



The Richest Man Who Ever Lived: The Life and Times of Jacob Fugger

Greg Steinmetz

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“A colorful introduction to one of the most influential businessmen in history” (*The New York Times Book Review*), Jacob Fugger—the Renaissance banker “who wrote the playbook for everyone who keeps score with money” (Bryan Burrough, author of *Days of Rage*).

In the days when Columbus sailed the ocean and Da Vinci painted the *Mona Lisa*, a German banker named Jacob Fugger became the richest man in history.

Fugger lived in Germany at the turn of the sixteenth century, the grandson of a peasant. By the time he died, his fortune amounted to nearly two percent of European GDP. In an era when kings had unlimited power, Fugger dared to stare down heads of state and ask them to pay back their loans—with interest. It was this coolness and self-assurance, along with his inexhaustible ambition, that made him not only the richest man ever, but a force of history as well. Before Fugger came along it was illegal under church law to charge interest on loans, but he got the Pope to change that. He also helped trigger the Reformation and likely funded Magellan’s circumnavigation of the globe. His creation of a news service gave him an information edge over his rivals and customers and earned Fugger a footnote in the history of journalism. And he took Austria’s Habsburg family from being second-tier sovereigns to rulers of the first empire where the sun never set.

“Enjoyable...readable and fast-paced” (*The Wall Street Journal*), *The Richest Man Who Ever Lived* is more than a tale about the most influential businessman of all time. It is a story about palace intrigue, knights in battle, family tragedy and triumph, and a violent clash between the one percent and everybody else. “The tale of Fugger’s aspiration, ruthlessness, and greed is riveting” (*The Economist*).

The Richest Man Who Ever Lived: The Life and Times of Jacob Fugger Details

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From Reader Review *The Richest Man Who Ever Lived: The Life and Times of Jacob Fugger* for online ebook

Charles says

“*The Richest Man In The World*” is pop history, designed to appeal to modern readers by putting a modern gloss on a medieval man. As to its central figure, the German banker Jacob Fugger, it may get the core of his story right. Or it may not, because in much of its ancillary history, it is grossly inaccurate—to the degree it makes the reader uncertain what in the core story is actually accurate.

The core of the story is that Fugger was both one of the first semi-modern bankers and also a key player in much of the political activity of the early Renaissance, in particular in the Holy Roman Empire, in particular Germany. Fugger played a key role in the career of the Hapsburg Maximilian I, in both his election as Holy Roman Emperor and in enabling him to conduct various wars. Fugger played a similar role for Maximilian’s grandson, the very famous and fabulously powerful Charles V.

Fugger was not so much original as lucky and disciplined—he was the Warren Buffett of his time, having no special talent that many others did not also have, but starting with significant wealth and connections given to him by his forefathers, he parlayed that into massive wealth by a consistent application of core business principles. And as with Warren Buffet, outsiders ascribed genius to what was actually a combination of good luck and good management.

That’s not to say Fugger’s story isn’t interesting. It is very interesting. For one, seeing history through the activities of someone outside the usual aristocratic oligarchy is inherently interesting. Moreover, Steinmetz writes well, and narrates the story with reasonable vigor. So it’s an enjoyable read.

But let’s get on to the inaccuracies and errors. My criticisms are not mere pedantry. There are probably many more errors in the book than those I list—I know little about Fugger or the Holy Roman Empire of the period, so I suspect there are many other howlers that I just missed. My interests lie in Hungarian history and Roman Catholic theology, so the errors I detect mostly relate to those areas. In no particular order:

1) Steinmetz repeatedly refers to the Western European social framework of the time (late Fifteenth and early Sixteenth Centuries) as a “caste system.” He says, for example, that “Fugger began his career as a commoner, the lowest rung in the European caste system. If he failed to bow before a baron or clear the a knight on a busy street, he risked getting skewered with a sword.” None of this is true.

The European system lacked all characteristics of a true caste system (i.e., India’s), not that Steinmetz identifies any supposed caste other than “noble” and “commoner.” A true caste system does not have “rungs,” which implies movement among classes, and anyway “commoner” as such wasn’t a rung in Europe. While Europe did have a class structure, European medieval classes were quite fluid (extremely fluid at times); they were not divided into rigid sub-classes; marriage was not endogamous. Moreover, different areas of “Europe” differed wildly in their class system—for example, in the death of serfdom West of the Elbe, and its resurgence east of the Elbe. Steinmetz himself notes that Augsburg, Fugger’s home city, was a “free city” that administered its own justice and was subject only to the “remote and distant emperor.” Finally, nobles could not randomly skewer commoners. This was not feudal Japan. The rule of law emerged early in Europe, and while doubtless injustice was frequent, citizens on the street, whatever their rank, could not be randomly murdered without severe punishment, especially in a free city. Steinmetz seems unaware of all of this.

