

Kilian von Steiner (1833–1903)



Kilian of Steiner, the first of the six personalities introduced in this book, was born in 1833 and ennobled in 1895. He worked his entire life dedicated to the advancement of his native region of Württemberg in southern Germany and had a profound influence on the development of its finance sector. His family is the most impressive example of intergenerational social advancement within the Jewish community of Laupheim. Their willingness to assimilate into the cultural, religious and social surroundings played a significant role in their ascension. It is as well interesting to compare Steiner with Carl Laemmle, who was born a generation after him and in different social and economic conditions, yet also experienced great commercial success.

Kilian of Steiner's grandfather and his father both worked as peddlers. In 1836, Viktor Steiner, Kilian's father, and his brother Heinrich, opened a corner store selling leather goods. With their new business, they were able to rise above the class of Jewish small merchants to which they had belonged and to build a house and work beyond the confines of Judenberg, a Jewish district in Laupheim. The next step in their social advancement was to acquire the Grosslaupheim Castle from the state in 1843. Though the Jewish Emancipation Act of 1828 had conceded Jewish people more rights, the Steiner family nonetheless needed non-Jewish business partners in order to complete the purchase. Jewish people at that time were still not

allowed exclusive property rights to such estates. Viktor Steiner eventually became the sole proprietor of the castle. Kilian of Steiner then acquired the castle from his siblings in 1894, modernized the castle and redesigned its grounds.

Leather goods, the hops trade and tool production were the three main branches of industry introduced by the Steiners to Laupheim. The Steiner family also supported the construction of the railway in Laupheim. This contribution even brought Heinrich Steiner, who was a reform-driven community leader for more than 40 years, recognition from the king.

Kilian of Steiner attended the Laupheim Jewish primary school from 1846 to 1851 and afterwards secondary schools in Stuttgart and Ulm. His schooling is an illustrative example of the way Jewish members of society obtained social advancement through education. Nonetheless, this was unique for the Jewish community of Laupheim in the 19th century. Kilian of Steiner was the only one of his 12 siblings to receive a higher education. In 1853, he began studying law in Tübingen (which later led him to Heidelberg), where he eventually received his law degree in 1876, having defended a dissertation with the title “Acquisition and Amortization of Private Shares”. He had already been working as a lawyer in Heilbronn in 1859 and was able to use this experience to complete his dissertation. While in Heilbronn he developed a lifelong friendship with the family of Professor Schmoller, who

taught economics. In 1869 he married Clotilde Goldschmidt, a widow, whose father was a court Jew in Hechingen.

In 1865 Kilian of Steiner and his wife moved to Stuttgart, which became the focal point of their life and work. The time in Stuttgart is also closely linked to a circle of friends, who were to play a significant role in his career. These friends included paint manufacturers and traders Heinz Mueller and Gustav Siegle, textile trader Lorenz Chevalier, publisher Alfred Kroener, gunpowder manufacturer Max Duttenhofer and the director of the *Koenigliche Hofbank*, or Royal Bank, Eduard Gotthilf Pfeiffer, who was also the first Jewish delegate in the *Landtag* in Württemberg. Steiner and his friends were supporters of the national liberal Party (Deutsche Partei), the strongest in Württemberg, a political orientation that separated them from the local upper-class as well as from the Jewish banking tradition.

What was the economic environment of the late 19th century, the time in which Steiner lived and worked? Württemberg was confronted with industrial development much later than most other territories because of its lack of natural resources. Around the middle of the 19th century and over the course of a decade, one-tenth of the population emigrated. Stuttgart was neither a banking center, nor a trading center, in a time when business was financed with bills of exchange. State funding had to come from

foreign financial centers, which increased dependence on foreign central banks and the banking house of Rothschild. *Königlich Württembergische Hofbank* was founded in 1817, originating from the *Hofbank* of the Kaulla family. A central bank was only established in 1870. The capital needed for founding and merging firms could not be provided by private banks in sufficient amounts, thus, concentration of capital by creating joint-stock banks would become vital to modernizing Württemberg's economic structures.

The first joint-stock bank in Württemberg – *Württembergische Vereinsbank*, was founded in 1867 and was directed by Steiner until his death in 1903. During this time, Steiner initially held the position of a deputy chairman and later until 1897 became chairman of the central bank. The *Vereinsbank* was a universal bank, which focused on investment banking. Instead of being created as an initiative of already existing banks, the *Vereinsbank* was established by private enterprises. Besides its role in opening and merging firms, the *Vereinsbank* was the leading bank of state financing in Württemberg. The *Vereinsbank* was thus involved in the founding of the Deutsche Bank. The *Vereinsbank* group, which later became *Deutsche Vereinsbank*, was also founded in Stuttgart in 1924. In 1873, Steiner and the bank played a decisive role in making *Wiener Bankverein* (Bank Association of Vienna) profitable

again. Until he passed away, Steiner was also a member of the supervisory board of directors at the *Rheinische Kreditbank*.

