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The banker who became baron or a financial success story in the Monarchy

The career of Zsigmond Kornfeld

Theses of the PhD dissertation

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I. Antecedents, problem setting and purpose of the research

Zsigmond Kornfeld (1852-1909), the bank manager chosen as the topic of my dissertation, is not one of the best-known figures in Hungarian financial history. However, we cannot claim that no space was devoted to him in the literature at all. Zsigmond Kornfeld, the typical bank manager of the Monarchy, appears in many places. The Hungarian General Credit Bank headed by him was also examined by several people. The life of Baron Kornfeld was processed in one volume, in the first half of the twentieth century, however, this book was not made for scientific purposes but for the family. In addition, only one memoir volume written by Tamás Kornfeld, (grandson of Zsigmond Kornfeld,) in the 1990s deals with the Kornfeld family, where, on the other hand, Zsigmond Kornfeld is not an exclusive actor.

So even though Zsigmond Kornfeld's name, work and career history appear in several places, our knowledge of Kornfeld is rather incomplete, the objective processing of his life in the XXI. century has not yet been born.

I strive to reconstruct how he became a defining financial professional of his age, how he became the bank manager we see today, how he became a person who can rightly be mentioned among the biggest domestic bank managers and finance professionals.

During my research I met a highly intelligent, highly motivated bank manager blessed with strong fighting spirit, who in addition to his outstanding financial work, was thirsty for culture and knowledge, was curious about the world and wanted to shape it.

My aim is to show how, under his direction, the Hungarian General Credit Bank has become one of the largest creditors of the domestic economy by the beginning of the twentieth century.

Organizing and enlarging the Credit Bank required a huge amount of work from Kornfeld.

The start and end points of the research could be identified almost clearly. I had to start a little, a few decades before Zsigmond Kornfeld was born, so that I can give a relatively accurate picture by surveying the family, and its environment of the future bank manager, and I had to go a little beyond his lifetime, whereas the importance of Kornfeld in the age is typically characterized by the influx of newspaper articles that appear after his death, by the funeral, its participants, then after all, even the way they tried to make a worthy and everlasting memory of the departed.

I try to create an objective work to present Kornfeld in a nuanced way.

Like any bank manager who has achieved serious results, Zsigmond Kornfeld has struggled hard to get ahead and achieve his goals. This extremely strong will typical of Kornfeld, has already been documented after its arrival in Budapest. As he achieved more and more significant results, more and more minutes of the board meeting, newspaper articles mention its name and activities. More and more memories can be found.

I would like to outline a portrait of Zsigmond Kornfeld from the available Hungarian General Credit Bank documents, newspaper articles and a personal tour and acquaintance with the significant stages of his life in Hungary. I try to present Zsigmond Kornfeld and the ethos he represents as best as possible.

I would like to show that Kornfeld, who was the descendant of a merchant family and always thought in business, in money, in contrast to the public mentality of his chosen country, saw the future of the Hungarian

economy not in the land, not in the feudum. Time proved Kornfeld, who made pitfalls but made big. I also try to explore this process in my dissertation.

However, in the construction of the dissertation, I do not only aim to outline Zsigmond Kornfeld's career history.

In addition to his work, I also wanted to show his private life, family and inner thoughts. What motivates a person who has worked more than ten hours almost every day for decades? I try to answer that too.

Within the limits given by the scope I also try to explain the details Kornfeld's personality, his relationship with women, his state of health, his relationship with the Hungarian political and scientific elite.

I also deal with the relationship between Zsigmond Kornfeld and the Israelite religion, as it is important to show how the basically performing financial services, actually clinging to it from the cradle to the grave, Kornfeld treated his religion, how serious he took it, the extent to which he followed the precepts and how he placed his own Jewish identity in the Hungary of the age.

Zsigmond Kornfeld's life is a bit like that of a folktale hero. As an Israelite, a native German speaker, and thus a multiple stranger arrives in a new country, where he does great deeds in an not always friendly environment through his persistent work and apotheosis is not left out either, the ruler finally elevates him among the nobles in recognition of his merits. I take this sequence of events as the backbone of my writing and I try to present what happened in a proper arc.

The historical situation with which Zsigmond Kornfeld's career was intertwined was a paradigm shift in Hungarian economic history. The period of the development of the modern financial economy in Hungary coincided in a large percentage with the period of Zsigmond Kornfeld's activity. One of my aims is to present this significant change, the first few decades of Hungarian capitalism, its development at least tangentially and to show through this, through the development of Hungarian industrialization, a new attitude, the Jewish, financial, capitalist mentality.