2) Steinmetz shows a total lack of understanding of much of Roman Catholic medieval theology. Early on, he telegraphs his ignorance with the astonishing statement: “There were two types of clerics. There were conservatives, who blindly followed Rome, and reformers like Erasmus of Rotterdam, the greatest intellectual of the age.” Apparently there was nobody in between.

Steinmetz spends quite a bit of time on Fugger’s role in the structuring and collection of indulgences, a key focus of Martin Luther’s reforms. But Steinmetz totally fails to understand what indulgences are. He claims that they “were called indulgences because Rome used them to indulge wickedness.” This is apparently not a joke. (The name really comes from the Latin *indulgentia*, from *indulgeo*, “to be kind or tender”.) Beyond nomenclature, though, Steinmetz doesn’t seem to understand the difference in Roman Catholic theology between hell and purgatory. It is not true that, by selling indulgences, “The pope could take the meanest sinner and, with a blessing, secure him a place in heaven and save him from purgatory.” In Roman Catholic theology, attaining heaven requires repentance and absolution, and indulgences have no effect on either of those. Instead, indulgences are supposed to reduce “the temporal punishment due to sin,” i.e., time in purgatory, which is a “waiting pen” prior to heaven—but everyone in purgatory is already guaranteed to attain heaven. All this was very clear to medieval people, as any study of the Crusades, for example, will show. Steinmetz compounds this lack of understanding by bizarrely claiming that “Kill a baby? Deflower the Virgin Mary? Indulgences absolved them all.” No, indulgences absolved nothing, and certainly not sins such as killing a baby, which would require absolution from a bishop, not a mere priest, after confession (as abortion always has in the Roman church).

3) Steinmetz repeats the old legend that Europeans consumed spices used to “mask the taste of rotten meat.” This has been repeatedly debunked, and makes no sense anyway—if you were rich enough to afford spices, you were certainly rich enough to not to eat rotten meat.

4) The book badly needs an editor who’s not drunk or a Millennial. Vocabulary errors litter the book. It’s “wring [money] out of the citizenry,” not “ring out.” It’s “illiquid,” not “il-liquid.” Discussing Fugger’s bequests, on page 233 Fugger left specific amounts of “millions” of florins; on page 237 those amounts are now “billions.” Also, “1427” is incorrectly used for “1527” in the same discussion. Plus other minor factual errors—for example, medieval coins were not cast; they were die-struck.

5) Dracula was not a “Transylvanian count.” He had nothing to do with Transylvania; that’s an invention of Bram Stoker in the 20th Century, for his fictional character. Vlad III, known as Dracula, was voivode (i.e., ruler) of Wallachia, an independent principality now part of Romania and never part of Transylvania. And he was not a count. He did not impale Turks in Hungary, as Steinmetz claims, because he was not Hungarian.

And, conversely, the peasant rebellion leader György Dózsa WAS Hungarian, not Romanian, as Steinmetz claims. He was a Székely, a Hungarian from Transylvania.

6) One of Fugger’s longest-lasting and most profitable investments was in Hungarian copper mines, beginning in 1494. Steinmetz claims “Other German merchants thought Fugger a fool when he bought his first Hungarian copper mine For them, Hungary was too savage and unpredictable for investment.” This is entirely false. At the time, Hungary was the largest kingdom in Europe, a cultivated ancillary center of the Renaissance and wholly integrated as a key member of the kingdoms of Europe, and probably less savage and unpredictable than Germany, with its patchwork of principalities. Steinmetz seems to have no grasp of overall European history.

7) Erasmus did not have syphilis, despite Steinmetz repeatedly claiming he did. A second’s worth of research shows this definitively. Nor did was Cortes personally the first person to bring syphilis back from the New

World—Cortes first went to the New World, as a very-not-important person, in 1504, and syphilis appeared in Europe in 1494.

