

## **Raffaele de Ferrari, Duke of Galliera, an Investor of European Stature**

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Raffaele de Ferrari was the third child of Livia Pallavicino and Andrea de Ferrari. His paternal grand-father had become a well-established businessman<sup>27</sup> and his father, who was not seduced by politics or society life, similarly devoted himself to banking and trading. Andrea was frequently required to leave Genoa in order to oversee his businesses and to maintain contacts with the most influential personalities of the time. In 1803, overjoyed at the birth of Raffaele<sup>28</sup>, he was able to contemplate entrusting the large family estate to his son.

Anxious to give his son a proper education, Andrea secured him a place in the prestigious La Flèche military school. However, Raffaele's fragile health cut his stay short and he was transferred to the Chiglieri de Finale private school in 1816, and then to the Nobili Jesuit school in Parma. Raffaele returned to Genoa briefly in June 1820, aged seventeen, but left again in September to travel extensively in Europe with his father. They went to Naples, then to Rome and Paris, where they stayed for nearly two years. From there they went on to London, before returning to Genoa via Milan. It was a true voyage of discovery, each city playing host to his father's business. With two additional sojourns in Paris, in 1823-1824 and in 1825, Raffaele's education was complete.

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<sup>27</sup> Loans to private individuals or to Central and Northern European dignitaries, and short term speculative investments were Raffaele's paternal grand-father's principal activities before his death in 1801.

<sup>28</sup> Andrea had married Livia Pallavicino when he was 30. Two daughters were born from this union before Raffaele's birth.

## Respecting the family tradition and Raffaele's first experiences

In 1828, at twenty-five-years old, Raffaele de Ferrari inherited the family estate<sup>29</sup>. His father had built up favourable links with several bankers of European stature. Andrea De Ferrari had invested money with the De La Rües – protestant bankers of Genevan origin who had settled in Genoa in the 18<sup>th</sup> century – with the Heaths – protestants from London who had professional ties with the De La Rües and who had been working in Genoa since the end of the 18<sup>th</sup> century – and with the Odiers, whose descendant, Gabriel, had opened a bank in Paris. Andrea De Ferrari also did business with Jacques Lafitte, with Jonas Hagerman from Geneva - another close associate of the De La Rües- , and with Barthélémy Paccard, another Genevan who had founded a partnership limited bank in Paris in 1825. Aware of the potential the Parisian market offered in terms of yielding profits, Raffaele was faithful to the tradition established by his father and chose to invest his fortune, which he estimated at 8 million lire, in France.<sup>30</sup>

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<sup>29</sup> His father died in January 1828, only a few days after he had married Maria Brignole Sale, descendant of an important Genoa family. Maria's father had been Genoa mayor since 1827. He held a brilliant career in politics. Maria's grand-father, Anton Giulio Brignole (1764-1802) had married a woman from Sienna in 1783, Anna Pieri (1765-1815), who was the empress Marie-Louise's lady-in-waiting from 1810 to 1815. Anna and Anton had two sons and two daughters. Maria's father, Antonio (1786-1863) was the third child of the line. After studying at the Tomoei College in Pisa together with his brother Rodolfo, Antonio acquired a solid culture that he complemented with studies in law. In 1805, he started a brilliant career in politics when he was appointed as member of the deputation in charge of negotiating the annexation of Liguria to the Empire. This first mission, combined with his mother's intervention at the imperial court, enabled him to become an official at the Council of State in 1807. Before being raised to the rank of counsel in 1811, he married Artemisia Negroni in 1809. In 1813, he settled in Savona as the Prefect of the Montenotte Ligurian area, a responsibility that enabled him to confirm his abilities as a politician and as an administrator. His career only ended with the fall of the Empire. After a vain diplomatic mission in the Vienna Congress on behalf of the Genoa Republic, he placed himself in the service of the king of Sardinia, Victor Emmanuel the 1<sup>st</sup>. In this capacity he was sent to Florence (1816-1818), then to Madrid (1819-1821) as an ambassador plenipotentiary. In June 1821, just after the Sardinian king's abdication, he left the Spanish capital and after a short stay in Paris went back to Genoa, where he was mayor from 1824 to 1828.

<sup>30</sup> He held government securities and - in the same way his father had acquired shares in the Arles-Bouc Canal company and the Burgundy Canal company - he bought shares in the Société des Quatre Canaux (the Brittany, Nivernais and Berry Canals, plus the Loire lateral Canal). This was one of the five Canal companies that had formed just after the Becquey Plan was adopted (1821-1822) - a scheme set up to give France a real navigable network thanks to private funds that financed its construction.

