

Book Review

Emile and Isaac Pereire: Bankers, Socialists and Sephardic Jews in Nineteenth-Century France by Helen M. Davies, Manchester University Press, 2015, 266 pp.

This is the first publication available in English language about the Pereire brothers, especially for those scholars interested in how financing of new technologies - railroads - has initially started in Continental Europe in the middle of 19th century. In this light, the book represents a rare find for scholars interested in the history of banking and financing of innovation. Although classified as a book on economic history, this publication would serve scholars of innovation exceptionally well. Despite being centred on the story of one powerful family, it very well captures developments within the banking industry and offers valuable insights into the economic and technological realms of France, which was the most dynamic European nation on the Continent in the 19th century following its successful attempts to 'catch-up' with Britain.

This book consists of 10 distinct chapters. The narrative could be divided into the following three sections: Pereires' family roots, religious and social background in Bordeaux as well as ideational surroundings in Paris are discussed in chapters 1 and 2; financial and business undertakings intertwined with journalism and influenced by utopian socialism of Saint-Simon (chapters 3, 4, 5 and 8); and private lives, personal and professional networks as well as political involvements of the Pereire brothers (chapters 6, 7 and 9). An additional chapter serves as an Introduction and chapter 10 concludes.

In most scholarly accounts of French *Crédit Mobilier*, available in English, the main focus remains on innovative bankers actively investing in emerging railroad industry, treated either as a significant, yet, short-lived success (Sraffa, 1930; Cameron, 1953; Gerschenkron, 1962) or a less successful undertaking. (Paulet, 1999) In this regard, Davies' book is invaluable as it uncovers social and political elements of banking practices of the time, related professional interests (lecturing, journalism) and immediate professional entourage of the brothers, and their active involvement in the upper political echelons, including policy and project proposals that although never materialised, yet demonstrated the continuity of their efforts prior to establishment of *Crédit Mobilier* in 1852.

Indeed, the trials and errors were plentiful, including successful cases of Belgian banks investing in an industry since 1820s (chapters 4 and 5); new forms of organisation represented in vertical integration of firms and projects

as well as monitoring committees (chapters 5 and 6); and the entirely new way of seeing finance, promoted by Emil and Isaac, as being essential to social organisation and common welfare (generation of employment and therefore social justice) as well as to industrial and scientific progress (chapter 6) - something that could be directly attributed to the ideational Saint-Simonian past of the Pereires.

The spirit of entrepreneurship is a leitmotif of this book: financial commitments of the Pereires were far less significant than those of their financial partners but it was their skills in dealing with financiers, politicians, engineers and industrialists that helped them carry out novel projects in railroad construction, infrastructure and public works. Their technical expertise and good organisational skills grew from close collaboration with leading engineers of the time, as well as arguably from the Saint-Simonian emphasis on superior capabilities of an industry able to organise itself. As to the latter, this is clearly articulated in the original ideas of Saint Simon and his disciples (see his Catechesis of Industrialists in Saint-Simon, 1823) and although the book does not refer to that directly, it certainly could. In this respect, the Pereires can be considered as true Shumpeterian entrepreneurs pursuing ‘new combinations’, and Davies clearly demonstrates their multifaceted entrepreneurial spirit, their ability to analyse technological dynamics as well as emerging economics of an industrial organisation. That would be, if not to contrast, but to complement their reputation in existing literature as bankers. Chapter 8 provides a detailed description of events leading to the bankruptcy of *Crédit Mobilier*, which is another valuable contribution to existing scholarship that has been dominated by the viewpoint of ‘bad management’ and excessive risk-taking of the Pereires.

If the book were to see a second edition, a visualisation of Pereire’s family tree as well as their professional network, to a large extent comprising former Saint-Simonians, would aid the reader to better navigate the context. A timeline of most significant events in Pereire’s extended family would serve a similar purpose of convenience.

References

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