8) Under customary law, prior to the re-creation of Roman law, it was not true of the manor system that “Everything belonged to everyone.” Customary law was very complex, of course, and involved various informal property arrangements, along with strict rules against alienation. But it was hardly generally communal property, other than specific pieces of property used in common (hence, the “commons”).

9) Steinmetz claims “The Janissaries were children of Christian slaves, raised as soldiers.” Actually, they were (kidnapped) children of Christian free peasants, made (military) slaves and forcibly converted to Islam.

So, while “The Richest Man Who Ever Lived” tells a quite interesting story, it’s impossible to rely on anything it says. Steinmetz appears to be an auto-didact who relied too much on “auto.” He seems to have read widely, with, as he says, the help of a translation app, but perhaps not widely enough, and he desperately needed a skilled and knowledgeable editor. Ultimately, that makes his book barely worth reading.

Dominic says

I’ve always wondered why some historical figures attract so much attention from biographers, whereas others who had accomplished just as much languish in obscurity. Artists like Michelangelo Buonarroti (1475 – 1564) have been the subject several exhaustive biographies and even feature films. Millions of tourists flock to the Vatican each year to view the Sistine Chapel. By contrast, Jacob Fugger (1459 – 1525), arguably the richest private individual who ever lived, remains unknown to all but the most dedicated history buffs. There has not been a major English-language biography about him in over 80 years.

For this reason alone, *The Richest Man Who Ever Lived: The Life and Times of Jacob Fugger*, a biography of Jacob Fugger by Greg Steinmetz, is a worthy read. Fugger made a fortune by investing boldly and smartly in an era when the Catholic Church still condemned excessive interest on loans. Unlike modern bankers, there were no independent and impartial judiciary to enforce Fugger’s loan agreements. Instead, Fugger had to rely upon nerve and guile when demanding repayment from the Hapsburg emperors and bishops.

Richest Man should interest anybody who appreciates history trivia. From the first government bond sales to the end of the Vatican’s ban on usury, Jacob Fugger was intimately involved in the most important developments of the late Renaissance and early Reformation. Fugger was even responsible for the first documented use of an engagement ring.

Interestingly, *Richest Man* seems oddly relevant to the early 21st century. Fugger’s success provoked sharp debate about banks and economic inequality. Peasants and radical priests decried Fugger’s influence over government and called for greater regulation of big business. Fugger claimed his investments fueled prosperity and created jobs (centuries before Adam Smith’s “invisible hand”). Of course, it’s more a case of history rhyming rather than repeating itself, but at the least *Richest Man* reminds us that these debates are not new. For his part, Steinmetz sensibly never forces these comparisons on readers, rather allowing readers to draw the lessons for themselves.

Richest Man is accessible even for readers with a cursory knowledge of history. That said, I do wish Steinmetz had provided a bit more context. Steinmetz occasionally describes other politicians, financiers,

and opinion leaders during this era. I would have enjoyed learning more about the Welsers, a competing family of bankers, or Emperor Charles V, if only to better understand what made Fugger so exceptional.

Instead of reading yet another biography of Winston Churchill this summer, why not try exploring something new? Recommended especially for readers interested in Renaissance history and/or economics.

[The Richest Man Who Ever Lived comes out on August 4, 2015. The publisher provided me with a free advance review copy in exchange for an honest review]

Song says

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Polly says

Steinmetz isn't a historian, and he failed to answer some of my basic questions about how Fugger fit into the fabric of his time. (For example, I've often heard that Henry VIII, after he took over the wealth of the Catholic Church, was the richest man who ever lived. Steinmetz seems to think that because Henry borrowed from Fuggar at one point, he wasn't as wealthy, but he never compares the two.) He didn't turn the conflicts of the era into a coherent tale, and he speculates wildly about what Fuggar might have thought or who he might have met. Still, it was interesting to read about the evolution of double-entry bookkeeping, balance sheets, and the like.

Clif Hostetler says

This book is a biography of Jacob Fugger, a rich German banker/business man, who lived from 1459-1525. The title's reference to the "richest man ... ever" is justified by his net worth at the time of his death that equaled two percent of the total gross domestic product (GDP) of all the European countries at that time. (i.e. relative wealth)

Jacob Fugger came from an already wealthy family involved in the cloth trade. In 1487 his older brothers were wealthy enough to make their first loan to Archduke Sigismund and took as security an interest in silver and copper mines in the Tirol. They sent their younger brother Jacob to the area to see what could be done with the mines. He successfully increased the efficiency of mining operations and later expanded operations to copper mines in Upper Hungaria (modern Slovakia).