II. Methodology

The processing of the topic was complicated by the fact that although the Hungarian General Credit Bank has its own repertoire, which contains a wealth of extremely extensive, detailed and useful data, some of the relevant documents requested on the basis of the repertoire, especially those written on paper in the 1870s and 1880s, were written in hasty handwriting, many times in gothic letters and in German.

The Hungarian General Credit Bank's documents can be found in Óbuda, Liliom Street, in the building of the National Archives of the Hungarian National Archives. One of the three main profiles of this archive is the Department of Economic Archives, ie the records of ministries of economy and companies, banks.

Some of the material is microfilmed and made available. While reviewing the microfilms, I found a photo album containing series of pictures (, with attached descriptions,) of the first center of the Credit Bank on the corner of Nádor and Zrínyi streets, its exterior, interior design and some of its offices.

However, I only partially obtained the primary sources in Lánghilom Street, and in the course of my work I reached several archives in Budapest.

I found some documents, including the documents documenting the appointment of the Kornfeld family as a baron, in the research room of the Bécsi Gate Square building of the National Archives of the Hungarian National Archives.

In addition to using the archives, I was also helped by the contemporary press, which I reviewed on the Arcanum Digital Science Library site with more than a month of work.

In addition to the archives, the Arcanum, the National Széchenyi Library and the Ervin Szabó Central Library, I also considered it important to explore and present the sites of Zsigmond Kornfeld's life.

I visited the property on Bajza Street, where he lived with his family, from the basement to the upper level, I went out to the balconies, examined the doors and stairs, I visited the garden behind the building. It is impossible to enter the house from the street, I had to ask the maintenance ministry for prior permission.

I also tried to find the grave of the Kornfeld family on Kozma Street, but there my enthusiasm proved to be low, their final resting place in the vast area alone could not be found in an entire afternoon. The solution was the Chevra Kadisa, whose phone number I got randomly from a man walking in the cemetery and who had an accurate record of every grave in the cemetery.

I considered it my task to chronologize the discovered events and to reconstruct the events as completely and as faithfully as possible. I tried to create a complete round whole backed by historical sources and facts.

III. New results of the research

Why Kornfeld? Why is the life of a banker who has died more than a hundred and ten years before still interesting? What example can writing about it serve to readers of today's modern age? What can Zsigmond Kornfeld give from the perspective of more than a century? These questions can all be rightly asked, they are logical, but most of all they are interesting and thus make the topic worth researching.

Zsigmond Kornfeld has been a leading financial expert in Hungary for decades. His competence and professionalism are unquestionable, although he is not widely known. He made the Hungarian General Credit Bank big, modernized the stock exchange in Budapest and dealt with countless things at a high level.

The many stages of his life are remarkable individually, but putting the episodes side by side, a wide-ranging career emerges.

My writing is a complete biography, during the preparation of which I tried to examine the moments, driving forces and circumstances of Zsigmond Kornfeld's life. I tried to express the greatness of his career from the born poor boy to the mighty banker.

I try to nuance Zsigmond Kornfeld's significance. This was perhaps best accomplished in the chapter on his illness, death and funeral, where the importance of Kornfeld's person was clearly outlined in contemporary newspaper articles.

Layout

In the first major unit of the dissertation, I examined the question, independently of Zsigmond Kornfeld, at what age and under what circumstances the events took place. In doing so, I put my writing in context and provided a comprehensive layout.

After the introductory thoughts, I briefly analyzed the changes in the state organization and politics in the age, the changes in Hungarian society at the time and finally the most important thing, the changes in the Hungarian economy, the development of Hungarian capitalism.

I moved from the general to the individual, in the direction, in the sphere where Zsigmond Kornfeld's career could be placed.

I first described one of the most significant series of events in the history of dualism, the emergence of the modern financial economy, and in this context the emergence of banks and large banks across the country and the emergence of their dominance in economic life.

I mention that after the compromise, the spectrum of the Hungarian economy changed constantly, and the Hungarian legislature and parliament tried to strengthen it throughout the age.

New actors are emerging in Hungarian society, the social structure is changing and some of the newcomers are contributing significantly to those changes.

