in their favour; provincial Frenchmen from all regions obviously enjoyed no such advantage. For this reason we find them among the limited shareholding partnerships (Lehideux, Béchét, Leroy, de Chabrol, etc.) or in jointstock companies (Comptoir d’escompte de Paris, Crédit foncier, deposit banks).

Nevertheless this must not be seen as an unbreakable rule: Emile d’Erlanger, originally from Frankfurt, remained isolated, either because of the Rothschilds’ hostility or because initially he looked like an untrustworthy adventurer<sup>34</sup>. Jean Bouvier reported a significant comment about him from Letourneur, the director of *Crédit lyonnais*, regarding a current transaction: “Mr Henri Germain<sup>35</sup> does not care to support d’Erlanger”<sup>36</sup>. His business associates were compromising, to say the least.

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<sup>32</sup> Among them the Jockey-Club, the Champs-Élysées Circle, the Railway Circle, etc.

<sup>33</sup> A. Plessis, *La politique de la Banque de France de 1851 à 1870*, Geneva, 1985, p. 154.

<sup>34</sup> His conversion to Catholicism were perhaps an additional handicap, though it was rare among Jewish bankers. Adolphe d’Eichthal, converted to Catholicism with all his family in 1817 before opting for the reformed religion on the eve of his marriage in 1834 (information supplied by Mr. Hervé le Bret). Adolphe Fould and Auguste Dreyfus, the Peruvian guano king, were also Catholic.

<sup>35</sup> Henri Germain, Chairman of *Crédit lyonnais*.

<sup>36</sup> Quoted by J. Bouvier, *Le Crédit lyonnais de 1863 à 1882: les années de formation d’une banque de dépôts*, Paris, 1961, p. 541.

It remains to examine what traces can be used in practice to decide who is within the circle and who is excluded from it.

To be elected a director of the Bank of France by co-option is obviously one such trace. Only high-level bankers endowed with all the necessary respectability could sit on the Governing Council. If they lost it they resigned of their own accord, as did Adolphe Eichthal in March 1848 and James Odier in 1857.

However, we cannot confine ourselves to this indication. The general idea is to find out who worked with who and thus to search the lists of company founders and administrators, starting from the principle that a banker stakes his reputation, his money and his responsibility on an industrial transaction, particularly in the long term, only if he is absolutely sure of his partners, who he regards as his peers.

There is the example of the General Chemical Match Company (*Compagnie générale des allumettes chimiques*), founded in Paris in October 1872 : the list of founders is eloquent and evokes a *haute banque* financial syndicate<sup>37</sup>, as does the list of administrators, which includes Alphonse Mallet, Charles Demachy, Armand Dutfoy, Rodolphe Hottinguer, Henri Mirabaud and Count Pillet-Will. It is an exceptional case but a telling example; in the event it sheds some light on the position of Armand Dutfoy. He was the son of an industrial family and spent part of his life in Russia before settling in Paris and founding a banking house (later the Hoskier bank) in 1849. He was close to the *Comptoir d'escompte* and an administrator of the *Banque de dépôt et de crédit des Pays-Bas*<sup>38</sup>, and he seemed to be completely integrated into high banking circles in 1872.

Outside this example, which was nevertheless exceptional, it is convenient for the Second Empire to start from banking groups, which are excellent indicators. Membership of the *Réunion financière*, (founded by James de Rothschild) was equivalent to belonging to a high bank and the Pereire group presented no problem either; the Foulds, Seillières and d'Eichthals, who had been the lynchpins of the Pereire companies, had given him the high bank's guarantee; the Mallet and André families, though not so closely involved, were represented by Charles Mallet, Vice-

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<sup>37</sup> Mallet Frères & C<sup>ie</sup>, Hottinguer & C<sup>ie</sup>, Marcuard, André & C<sup>ie</sup>, Pillet-Will & C<sup>ie</sup>, Oppenheim, Alberti & C<sup>ie</sup>, Mirabaud, Paccard & C<sup>ie</sup>, Vernes & C<sup>ie</sup>, Perier Frères & C<sup>ie</sup>, etc. (Work Records Centre in Roubaix (*Centre des archives du monde du travail*) 65 AQ P 9).

<sup>38</sup> Mother house of *Paribas*, a large commercial bank founded in 1872 by a merger of the *Banque de Paris* and the *Banque des Pays-Bas*.

Chairman of *Crédit mobilier* and by Ernest André<sup>39</sup> whilst the Periers and the Hottinguers had agreed to occasional collaborations, the first in the *Compagnie maritime* (the future *Transatlantique*), where Joseph Perier was on the board, and the second in the Russian railways and the Imperial Ottoman Bank.