Copper happened to be a product that European traders could use on voyages to India as trade for pepper and other spices. Thus it was very much in demand and made the Fugger company extremely wealthy. After the

older brothers died Jacob Fugger controlled the company in partnership with his nephews.

Jacob Fugger then leveraged his mining wealth by investing in banking operations across Europe and making loans secured by additional land rents and mines. Popes, kings and businesses across Europe used his banking branches to transfer wealth across the Alps without the need to actually cart money by wagon caravan.

This man, seldom mentioned by history books, dramatically influenced politics during his era by doing such things as financing (i.e. bribing as required) the rise of Maximilian I and securing the election of the Spanish king Charles V to become Holy Roman Emperor. Jacob Fugger also funded the marriages which later resulted in House of Habsburg gaining the kingdoms of Bohemia and Hungary.

But more significantly for us today, Jacob Fugger continues to influence our lives by making the practice of paying/charging interest on borrowed money an acceptable business practice. The following link to an excerpt from the book explains more fully how the ancient prohibition of "usury" was finally overcome.

Link to book excerpt posted on DelanceyPlace.com:

<http://delanceyplace.com/view-archive...>

Years later during the Counter Reformation, the Jesuits tried to bring back the prohibition of charging interest, but another Papal ruling legalized it probably because south German rulers would have switched to the Protestant side otherwise.

Jacob Fugger lived to see the beginnings of the Protestant Reformation, the Knights Revolt and German Peasants War. His business affairs were intertwined with the established Catholic rulers so the Fugger money was used for funding the forces that resisted the rebellions and fight off the northern German states that had gone Protestant. This book suggests that if it weren't for Fugger funding probably all of the German states would have ended up as Protestant.

Fugger's banking system may have contributed unwittingly to the reasons for the Protestant Reformation by making it easy to send funds raised by selling indulgences from northern Germany to the Vatican.

Fugger is credited with being the first business north of the Alps to use double entry book keeping. The following quotation from the book caught my eye. It glorifies the virtues of the balance sheet as the measure of a life, the life of Jacob Fugger in this case.

If someone asked Fugger to name his greatest achievement, he might cite the imperial election or the Fuggerei. Or he could cite the balance sheet of the firm Jacob Fugger & Nephews. It is a summary of a career that, although reduced to numbers, tells a story about kings and queens; popes and loved ones; overseas adventures and shifting fortunes; resource plays and enough real estate to merit the attention of mapmakers. It is the story of his life.

Because he had no direct descendants, the company and its assets upon Jacob's death were bequeathed to his nephew Raymund and later passed on to another nephew Anton Fugger. The company continued for another hundred years until the Fugger descendants decided they would rather live comfortable lives as landed gentry rather than deal with the burden of business responsibilities.

Adam Znasik says

Kniha o ľloveku, po ktorom sa aj u nás volá ve?a ulíc a všeli?oho. Okrem jeho osobnej biznis story, ktorá je, ako sa vraví, špektakulárna, je to celkom dobý preh?ad toho, ?o sa dialo v západnej Európe pred bitkou pri Mohá?i. Pre nás, ktorí sme zvyknutí na dejepis v zmysle "kto všetko sa na nás kedy vykaš?al a zradil nás", je to celkom obohacujúce, pretože ani v západnej Európe sa vtedy ozaj nenudili a zachra?ovenie ?udovíta pred Sulejmanom bolo z rôznych dôvodov nie úplne najaktuálnejšie. A napokon, samozrejme, triedny boj, bohatí všetko vlastní a chudobní ni? a ke? to takto pôjde ?alej, skon?í svet. Riešilo sa to aj v roku 1525 a ten svet stále neskon?il.

Anne Janzer says

The book is a little dry, given the difficulty of getting source material, but it's ultimately an interesting view of a man at a unique time and place in history.

Pamela says

I have always loved history and read history books for pleasure, but many are written too drily for me to enjoy. This well written book was enjoyable and Jakob Fugger was an exceptional person. He flourished by using his intelligence and instincts to amass a fortune during an extremely unstable time and place.

This is a lengthy read, but lends itself to being read intermittently as time allows. If you enjoy history you will enjoy *The Richest Man Who Ever Lived*.

ARC provided by the publisher via Netgalley.