The improved banking situation in turn influenced industrial financing. The industrial branches of machine construction and textile manufacture, as well as gunpowder production by *Koeln-Rottweiler-Pulverfabriken* in Württemberg were in need of investment and restructuring. Gunpowder plants in Rottweiler were also the cornerstone upon which the gunpowder and dynamite trust later developed. Steiner as head of the board of directors was also involved in founding a consortium for the salt-works in Heilbronn. At that time making use of recent inventions and putting together the patents for small firms played a significant role in machine industry. The *Vereinsbank* later off-loaded its holdings in companies such as Mauser Oberndorf. Steiner became a deputy chairman of the board of directors during the restructuring of WMF (*Württembergische Metallwarenfabrik AG*) in Geislingen. The *Vereinsbank* was also involved in funding SBI (*Sueddeutsche Baumwoll-Industrie AG*) in Kuchen. The bank additionally became involved in the publishing industry in 1890, when it financed the founding of the German Union Publishing Society and bought a part of its shares. The *Vereinsbank* further participated in two railway projects. Its broad range of commercial involvement along with the fact that many of those companies still exist today shows

that the bank's endeavors were oriented towards financial sustainability and stability. It also emphasizes the effectiveness of the independent economic organization created and supported by market participants. Steiner's authority ensured effective optimizing of entrepreneurial organizations. Among his operations abroad, two are especially worth mentioning: the Anatolian Railroad in 1889 and the Baghdad Railway.

One of the most peculiar alliances Steiner and the *Vereinsbank* developed was with Gottlieb Daimler. It seems that Daimler was anything but an easy-going partner, which led to conflict. He had brought with him the talented engineer Karl Maybach from *Deutzer Gasmotorenfabrik* with whom he agreed to found a joint-stock company in 1890 upon recommendation by Duttenhofer and Lorenz. Officially, Kilian of Steiner was a co-founder of the company, but he left the supervisory board as early as 1893. Thus, during the ten-year long war between Daimler and his financiers, Steiner no longer had any business ties to him. Their differences were based on conflicting approaches to the further development of the light petrol engine as well as Maybach's tendency to work contrary to the terms of the contract. In 1894, the *Vereinsbank* recalled the loans, thus obligating Daimler to sell his shares.

In addition to his professional activity in the business world, there is another reason Steiner still deserves recognition in the 21st century. He played a key role in the

founding of the most important literary archive in Germany, which is located in Marbach. As early as 1895, the Swabian Schiller Society had been founded and given the task of collecting and making accessible the legacy of other famous authors and men of letters. One member, a secondary educator from Stuttgart, Otto Güntter, was inspired by impressive collections during his stay in London. Güntter, Mayor Traugott Haffner and Steiner together planned the Schiller Museum. They even managed to gain support for the project from Württemberg's King William II. In 1901, the groundwork for the Schiller Archive and Museum was laid. In 1934 Steiner's son had to discontinue his work for the institution for "racial reasons". Steiner was also friends with a number of contemporary writers, including Berthold Auerbach, Hermann Sudermann, Paul Heyse, Joseph Victor of Scheffel and Wilhelm Raabe.

Gustav Schmoller's funeral oration extolled the lifetime achievement of his friend: "he was a leading force in the transition of the German economy from the narrowness of the petite-bourgeoisie to a global power, to a large-scale industry, to an economic system with an independent finance and credit system". According to Schmoller, Steiner also possessed a rare intuition for "precise and quick assessment of balances of power, of people, and of circumstances". Among the honors he received were the Order of the Crown of Prussia, the honorary title

for businessmen *Geheimer Kommerzienrat*, and years later, in 1895, the Cross of the Order of the Crown of Württemberg.

Kilian of Steiner was laid to rest in a family tomb in the vicinity of Laupheim in Oberdischingen. The first public commemoration of Kilian of Steiner in Laupheim was the installation of his bust in the garden of his former castle, which also houses the Museum of Christian and Jewish History. In 1993, a professional school was named after him. During the same year, the name Steiner visibly disappeared from Laupheim's industrial history when the company Hopfen-Steiner relocated to Mainburg after almost 128 years. The hop-drying facility and Steiner's birth house have already been torn down.

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