However, it is more difficult to reach a decision about the other groups – we need to know, for example, whether Edouard Hentsch's presence in the *Comptoir d'escompte de Paris* group, which was formed at the beginning of the 1860s, is enough to qualify him as a member of the *haute banque* group in the eyes of those who worked with him or served on the same boards of directors with him, vis. the Bischoffsheims, the Hollanders, the Dutfoys or the Lévy-Crémieux<sup>40</sup>. It would be wise to regard it as insufficient and to look for further evidence in other companies. In Dutfoy's case it has been found in the board of the *Compagnie des allumettes chimiques*. Louis R. Bischoffsheim was a top-level banker with an extensive family network that included the Goldschmidts, the Bambergers, the Sterns and Hirsch, who started in Amsterdam in 1820, settled in London in 1840 and only opened in Paris in 1848. We find him in the *Compagnie des Chemins de fer du Midi* from its foundation in 1852 but he did not mix with the representatives houses of the *haute banque*, with the exception of Adolphe d'Eichthal, who was not a major figure after the disappointments of 1848. It seems that we must wait until the 1860s to see Louis R. Bischoffsheim integrated into Parisian *haute banque* circles, via his participation in companies forming part of the *Société Générale* group that he had helped to establish. Joseph Hollander, co-director of Trivulzi, Hollander & C<sup>ie</sup>, became Chairman of the *Société Française des Reports et Dépôts* along with Auguste Hentsch and Paul Mirabaud, who succeeded him. Marc Lévy-Crémieu, who was convicted in the broker's trial<sup>41</sup> in 1859, seems to have been much more isolated and less popular

The Donon group remained totally excluded from *haute banque* circles; its founders, Armand Donon and his partners Maurice Aubry and Jules Gautier, were respectable a priori, close to those in power as the Duc de Morny's bankers, present on the international and capital markets and very active under the Second Empire but

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<sup>39</sup> Since 1842 Ernest André had only been a commanditaire of the family bank which had changed its name to Adolphe Marcuard & Cie ; furthermore Adolphe Marcuard was on the board of the *Réunion financière*.

<sup>40</sup> N.Stoskopf, « Alphonse Pinard et la révolution bancaire du Second Empire », *Histoire, Economie, Société*, n° 2, avril-juin 1998, p. 299-317 ; *Id.*, « La fondation du Comptoir national d'escompte de Paris, banque révolutionnaire (1848) », *Histoire, Economie et Société*, 3, septembre 2002, p. 105-121.

apart from disputes they had no dealings with members of the *haute banque* group; thus Edmond de Rougemont served on the board of the *Société de dépôts et de comptes courants*, a deposit bank founded by Armand Donon in 1863, a year before he liquidated his bank. In addition Jules Gautier failed in an attempt to win a seat on the Governing Council of the Bank of France in 1864, on which his father, Jean-Elie Gautier, had been sub-governor from 1833 to 1858. Why was he ostracised? Perhaps because Armand Donon was guilty of using insider information by speculating in government stocks on the eve of the coup d'état of 2 December 1851, which would have alienated the *haute banque* which was well-known for its support of the Orleans family and jealous of favours granted to newcomers; perhaps also because his methods and objectives were regarded as too innovative – Donon had promoted the introduction of English banking methods into France, including deposit banks, cheques and clearing house. He succeeded in imposing his views, particularly after the foundation of the *Crédit industriel et commercial* (CIC) in 1859<sup>42</sup>, but not his own personality; he allied himself with politicians, with senior civil servants and with bankers, preferably from the nobility (Sébastien de Neufville, André de La Bouillerie), as if the nobility could compensate for his exclusion from the *haute banque*, but not with the *haute banque*, which seemed to have avoided him. Bertrand Gille, quoting from the *Journal du crédit public*, brings us evidence dating from 1857, at a time when there was a problem over the creation of new credit establishments: the *Réunion financière* spurned the overtures of the Donon group, which was seeking a merger of projects, “not wishing to admit names which have not won their spurs in what we call *haute banque* and high finance”<sup>43</sup>. The fear of a misalliance was therefore a determining factor.

We were seeking limits among objective factors but these must rather be sought in the minds of those concerned, to wit in the bankers representations of each other; obviously we find the central idea of respectability, the boundaries of which were assessed by contemporaries by criteria which are not always clear and which it would be fruitless to list. However, the historian can bypass them, relying on a number

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<sup>41</sup> *La coulisse* (stockbroking market) was a parallel securities market alongside the official market run by exchange agents.

<sup>42</sup> N. Stoskopf, *150 ans du CIC (1859-2009)*, tome 1 : *Une audace bien tempérée*, 311 p. ; tome 2 : *Un album de famille*, 260 p., Paris, Editions La Branche, 2009

of indicators, in particular the composition of the administration boards of major financial or industrial companies and also, perhaps, on the signatures on marriage contracts.

We may therefore propose a very simple definition: the *haute banque* is a group of individual enterprises or companies of persons who recognise and co-operate with each other; it forms a banking elite which is distinguished by its honour, its financial power and its activities, which are oriented towards the international money market and the service of the State.

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<sup>43</sup> Quoted by B. Gille, “ La formation de la Société générale ” in *La banque en France au XIX<sup>e</sup>*, Paris, 1970, p. 158.