Ján says

The story of the ur-oligarch and a fascinating look at medieval business process. Also, sometimes it reads like a real-life Forrest Gump of Middle Ages: Fugger's actions got popes and monarchs elected, he basically caused Luther's reformation and peasant uprising as well as set the course of the Habsburg way of ruling for centuries to come. Very engaging. There's also quite significant Slovak (or Upper Hungarian) content, as Fugger was the owner of mines around Neusohl (now Banská Bystrica).

Celia says

For people who like reading about history and industry giants, will like reading about this giant of German capitalism Jacob Fugger, who seems something like the John D. Rockefeller of fifteenth century Germany. Like the later John D. Rockefeller and (and many other business leaders) he combined industry innovations with ruthless and some would say highly corrupt business practices.

His innovations included the first world news services which allowed him to get information to ahead of his competitors. Furthermore, he for the times very advanced book keeping techniques which always let him know about how much money he had available to loan. He had an instinct for making profitable loans. It helped him become the chief banker of the Catholic church that he was rich enough to be able to move money for the Catholic Church without physically moving the money which would be the standard method of doing of the time which was open to highway robbery. Instead he could send a note from one branch of his bank to another requesting the money be sent to the Church in the other location.

I personally found his role as banker of the Catholic Church during the time of the Reformation (rather than his being the richest man in the word which the author never really proves) as the reason for his place in history of business/economics. Furthermore it in his position he demonstrates his dual personality of banking innovator/robber baron.

His positive contribution to world industry in his role as banker to the Catholic Church is that he got the Pope(who came from a family of bankers) to lift the ban on usury(lending money with interest). In the Medieval world lending money for interest was seen as evil which included such things paying interest on deposit accounts. Bankers caught around these rules by calling “interest” something else (i.e. late fee). Fugger sponsors a series of debates on lending at the end which the Pope lifts the ban on loaning money with interest. It seems that modern capitalism could not come into without being able to lend money with interest. (FYI this ban on usury still exists in the Muslim world; Muslims get around this ban by calling interest something else).

However, Fugger’s being banker to the Church also shows his robber baron/corrupt side. He became the Pope’s banker not just by having the best banking skills but paying the biggest bribes to Churches. He provided the Pope with ideas of making the Pope personally rich by selling church offices to the highest bidders and selling indulgences. Another idea for the Pope to get personally rich which was Fugger’s was to solicit in Germany funds for building a magnificent church in Rome where half of the money would go to the Pope’s personal bank account.

Of course there was a backlash in Germany against such practices of the Church. A monk named Martin Luther became enraged at these practices of the Church and started the Reformation In addition many peasants and priests got mad at the big banks(much like people are mad at the bankers now) at Germany was launched into a series of wars. The wealth of Fugger (and other Bankers) caused many debates that seem quite modern on the nature of wealth and income inequality.

However, Fugger seems to have been a genuinely religious Catholic. He stayed with the Catholic Church and was against the reformation. Like Rockefeller, he spent some money on charitable projects which include some housing for low income people which is still in operation today.

Thus Fugger plays an interesting and significant role in the development of capitalism though I did not always for the reason author gives for his role. The book is readable with the later parts being easier to read than the earlier parts in part because the history is more familiar to modern US readers.

Nooilforpacifists says

Sober, unexceptional, biography of what is believed to be the world's first "millionaire"--i.e., wealth reckoned in seven digits during his lifetime (and on his death). Fugger (rhymes with Cougar) had stones, big ones, but also (after training in Venice) was the first banking house north of the Alps to employ double-entry bookkeeping, and invented consolidated accounts.

He used his stones to acquire actual stones: silver, diamonds, mercury mines, etc. Cleverly, he leased them from the local sovereign, who could have executed Fugger rather than repay. But Fuggar always was careful to lend each sovereign only enough to ensure (next time the need to raise mercenaries) Fugger alive was worth more than Fugger dead. Fugger himself financed the Habsburgs from minor landholders to the most important family in Europe.

Interesting, but far too short a chapter, on how Fugger sank the Hanseatic League. I've been looking for a history of those trading cities for years; this book comes closest to explaining how they could be persuaded to commit suicide in the face of Fugger's commercial empire.

Fugger's beautiful house, with 400 years of accumulated treasures, was obliterated in the War II bombing of Augsburg. No tears, but who knows what diamonds were turned into a different form of carbon?