## **His eminent role in financing French and European railways**

It wasn't until the late 1830's that Raffaele De Ferrari developed an interest in railway construction. In 1838, as a partner in the Girard and De Waru bank, he met François Bartholony and Adrien Delahante, members of the trade union responsible for creating the Paris-Orléans company. He did not participate in the fight between the Bartholony group and the Rothschilds, but in 1844-1845 he joined forces with James de Rothschild for the Northern line concession. In July 1845, he was amongst the financiers signing the concluded agreement between Hottinguer, Baring and the Rothschild House. A few days later, this agreement was complemented by a second treaty signed with Lafitte and Blount. In September 1845, the sale by auction of the line from Paris to the Belgian border via Lille and Valenciennes and the line to Calais and Dunkerque, was advantageous for the company formed by Rothschild, De Ferrari, Blount, Hottinguer, Pepin-Le Halleur, Rosamel, Decaen and Lebeuf. Other representatives of the main Parisian banks appeared beside them: Thurneysen, Mallet, d'Eichtal, and Pillet-Will. The capital was set at 200 million francs, divided into 400.000 shares worth 500 francs each. In 1845, Raffaele De Ferrari bought 4.600 bonds and was called to the board.

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In 1830, Raffaele De Ferrari succeeded in withdrawing from a company under whose name his father, together with Jonas Hagerman and the Paccard Dufour & Cie bank had bought a piece of land at the North of the Saint-Lazare Station in 1823-1824, in the hope that the Europe quartier project would be concluded. Thanks to this move he was able to buy a building in the rue d'Artois for 1 028 000 francs, that is to say slightly more than 10 % of his investments. This deal failed to pay off, and after fruitless efforts to rent the building, he sold it to James de Rothschild in 1832 with a loss of more than 330 000 francs. This failure anticipated the difficulties he had to face after the July revolution. The political and economic climate did not inspire confidence and in 1831 he contemplated refocusing his activities in Italy. He decided to finance part of the 9 million lire loan launched by the Sardinian kingdom in 1833. He bought more than 3.6 million lire in bonds and sold many of them the following year, thus making a sizeable profit (+ 2.3 %). In 1825, in Genoa, he participated in the foundation of the Morro, Alberti & Cy commercial firm. It was a limited share company whose sphere of activity soon spread beyond the Mediterranean shores. This company favored trading with South America and unhesitatingly diversified its activities from 1823 on by participating in the creation of the silk mill that De Ferrari had set up in Voltaggio. Voltaggio was a little village located not far away from Novi Ligure, that is to say in an area where the silkworm culture was developed. This new experiment was short lived since it ended in 1844, when the Moor Alberti and Cy firm was liquidated.

Throughout these years, and particularly from 1828 to 1837, Raffaele speculated on bonds from various continental States (specifically with England, Portugal, Spain, Austria and the

On the eve of the 1848 Revolution, he owned shares from fifteen companies, most of them under the Rothschild House's control. He sat on the board in three of these companies; the North; Paris-Strasbourg and Paris-Lyon. In the early Second Empire, he achieved the impossible by belonging to the two most prominent rival groups. These rivals, the Pereires and the Crédit Mobilier on the one hand, and James de Rothschild and the Réunion financière on the other, fought a relentless battle for railway concessions from 1852 onwards. In 1852, he co-founded the Crédit Mobilier and the Compagnie du Midi, who obtained the concession of the Bordeaux-Sète line. That very same year, he became a shareholder in the Grand Central, the West company and in the new Paris-Lyon company, which was rebuilt with the Pereires' majority. His involvement with the Pereires did not prevent his participation in the companies formed by James de Rothschild and his allies (Marquard, Durand, Bartholony, Paccard-Dufour, Lafitte, and Blount). In 1853, together with Bartholony and Blount, he invested in the Lyon-Geneva company. This company, linked to the Paris-Orléans group, was created while the Victor Emmanuel company considered building a line between Modane and Chambéry, with a junction towards Lyon and another towards Geneva. From 1853 to 1855, De Ferrari's investments were distributed as follows (yearly statements by December 31, in million francs) :

1853	Pereire group	2.03
	Rothschild group	1.83
	Bartholony group	1.83
	Rothschild- Bartholony group	2.2
	<b>Total</b>	<b>7.89</b>

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Kingdom of Naples), thanks to banks and stockbrokers scattered in the main Italian cities

1854	Pereire group	2.06
	Rothschild group	1.25
	Bartholony group	1.14
	Rothschild- Bartholony group	2.16
	<b>Total</b>	<b>6.61</b>
1855	Pereire group	1.47
	Rothschild- Bartholony-Talabot and Morny group	3.02
	<b>Total</b>	<b>4.49</b>

Such figures confirm Raffaele's talent in manoeuvring between the various financial groups. They also help outline the significance of his profits. In 1856-1857, Raffaele turned his attention to other European countries, and in particular, to Italy.

He had developed an interest in the Piemontese railways in the early 1840s, yet made no durable investment in the Società Reale per le Strade Ferrate. Created in 1840 thanks to the Genoa bankers' and traders' persistence, this company undertook the study of the line layout between Genoa, Piedmont, and the border of the Lombard kingdom. In spite of his earlier reluctance, Raffaele De Ferrari accepted to support the company financially in 1841. In the eyes of the Sardinian authorities, his presence amounted to a firm guarantee, but De Ferrari, wiser from his experience in France, felt that the estimated construction costs presented in 1843 were over-optimistic. As a result, at the end of 1844 he abandoned the venture. His withdrawal, also explained by his concern for maintaining his privileged position in European financial circles, seemed to announce the failure of the Genoa network: on February 13th, 1845 King

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and in European capitals.

