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# The man who inherited the Rothschild legend

THE AUSTRALIAN | OCTOBER 30, 2010 12:00AM

**JAMES Wolfensohn had led an extraordinary life among the world's movers and shakers.**

HOW do you make a James Wolfensohn? How does a short, fat boy born to struggling immigrants during the 1930s Depression and who failed his final high school exam go on to represent Australia in fencing at the Olympics, have a stellar finance career on both sides of the Atlantic, play the cello at Carnegie Hall for his 50th birthday, then run the World Bank for a decade while amassing a galaxy of friends and contacts among the international business, political and artistic elite?

Start with Wolfensohn's imperious father, Hyman, who arrived in Sydney in 1928 after mysteriously leaving the employ of James Armand de Rothschild of the French-British banking dynasty. Instead of a prosperous new life, Hyman struggled. Better known as Bill, he and wife Dora lived below their station in a two-bedroom flat in affluent Edgecliff.

Their son was born on December 1, 1933, Rothschild's birthday. Named after Rothschild, James adored his father and shared his financial distress, particularly when the debt collectors came knocking. "Monetary insecurity was a fact of life from childhood, and I was always looking for a cushion to protect myself from it," he writes in his new autobiography, *A Global Life*. And without knowing it, he also carried the Rothschild legend inside him.

Bill threw everything at educating young James, including advice on how to win friends and influence people. He worked James's teacher at Woollahra public school, giving him little luxuries such as cigarettes and peaches. James won admission, two years ahead of his age group, into the selective Sydney Boys High School and, after initially failing his final exam, into the University of Sydney at age 16.

After failing three of his four first-year subjects, he was saved by another paternal friend, Julius Stone, the internationally renowned legal scholar and son of Lithuanian Jewish refugees. Stone personally tutored Wolfensohn; in return Wolfensohn worked on Stone's home at the weekends. Chastened that he wasn't his parents' genius son, Wolfensohn vowed to become his own man.

Each year, he closed himself in his bedroom to write down his options. "What would I have to do to become prime minister, a leading banker, a judge of the Supreme Court, an Olympian, a Rhodes scholar? What would it look like to be Mr Justice Wolfensohn or governor-general Wolfensohn?"

OPINION

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Speaking to The Weekend Australian this week, Wolfensohn recalled that, alone in his room, there was no one else to douse his fantasies. He could plan for all sorts of options. And when opportunity knocked, he could "slot it in to some previous analysis".

So Wolfensohn accepted a chance invitation to go to Melbourne the next day to fill in for an ill member of the Sydney University team at the national university fencing championships. Having never fenced, he didn't win a single point but still decided to make it his sport. He secured a mentor, who included him in a small group to get into the 1956 Melbourne Olympics. Wolfensohn did not have top grades to obtain a clerkship at top Sydney law firm Allen Allen & Hemsley. But he did have Stone, who was friends with Allen's senior partner and United Australia Party founder Norman Cowper.

With a modest academic record, Wolfensohn failed to win a Rhodes scholarship. But deciding he needed to learn business, he applied to Harvard Business School, where he shared an apartment with Rod Carnegie. Stone advised Harvard that Wolfensohn had "some indefinable attributes" that would likely make him "very successful at business".

So is this all about his famed ability to cultivate mentors, friends and contacts of influence, from Frank Packer to Bill Clinton and Ted Kennedy?

"That's just bullshit," Wolfensohn bristles. "You can't succeed with just a good Rolodex if you can't deliver. You have to perform to the absolute highest standard."

What made Wolfensohn is deeper than the skills he drew from his father to relate to people who matter and observe and understand what they were thinking. It's the drive for financial security inherited from his father's pain and his Rothschild legend. He became "more anxious than anybody to succeed".

He learned at Allens that, while clever enough, diligence, hard work and professionalism would add most value to his legal and business skills. The formula extended to becoming an Olympic athlete in only a handful of years and when, at 41, he took up Jacqueline du Pre's offer to teach him the cello on condition he perform on his 50th birthday at Carnegie Hall in New York. He repeated the exercise on his 60th and 70th birthdays with Yo-Yo Ma and Bono.

After Harvard, Wolfensohn landed back on his feet in Sydney, married to Elaine from a well-to-do American family and running corporate finance at Darling & Co. He pioneered the financing of Australia's 1960s mining boom. He was "in luck and in demand".

In the late 60s he became a director of Darling's major shareholder Schroders in London, where he caught the euro-dollar wave and the rise of modern financial globalisation. He was a noted Australian expat, even if he couldn't talk Gough Whitlam out of trying to borrow billions of dollars through Pakistani loan dealer Tirath Khemlani in 1975.

His life as a gentleman capitalist ended when he joined Salomon Brothers in New York. He made his mark with the 1979 rescue of Chrysler along with its boss Lee Iacocca and then US Treasury secretary Paul Volcker, who later became US Federal Reserve chairman. When Wolfensohn went out on his own on Wall Street, he made Volcker his firm's chairman.

In New York, Wolfensohn found himself at a Jerusalem Foundation lunch next to Dorothy de Rothschild, widow of James. She could not tell "Wolfie's son" why his



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father suddenly had left Rothschild six decades earlier. But an emotional Wolfensohn was reassured that he had been a "wonderful man". With that circle complete, a now-wealthy Wolfensohn turned himself to more uplifting pursuits, such as tackling global poverty as the Clinton-appointed World Bank president.

Wolfensohn threw all his energies into revolutionising the World Bank, replacing the "Washington consensus" of the Reagan and Thatcher era with "human development", diffusing the antagonism of non-government aid organisations and relieving the debts of the world's poorest countries.

It made sense to ensure that World Bank projects would actually work in the different cultures they were placed. But the irony is that the greatest poverty alleviation program in history, the rise of China and India, has to do with much bigger forces than any multilateral bank could muster.

After the World Bank, Wolfensohn got a call from US secretary of state Condoleezza Rice. She and president George W. Bush wanted him to become a special envoy to the Middle East to broker the planned Israeli withdrawal from the Gaza Strip. Wolfensohn was drawn by personal history, public duty and the intoxication of global power politics. George Bush Sr previously had convinced him to become chairman of Washington's Kennedy Centre. Bush Jr was offering him the sort of job previously tackled by Henry Kissinger and now Tony Blair.

He knew the area well, had been friends with Israeli leaders such as Yitzhak Rabin and got on well with Yasser Arafat. He became "overwhelmed by the feeling that my father was with me".

Martin Indyk, an Australian friend who became US ambassador to Israel, later told him he had been used by Bush and former Israeli prime minister Ariel Sharon. Bush never took the peace process seriously and made fun of him behind his back. Wolfensohn was never a serious player. It was all White House show.

At the end of a charmed career, what had made Wolfensohn come undone; as his driving ambition to achieve overran his famed ability to read the motives of those who mattered.



object lesson in what can be achieved.

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DAN BOX

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DAVID CROWE

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ADAM CREIGHTON AND DAVID UREN



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ADAM CREIGHTON

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