Laura Jordan says

I had such high hopes for this book. I mean, a biography of Jacob Fugger? Who wouldn't be excited? But the narrative could have used a lot more clarity and streamlining and I found the whole thing to be a pretty superficial treatment. I would have liked to know more about the financial workings of Fugger's banking system and perhaps less about Luther or the Peasants' War (both of which are more substantively and thoughtfully described in other books).

John McDonald says

Jacob Flugger got a concession to mines in the 1500s in return for loaning the King money to raise an army, and from that point Flugger created a fortune by doing a couple of things:

1. He used Kings to whom he loaned money as networking tools to increase his fortune.
2. He manipulated those Kings and other powerful people who were slow to repay to increase his fortune.
3. He used the influence of people to whom he had loaned money to change laws and policies as a means to increase his fortune.
4. He lived by the mantra that a deal was a deal and there was no relationship or power or interest that did not benefit him that caused him to show leniency in getting what was owed him.
5. He helped kings and warriors raise armies by lending them money, and expected to be rewarded when conquests were accomplished.
6. If your primary source of income was lending money, it was incumbent upon having one or two clients

constantly in need of money who were able to repay the principle and interest or repay them in kind. He found 2 of them throughout his life--Sigmund and Maximilian--who constantly sought to increase their personal wealth by raising costly armies to expand their borders.

7. In the matter of lending money, there is no such thing as a conflict of interest if you are nimble enough and savvy enough to work around the conflicts. Throughout his life, Fugger played church off against priest and king, one business off against another.

8. As the author Greg Steinmetz, a former teacher turned investment manager, points out, Fugger also understood the importance of lifting the Catholic Church's ban on Christians engaging in usury, then defined as lending money at any rate of interest. He therefore successfully worked to have Popes Julius and Leo lift the ban or at least ease the strictures of what was called the Augsburg Contract, a document created by merchants in Nuremberg and Augsburg that permitted lending at 5 percent interest only if the borrower would go bankrupt without the loan. Pope Leo, a Medici of that famous Italian family of bankers, lenders, and merchants who purchased Leo's papacy precisely to enhance their wealth and opportunities, cooperated and lifted the ban. As the author points out, trade between the city states was booming and lifting the restrictions on lending allowed economic growth to explode. Fugger paid for the intellectual support to create justifications for lifting the ban, resulting in a significant economic accomplishment considering that Aristotle and ancient philosophers as well as the founders of the Catholic Church created the ban and preached that violating it would result in an eternity in hell.

9. Perhaps his understanding of the use of balance sheets and other financial statements, required routinely today in business by regulatory agencies, banks and other lenders, and investors to understand the financial position of an enterprise or wealthy household, was one of the most important insights Fugger had. He always knew where his assets were, to whom he owed money, how much he owed, how much he spent and expected to spend, his future income, and at any given moment, how much he was worth. Today, business students, especially those in finance, business consulting, and accounting understand that the mechanics of accounting for income, debt, expenses and receipts is the only reliable language of business, providing the most meaningful insight into an enterprise's promise or lack of promise.

In all of this, he lived and acted as though God had ordained that he be rich and powerful and showed loyalty to the Catholic Church even when Martin Luther was gaining ascendancy. He believed his riches came from God and as such how he treated others, because of his wealth and power, was a god given right. Those who believe that gifts of wealth, geneology, and other positive outcomes come from God are reluctant to believe anything other than their being deserving of such gifts. See, for example, Donald Trump.

But it shouldn't surprise anyone that retaining that wealth was threatened, if only temporarily, when the peasants revolted. In all, he and other men of wealth did not understand the importance of sharing some of that wealth, although Fugger built the famous Augsburg Fuggerei, the first company town, in order to avoid a revolt by his workers and their families. In this, he was not unlike extraordinarily wealthy men alive today.

Suresh Ramaswamy says

In his book "The Richest Man Who Ever Lived" Greg Steinmetz makes it apparently clear that to become rich one has to manipulate the system. Five centuries ago, Europe emerging from the Dark Ages gave birth to the concept of capitalism. The merchant class financed and ran empires – even the Papacy – which led to the Reformation and birth of Protestants.

Jacob Fugger, the cloth merchant turned money lender turned banker is the first recorded millionaire in the world. When he joined the family firm “Ulrich Fugger and Brothers” in 1480, the firm’s equity (owner’s capital) was around 50,000 florins. Forty-five years later in when he died on 28th December 1525, the firm now known as “Jacob Fugger and Nephews” had an equity of 2.02 million florins, (figures from the Balance Sheet of 1527).