Charles-Albert entrusted the task of building and operating the main lines within the Sardinian kingdom to the State.

It wasn't until 1856 that Raffaele De Ferrari made a decisive move in favor of Italian railways. In February 1856, in Vienna, he took part in negotiations between the Rothschilds and the Austrian government over current and foreseeable railway lines in the Lombard-Venitian Kingdom. The agreement, concluded on March 14th 1856, was complemented the following day by another international convention authorizing new concessionnaires, represented by Raffaele De Ferrari, to build and operate the so-called Central Italian line, between Piacenza, Bologna and Florence. Formed under the name of *Imperiale Regia Società privilegiata per le strade lombardo-venete e dell'Italia centrale*, the new company benefited from the presence of British-born Samuel Lang, along with Uzielli, the Tuscan banker Pietro Bastogi, the Prince of Schwarzenberg, the Count Zichy, De Blount, De Talabot and Raffaele De Ferrari's stepbrother, Marquis Ludovic Melzi d'Eryl who had married Luisa Brignole, Maria's younger sister, in 1840. In 1858, in accordance with the treaty signed on September 23, 1858, the Austrian government returned the Tyrolean, Carinthian and the Vienna-Trieste route to the young firm. The broadening network on both sides of the Italo-Austrian Alps, which had become one of the largest European networks, led to a very unique organization based on the creation of two boards, one in Vienna and one in Bologna, then another in Turino in 1861, and finally a special eight-member Committee set up in Paris. All company decisions were in fact made on the Parisian Committee. In 1856, Raffaele De Ferrari was amongst its members, together with Lionel and James de Rothschild, De Bartholony, De Blount, De la Rosière, and De Simons. He was repeatedly reelected until his death.

Just after Italy's Unification, Raffaele strengthened his investments by buying Livorno railways company bonds, followed by Southern railways Company stocks in 1863. The Southern railways Company (*Società italiana per le Strade Ferrate Meridionali*), was created in 1862 under the aegis of Tuscan banker Pietro Bastogi and the Genevan, Domenico Balduino. Balduino directed the

Turino Trade and Industry Fund (*Cassa del Commercio e dell'Industria*) which in June 1863 became the Equities Credit Bank (*Società Generale del Credito Mobiliare*), with a similar profile to the Pereire brothers' *Crédit Mobilier*. This commitment was a turning point in Ferrari's investments in the railway sector: from 1861 to 1867, the funds invested in Italian companies grew from 8 million lire to more than 22,8 million lire, a sum that represented nearly 70% (67%) of Ferrari's investments in the railways.

From 1856 on, these investments also involved other European companies, thus proving Raffaele's significant skillfulness in allying with either the Rothschilds or the Pereires. He collaborated with the Rothschilds in several Austro-Hungarian companies, including the Elizabeth Company; the Francis-Joseph company and the Tisza lines company. Between 1857-1859, his average yearly commitment exceeded ten million francs. In 1859, he increased his 1856 investments in the Spanish railways (*Norte* company ; the Grand Central). He also became a shareholder in the concessionary company of the Sevilla-Xeres-Cadix-Puerto Real line. Along with the Pereires and the Duke of Morny, he invested in the Russian railways: from 1861 to 1867, his yearly shares in these companies was worth an average exceeding 1.5 million francs.

At the end of the Second Empire, despite having no company bearing his name, Raffaele de Galliera had earned a vast fortune. Thanks to his education, his adaptation ability, his energy, his skillfulness and his intuition he stood alongside the main names of Parisian capitalism and became one of the most famous financiers of the 19<sup>th</sup> century.

## Appendix : The « Parisian house » railways investments

a) Railways stocks ( shares and bonds): yearly invested funds by December 31  
(in thousands of francs)

year	total	shares (in %)	bonds (in %)
1851	4.480,0	62,8	37,2%
1853	9 028,9	68	32
1855	8 487,3	49,6	50,4
1857	15 215,3	46,8	53,2
1859	20 760,5	39,8	60,2
1861	26 183,3	53,2	46,8
1863	20 508,0	30,3	69,7
1865	20 944,5	34,1	65,9
1867	33 404,4	21,7	78,3

b) geographical distribution (in % , on one hand in relation with the total)

year	France	Italy	Austria- Hungary	Spain	Russia	other States
1851	96,7					3,3
1855	60,1		34			5,9
1856	38,3		57,7	1,3	0,5	2,2
1857	24,1		70,6	2,4	0,9	2,0
1859	22,7		52,9	19,8	3	1,6
1861	15,5	24,9	20,2	31,3	6,7	1,4
1863	12,2	34,7	23,5	20,1	8	1,5
1865	13	49,4	15,8	12,6	7,7	1,5
1867	8,6	66,4	13,4	5,8	4,6	1,2