I show that the domestic development was somewhat ambiguous and also to which social strata was affected by the great melting pot of capitalism at the turn of the nineteenth and twentieth century.

From the point of view of my work, I examined the most important group of the newly formed Hungarian citizen stratum, the Jewish capitalists separately.

I devoted space to the short presentation of the Rothschilds, Wodiáners and Harkányians and their impact on the Hungarian economic and financial life.

The economic changes have appeared in several tables, for example I present the changes in the gross national product of the Austro-Hungarian Monarchy and Europe in the age, the number and capital strength of domestic saving banks and the number of credit institutions in Hungary.

The economic changes mainly meant the strengthening of the industry in this case. The keywords are transportation, steam locomotive, track, iron and steel. This was built in Hungary at that time with the help of the incoming bank capital.

The departure

The next chapter is about Zsigmond Kornfeld's life, from his birth to his move to Budapest, from 1854. III. 27. to 1878. III. 13. In this section, I describe the residence of Zsigmond Kornfeld's family, their origins, their religion and the new opportunities that then open up for those of the Israelite religion.

My protagonist was born in a small Czech village, Goltsch-Jekinau, where his father still used one of the traditional forms of livelihood, he was a tenant, he rented a small distillery where he made fruit brandy.

Despite his simple job, he did not consciously intend a career of hard physical work for his children. The opportunity for an intellectual career had already opened up at that time to young people following the Israelite religion, including Bernhardt Kornfeld's seven children.

Their family represented a traditional Orthodox branch. There was also a man of outstanding education in the family, Jeb Áron Jekinau, a connoisseur of the Torah Scrolls and mystical numerology, who became Zsigmond Kornfeld's ideal.

Kornfeld, who was working at a very young age due to his father's illness, moved from the small village to the Czech capital and at the age of sixteen he was employed by a financial institution of serious prestige at the time.

His diligence aroused confidence and the bank's executives sent him on trips abroad to run the company's affairs. Zsigmond Kornfeld thus got to know the big cities of Europe at a young age.

However, the really significant station is Vienna, where he moved from Prague and where he entered the financial universe of the Rothschild family.

After starting working for them, Albert Rothschild saw the opportunity in the young man to do a larger volume of work.

At the head of the Hungarian General Credit Bank

I explain this turning point in detail, because it was here that Zsigmond Kornfeld's life changed permanently, his fate was decided here. Albert Rothschild's offer was for Kornfeld to move to Budapest and take over the management of the Hungarian General Credit Bank, which was struggling with serious problems. Kornfeld accepted the offer after a little thought.

Everywhere I try to put the explored sources into context so that I can shed light on Zsigmond Kornfeld's personality and his role of the age.

I meticulously pasted the new data obtained from the archive into a large mosaic. This meticulousness is most noticeable in the next chapter on the organization of the Hungarian General Credit Bank, where, by analyzing the primary resources and using them in the right place, I present not only the evolution of the Hungarian General Credit Bank, but also the significant stations of a contemporary large bank.

The third chapter is therefore about the Hungarian General Credit Bank, which played a central role in Zsigmond Kornfeld's career. How the Hungarian General Credit Bank came to be, what the first phase of its operation was like, how Kornfeld got to head the Credit Bank, how the Hungarian General Credit Bank was organized, how it changed, what big deals Kornfeld created as the head of the Hungarian General Credit Bank, what was the relationship between the Credit Bank and the dualistic state. Since Zsigmond Kornfeld's name is inextricably linked to the Hungarian General Credit Bank, it is inevitable, albeit briefly, for me to outline the image of the Credit Bank. Even before Kornfeld's arrival the Hungarian General Credit Bank had grown into a prestigious financial institution, actively participating in major enterprises since the 1860s.

It is very important that the Hungarian General Credit Bank was not an independent financial institution in the initial period, but cooperated in the closest partnership with its parent company, Credianstalt of Vienna. The Credit Bank quickly stood out among Hungarian financial institutions in terms of capital strength and importance.

The Hungarian General Credit Bank has changed over time, with Zsigmond Kornfeld appearing on the board of directors, becoming more and more similar to the mixed banks with German institution. This process was completed by the 1880s. At that time, the Credit Bank was already engaged in commodity stores and the establishment of industrial companies, with the involvement of international relations.

In the following section, I will explain how, but rather why, Zsigmond Kornfeld took over the head of the Credit Bank. The real reason was a big embezzlement in the Pest branch, which caused a crisis of confidence among Viennese leaders. That's why Kornfeld was sent there to put things in order.