The 1527 balance sheet offers a fair approximation. On the left side of the page are the assets or the things Fugger owned. The biggest items were loans. Ferdinand owed him 651,000 florins on loans backed by the mines of Tyrol. Charles and the Kingdom of Spain owed him 500,000, backed by the mercury mines of the Maestrazgos. The king of Portugal owed him 18,000. The viceroy of Naples, which was under Ferdinand’s control, owed him 15,000. Kasimir of Brandenburg owed him 2,000, totalling 1,186,000 florins.

The next largest item, 380,000 florins, was inventory. This was the copper and textiles in the Fugger warehouses. Then came real estate at 150,000 florins. Breaking it down, it valued Weissenhorn and the other Fugger estates at 70,000, the Augsburg properties at 57,000, the Antwerp office at 15,000 and the Rome office at 6,000. It valued Fugger’s mines at 270,000, presumably based on the price Fugger paid rather than the value of the ore in the ground. Other assets—cash plus various loans and investments — came to another million.

There was nothing like the Securities & Exchange Commission to keep him honest. Nor were there fixed rules for how to do things like value assets and recognize revenue. Fugger could prepare the books any way he pleased. He took a path of prudence. He wrote off worthless assets and classified others as doubtful. Among those in the doubtful category were 260,000 florins’ worth of loans to Hungary, a 113,200-florin loan to Alexi Thurzo and a 20,958-florin loan to Pope Leo X, the pope who sanctioned money-lending. Leo had died but Fugger held a ring as collateral, so there was still a chance of collection if Leo’s family wanted the ring back. Provisioning for NPAs (Non Performing Assets) is the bugaboo of present day bankers. Without any Basel norms, Fugger provisioned for 394,158 florins as debts doubtful of recovery, a whopping 33.23%. Present day bankers, in spite of numerous regulators, would reclassify, window dress and undertake unethical (not illegal) practices to avoid making such high provisioning as demanded by prudence. [Future events proved as anticipated by Fugger and as advised to his successor, his nephew Anton, the Hungarian mines would once again be in their control, but in 1525, prudence dictated full provisioning 260,000 florins against the loan of 270,000 florins].

On the other side of the page were the liabilities of 816,000 florins. The Fuggers owed 340,000 florins to creditors in Spain, 186,000 to other creditors and 290,000 to depositors. The most striking aspect of the 1527 balance sheet was neither the assets nor the liabilities but the difference between the two. The difference was the equity or what the business was worth. It can be equated with the value of Fugger’s personal fortune at the time of his death. His nephews had shares in the business, but he controlled the business completely and had full authority to direct how the money was spent. When he talks in his epitaph about being “second to none in the acquisition of extraordinary wealth,” he is referring to the equity. It came to 2.02 million florins. Maybe another businessman before Fugger was worth more than a million in a standard European currency but, if so, none ever put it on paper. If one believes the accounting statements of the Medici, the Medici family, or at least its bank, was never worth more than 56,000 florins. Fugger can claim to be the first millionaire for this reason.

The net worth of “Jacob Fugger and Nephews” was close to 2% of all European Economic Output, which none of the modern day financial czars have equalled. In terms of influence and reach, the Rothschilds could be an example in pre war Germany, but nowhere equal to Jacob Fugger’s European (and indirectly world) influence.

Jacob Fugger lived in an era when most of his business practices sharp and shady, by modern standards. It was normal to undercut competition by quoting lower prices, cornering markets to establish monopolies and once the competition withdrew to make super profits. All these acts would now-a-days result in investigation by various regulators. In Jacob Fugger's era there was no standardized accounting policies. Fugger was amongst the first businessmen to adopt double entry Bookkeeping, even though Florentine bankers had been following the system from 1350s. Luca Pacioli's treatise on double entry bookkeeping was still in the future (by about maybe twenty years).

The conclusion reached, is to become rich one should have no human attributes (barring the legal requirements) and should be devoted single mindedly to making profits, gaming the system where possible. Whatever philanthropic activities one undertakes, should also go to further the profits indirectly.

