

## **Werner Vogt: «Winston Churchill as a High-Risk-Manager» Freitag, 05. Februar 2016 16:00**

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**Former British prime minister Winston Churchill took considerable risks for his country. Less well known are the enormous financial risks that the iconic British statesman took with his personal fortune throughout his life, as Swiss Churchill expert Werner Vogt writes exclusively for *finews.first*.**

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*This feature by Werner Vogt is the eighth contribution to our section *finews.first*. It is a forum for renowned authors specialized on economic and financial topics. The texts will be published both in German and English. The contributions appear in cooperation with [Pictet, the Geneva-based private bank](#). The publishers of *finews.ch* are responsible for the selection. Previous contributions: [Rudi Bogni](#), [Adriano B. Lucatelli](#), [Peter Kurer](#), [Oliver Berger](#), [Rolf Banz](#), [Dieter Ruloff](#) and [Samuel Gerber](#).*

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**When Winston Churchill accepted to become Prime Minister** in May 1940 and insisted that Great Britain's war against Nazi Germany had to continue, this was an engagement with the highest risk and an insecure outcome. Quite apart from the fact that it would have been an even higher risk to conclude any type of shady deal with **Adolf Hitler**. It is less well known that Winston Churchill for the better part of his life embraced an equally high risk in the area of his private finance.

How come Winston Churchill who was already 65 years old in 1940 was capable to withstand an incredible stress level specially after the fall of France in June? – For one thing it was his indomitable will to lead and inspire his nation in the darkest hour of its history, but secondly he was able to build on 45 years of experience in politics, warfare and psychology.

«As a battalion commander in Flanders he witnessed the full horror of the trench warfare»

When he was between 20 and 25 years old (1895-1900) he had already participated in five wars on four continents as a soldier, a military observer or a war correspondent. During this time he was never afraid of enemy fire. Moreover, he had a first-hand frontline experience of World War I after his resignation as First Lord of the Admiralty following the catastrophic landing operation in Gallipoli in the Dardanelles.

As a battalion commander in Flanders he witnessed the full horror of the trench warfare. In this situation as well he sought risk and found it, approaching the German trenches up to hearing distance at night for at least two dozen times.

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Between 1905 and 1929 Churchill served in eight different ministries as a member of cabinet. And also during his so-called «wilderness years» when he was politically isolated for a decade he learnt a lot about the functioning of democracy – lessons he badly needed in 1940. One of his key achievements was his vision from day one in his high office that Hitler and Nazi Germany were entities which could be defeated. Far from being naïve he knew that a Victory over Germany without the help of the United States would be impossible.

«Winston Churchill was a warlord in the best sense of the word»

While he was shaving, he once said to his son **Randolph Churchill**: «I shall drag the Americans in.» This eventually happened after a brilliant charm offensive towards President **Franklin Delano Roosevelt**. It is to a certain degree Churchill's achievement that the United States were willing to go for a «Europe-First-Strategy» after the humiliating attacks on Pearl Harbour the Headquarters of the American fleet in the Pacific Ocean.

Churchill was a warlord in the best sense of the word. Like the English Kings in the Middle Ages who rode into battle themselves, Churchill sought and found his baptism of fire as a young man. In fact the fascination for combat never left him. In the Battle of Britain he resided rarely in the Cabinet War Rooms underground.

In fact he would often witness dog fights between the German Luftwaffe and the Royal Air Force from the roofs of government buildings. And in the preparation for D-Day (6 June 1944) he had the weird idea to participate in the attack on board of a ship. It took the British Monarch to talk him out of his plan.

«In fact he wrote more than William Shakespeare and Charles Dickens together»

A further explanation why Churchill did not crack under the enormous pressure during the first three years of World War II lies in the fact that during his entire life he had been a taker of high risk in the field of his private finances. True, apart from his ministerial salaries he earned millions in today's money by writing books and articles. In fact he wrote more than **William Shakespeare** and **Charles Dickens** together and during certain periods in his life he was

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spectacularly well paid.

As the former investment banker **David Lough** shows in a new study, Churchill was not driven by the supply of money but rather by demand. He loved to entertain, lavish dinners with friends and relations, excellent wines, brandies and whiskies and he equally appreciated to travel in style.

«To make matters worse he had a weakness for gambling in casinos»

Apart from that, he smoked at least one meter of excellent Cuban cigars per day and risked his head with speculative investments in South African mining shares or titles in American railway companies more than once or twice. To make matters worse he had a weakness for gambling in casinos. To sum up, he systematically lived beyond his means.

Even the purchase of his country estate Chartwell in Kent – 80 hectares with a big farm – was a high risk engagement which became evident when he spent 23'000 pounds – today this would be 2.5 million – only in the first two years to follow (1921/1922) to pay for renovations and alterations.

«Winston Churchill was in a constant clinch with his bank managers»

Much to the horror of his wife **Clementine** Winston Churchill was in a constant clinch with his bank managers to say nothing of tax authorities due to his overdrafts and payment backlogs. On more than one occasion, he was fortunate to be bailed out by wealthy friends like his mentor **Sir Ernest Cassell**, an investment banker of renown.

Churchill's risky behaviour in his private financial matters did of course not hinder him to present correct budgets when he was Chancellor of the Exchequer.

But perhaps it was just this limitless appetite for risk and big risk at that which gave Churchill the power to tackle the Nazi tyranny against all odds and to become the saviour of Europe in 1940.

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