Zsigmond Kornfeld was already a director of the Hungarian General Credit Bank in May 1878, and it was here that his credit banking career began.

By the end of the nineteenth century, Zsigmond Kornfeld's leading position at the Credit Bank had become unquestionable, by which time he was already seen as the financial genius of his time.

Kornfeld's dominance within the bank also became visible from 1900, when he was appointed CEO.

He could only move up one step from here, he also received the status of president in 1905, and this position of president and CEO remained until his death. It has never happened before that the president and CEO of the bank are the same person.

I dedicate the next part specifically to the organization of the Hungarian General Credit Bank and the changes in the organization, as the at least tangential presentation of the huge structure that is being developed is important for the whole. The Hungarian General Credit Bank has become a real big bank over the decades and the initial organization has become obsolete over time, so under Kornfeld's leadership there have been continuous innovations to keep the financial institution up to date with the challenges of the latest age.

In addition to the structure, the Credit Bank's staff has undergone significant changes over the decades. A good banker could not be found in Hungary for a long time. The development was slow, but continuous.

The initial twenty-two people rose rapidly to over a hundred, and in the early twentieth century, the construction of a rural branch network was also started.

However, during the many changes, one thing remained fundamental: the fact that the Hungarian General Credit Bank's business was divided into two main business lines, the money business and the commodity business.

However, the huge capital came with a huge responsibility, but at the same time it also hid huge opportunities. Throughout his career, Kornfeld was cautious about finances, but he saw the opportunities with great sense and took advantage of the opportunities that arose.

The 1892 monetary reform, the loans granted to the Hungarian legislative authorities, including the loan to Budapest, and the railway constructions were all created by the work and approval of Kornfeld.

The Kornfeld-led financial institution was also closely associated with the state. The successful issuance of the gold annuity, led by the Rothschild Group, also brought great benefits to the Hungarian state.

In addition to the managing of the Hungarian General Credit Bank, Kornfeld's activities covered many things, and his nuanced presentation includes the mention of these.

At the head of the stock market

Kornfeld did a lot for the Budapest Commodity and Stock Exchange, did charitable work, took an interest in culture and took an active part in the Israeli faith in Budapest.

Trading in securities has been part of the Hungarian General Credit Bank's activities since the 1880s, and has become increasingly important in their operations. Kornfeld has been interested in the stock market and its functions from a very young age, and during his early travels he closely observed the stock exchanges of major European cities.

After a turbulent history, Kornfeld was elected chairman of the stock exchange, and the job-accumulating bank chief also served on the stock exchange board of directors, the house committee, the pension committee, and the construction committee. Kornfeld did two important things about the Pest stock exchange. He made Hungarian the official language of the exchange and had a new palace built for the Budapest Commodity and Stock Exchange.

Public service

As a bank chief and stock market leader, Kornfeld was in touch with the highest circles. He was in one way or another contacted to the prime ministers of the era. However, he had no political ambitions, he remained a technocrat throughout his life. With his work Kornfeld gained the weight of his word, a position for himself. He negotiated several times in Paris with Clemenceau, Combes, and other French political and financial leaders.

He donated part of his income to charity, including the Chevra Kadisa in Pest, the Shelter for the Homeless, the Poor Child Endowment in Buda, and Mór Kármán and Ignác Goldziher, among private individuals.

He proved his interest in Hungarian culture by learning excellent Hungarian and in 1887, he gave his first lecture in Hungarian at the Hungarian Academy of Sciences. His basic attitude was human, he could speak both Latin and Italian in addition to his native German, and in his free time he read poems and philosophical works.

Despite his Orthodox family background, Kornfeld himself was a neologist, his commitment to his new homeland was shown by the fact that a picture of him wearing an ornamental Hungarian survived. Although Kornfeld had followed the Jewish religion all his life, he consciously refrained from following all its rules. He kept the feasts of Israel, read the Torah, but at the same time worked every Saturday.

His private life

I devoted the fifth chapter to Kornfeld's private life, which I divided into two parts. In the first I dealt with his marriage and private life, and in the second I dealt with how the bank manager rose to the ranks of the Hungarian aristocracy.