Jacob Fugger's philanthropic act of the housing scheme for poor – the Fuggerei – is still working in Augsburg after 500 years. They still charge the annual rent of ONE FLORIN equivalent to about 85 Euro cents. The residents are old Catholics and eighteen generations of Fuggers have continued maintaining it, and still do, though the town has taken on some responsibility for its functioning.

On February 24, 1944, 300 B-17 bombers from England targeted the Messerschmidt operation outside the city of Augsburg and faced little resistance as they dropped 4,300 bombs during a daylight raid on Europe's largest aircraft factory. Twice as many bombers returned that night. This time, they had a different target: civilians. Bombers levelled the city. They knocked the top off the Perlach Tower and destroyed City Hall. The Fugger Palace, then a warehouse, went up in flames. The Fugger Chapel at St. Anne survived, but fires badly damaged the crypt and the Dürer designs. The Fuggerei fared worse. The settlement was occupied when the raid came. One resident died when he prematurely left the on-site shelter. Others survived but their homes were gone.

On the day after the bombing, three prominent Fugger descendants [Josef Ernst Count Fugger von Glött, later took part in the Stauffenberg plot to kill Hitler, After the war, the Americans released him from a Nazi prison and he served in Germany's first post-war parliament. Count Alexander Fugger-Babenhausen runs the foundation that oversees the housing project and other family projects. After graduating from Harvard, he worked for Morgan Stanley and the private equity firm Texas Pacific Group. He and the others are descended from Jacob's brothers, not Jacob himself. Jacob's only direct descendants come through his illegitimate daughter, Mechtild Belz. At the author's request, genealogists looked for living direct descendants of Jacob and found six. They are members of a noble family, the Leutrum von Ertingens, from the Stuttgart area. One of them is a banker like his distant ancestor. Five centuries have passed since Mechtild. There could be dozens if not hundreds of others who are descended from her, but they are hard to find because records on most commoners don't go back that far.] signed a pledge to rebuild the Fuggerei out of their own funds. They worried that if they didn't, their name would be forgotten. These Fuggers, seventeen generations after Jacob Fugger, were nowhere near as rich as their ancestors, but they still enjoyed income on land Jacob acquired centuries earlier. In rebuilding the complex, they got materials from the American occupying forces and followed the original plans except with better plumbing. They increased the number of units from 106 to 140.

While the Fuggers rebuilt the Fuggerei, other Augsburgers rebuilt the city centre as best they could. It now looks much like it did in Fugger's time, but the similarity goes no deeper than the facades. At the Fugger Palace, only the entrance and the Damenhof courtyard, now a café where tourists jump into the fountain with bare feet for pictures, look like they did in Fugger's day. Lawyers, dentists and accountants have offices in the rooms where the Fuggers dined with emperors and a Vatican emissary interrogated Luther. The house where Fugger's brothers lived and worked is a department store. A bay window on the second floor sticks

out from the shoe department. Done up in Renaissance style, it marks the spot of Fugger's Golden Counting Room. Nearby, a Nuremberg insurance company operates the Prince Fugger Private Bank that its literature says "combines the principle and visionary energy" of its famous founder. The family owns a small stake for the sake of continuity. Augsburg goes by the nickname Fuggerstadt or Fugger City. There are references to Fugger everywhere. In the old town, there is a statue of Hans Fugger, one of Fugger's grandnephews and a great patron of the arts. The Fuggerei has a bust of Jacob.

I have read a good number of biographies and this work by Greg Steinmetz is praiseworthy. The book on Jacob Fugger is one of the few available in English and Greg Steinmetz deserves all kudos for his effort and excellent presentation.

Jo Walton says

This is a terrible book.

I wasn't expecting a defence of usury, but really, Steinmetz thinks that Fugger's greatest achievement is making usury acceptable. He thinks that most of the other things Fugger did have been buried in time, which is bizarre to me. Fugger enabled the Austro-Hungarian Empire, may have financed Magellan, and kept South Germany Catholic. But the Austro-Hungarian Empire isn't there any more and Steinmetz is a financial journalist... well.

Good things about this book: it's interesting seeing the Reformation, in Germany, from this angle. I wanted to contrast Fugger with the Medici, and now I can. I wanted more information about the emperor Maximilian, and I got it. And I guess it's interesting to know that there are people walking around and breathing who think usury is a good thing and 1500 was a long time ago. Though if you want an interesting consideration of why usury was considered a sin and now isn't, Parks Medici Money is way better.

Highly not recommended. Sorry.