His wife, Betty Frankfurter, came from a dynasty of Viennese doctors, with whom they connected their lives in 1879. From their marriage five children were born, one of them died at a very young age and in tragic circumstances. Kornfeld also cared a lot for raising his children and took care of a suitable spouse for her only daughter, Mary. Her husband became dr. domonyi Móric Domonyi, who also ran a shipping company owned by the Credit Bank. One of his sons, Paul, also worked at the Credit Bank and pursued a career there, he was already a second generation financier.

The Kornfeld family lived in an elegant setting at 32 Bajza Street. This is their only known address, they did not move, they lived in the same place for decades. Zsigmond Kornfeld also bought a property in Rakovic, Nitra County, in accordance with the expectations of the era, where he renovated the castle there. He enjoyed spending his free time on this little manor.

I highlighted the Hungarian identity of the bank manager from Bohemia in the next section, which deals with the appointment of Kornfeld as a Hungarian nobleman. He finally accepted the baronial title offered to him several times, but took it only on his deathbed. He did not accept the appointment for his own sake, but because of his family, so that he could leave them a serious value that could not be expressed in money.

Kornfeld was already seriously ill when he was appointed baron in 1909.

His death, his memory

The sixth chapter deals with the last stage of Zsigmond Kornfeld's life and his death and burial, supplemented by Kornfeld's memory.

The death of the fragile Kornfeld, who was both bank manager, chief administrator of several industrial companies, president of the stock exchange, and leader of the Israeli faith community, was challenged on by the strained work. From 1905, he was continuously ill. His veins were calcified and he also struggled with kidney disease. His illness was long and painful, but he did not take its severity seriously for a long time and he also worked sick. He was healed by renowned doctors, sometimes got better, and finally died on March 24, 1909.

The following period showed the significance of Kornfeld most spectacularly, which is why I intended a relatively large scope within the dissertation.

Zsigmond Kornfeld's funeral was a spectacular manifestation of mourning and sincere loss, in which countless representatives of the political and economic actors of the dualistic state appeared. Every day commemorated the event, which was attended by a significant crowd. On the day of the funeral, as a sign of respect for the deceased bank manager, the stock market remained closed in the morning.

After his death, an aid fund was created in his memory and a marble bust was erected in the large dome hall of the stock exchange in 1911.

In the last, seventh chapter, I incorporated my idea of comparing Kornfeld, his family, and his activities with other important, but also Jewish, actors of the age from different perspectives.

I compared Zsigmond Kornfeld with bank manager Leó Lánczy, the hatvani Deutsch family and Simon Krausz financier. In addition to comparing individuals, I also tried to highlight typically similar and different attitudes.

Kornfeld's career is an excellent adjunct to contemporary tracing of assimilation and double bonding. Two of his children picked up the Catholic religion in the first third of the twentieth century. Changing their religion was not based on interests but on sincere beliefs. They represented their new religion from the heart.

I conclude the dissertation with a description and photograph of the crypt of the Kornfeld family still visible today. The imposing tomb, where Baron Zsigmond Kornfeld, his wife and two sons, György and Ferenc, are buried, is located in Kozma Street, the Israeli cemetery.

IV. Related publication activity

-Két krach Magyarországon, az 1873-as és az 1929-35-ös bankválság párhuzamos elemzése, *Köztes-Európa*, XI. grade, I. number, Szeged, 2020.: 49.-69. p.

-A nulla év gazdasága, Popovics Sándor pénzügyminisztersége alatt, *Köztes-Európa*, XI. grade, 2019./2., No. 26. pp. 3., Szeged, 2020.: 29.-47. p.

-Zsandárok, pandúrok és csendőrök, bankbiztonság, élet- és értékvédelem a Monarchiában, in *Rendészettudomány-Aktualitások, A rendészettudomány a fiatal kutatók szemével*, editor: Baráth Noémi, Mezei József, Doktoranduszok Országos Szövetsége, Rendészettudományi Osztálya, Budapest, 2019.: 180.-187. p.

-Jótekonyság a Monarchiában, in *Tanulmányok a Kompetenciákra Építő, Fenntartható Kulturális és Technológiai Fejlődés Köréből*, editor: Karlovitz János Tibor, International Research Institute, Komárno, 2019.: 73.-84. p.

-Vett bárók, az új arisztokrácia létrejötte és céljai a Monarchiában, Budapest, 2019.

(under publication)

-Magyar banktörténet a kiegyezéstől az első világháború végéig, Budapest, 2020.

(under publication)