

THE REIGN OF
THE HOUSE OF ROTHSCHILD

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COUNT CORTI
*Darid Baron Muffe -
1. Collega Rowe Calcutta*
THE REIGN OF THE
HOUSE OF ROTHSCHILD

TRANSLATED FROM THE GERMAN

BY

BRIAN & BEATRIX LUNN



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CONTENTS

<i>Genealogy</i>	<i>facing title-page</i>
<i>Foreword</i>	<i>page ix</i>
<i>Synopsis of "The Rise of the House of Rothschild"</i>	<i>xi</i>
<i>Chap. I. Weathering the Crises of 1830</i>	<i>1</i>
<i>II. The Rothschild Loans in Relation to Home and Foreign Politics, 1832-1835</i>	<i>89</i>
<i>III. The Part Played by the Rothschilds in the Early History of Railways in Europe</i>	<i>83</i>
<i>IV. Differences between the Five Brothers with regard to Spain</i>	<i>117</i>
<i>V. The Rothschilds' Peace Efforts in the Crisis of 1840</i>	<i>165</i>
<i>VI. The Rothschilds Before and During the Revolution of 1848</i>	<i>213</i>
<i>VII. Fighting for Position with Louis Napoleon, Cavour, and Bismarck</i>	<i>279</i>
<i>VIII. From the Crimean War to the Italian War of 1859</i>	<i>345</i>
<i>IX. The Eventful Years: 1866 and 1870-1871</i>	<i>387</i>
<i>Epilogue</i>	<i>429</i>
<i>Notes</i>	<i>467</i>
<i>Bibliography</i>	<i>481</i>
<i>Index</i>	<i>487</i>

LIST OF ILLUSTRATIONS

	FACING PAGE
FREDERICK WILLIAM III OF PRUSSIA	8
THE FRANKFORT BOURSE	42
SAPHIR	52
PÉRIER	62
OPENING OF THE STOCKTON AND DARLINGTON RAILWAY, 27TH SEPTEMBER, 1825	84
TRAVELLING ON THE LIVERPOOL AND MANCHESTER RAIL- WAY, 1831	88
TRIAL TRIP OF THE FIRST AUSTRIAN RAILWAY, 14TH NOVEMBER, 1837	100
FRANZ RIEPEL	108
OPENING CEREMONY OF THE KAISER FERDINANDS NORD- BAHN, 7TH JULY, 1839	111
QUEEN MARIE CHRISTINE OF SPAIN	118
COUNT TORENO	140
A ROTHSCHILD <i>billet d'entrée</i>	178
THIERS	196
HEINE	214
PIUS IX	250
ACHILLE FOULD	282
NAPOLEON III	294
BISMARCK	316
MEYER CARL, BARON ROTHSCHILD	342
CAVOUR	370
CARTOON REPRESENTING THE VISIT OF NAPOLEON III TO JAMES ROTHSCHILD AT FERRIÈRES ON 17TH FEBRUARY, 1862	390
THE BROTHERS PEREIRE	406
THE EMPRESS EUGÉNIE	420
BARON LIONEL DE ROTHSCHILD	450

FOREWORD

THIS volume carries on the history of the House of Rothschild as revealed by the relevant documents up to the Peace that concluded the Franco-German war in 1871. In the writing of this volume, as in the case of *The Rise of the House of Rothschild*, the Rothschild family have brought no influence of any kind to bear; my aim has been to portray without prejudice or partiality the positively fabulous part which the House played in the events of the nineteenth century. Original documents and letters that had been intercepted have occasionally afforded particularly illuminating revelations, although in the case of extracts from some of the letters it is necessary to bear in mind that the originals were probably carefully altered by the Rothschilds themselves, with the deliberate intention of making upon persons like Metternich a definite impression such as would assist them in carrying out their plans. Seen in this light, they are no less instructive and characteristic of the methods of the House than the more ingenuous documents which undoubtedly constitute a large proportion of those used in this work.

I must again point out that I cannot claim to have dealt with the subject exhaustively; but it has perhaps been possible, by means of the many thousand documents that have been collected, to present a series of varied but relevant pictures such as may afford a general impression which, in its surprising and fantastic effect, should give some idea of the nature, the work, the aims, and the power of this House during the nineteenth century.

The Epilogue, which appears at the end of the book, of course makes no claim to continue the treatment of the subject on the same lines; it merely attempts to bring out one or two of the more striking moves executed by

the House of Rothschild on the political chessboard during the sixty years leading up to the present day—moves which show how the House, in spite of growing difficulties, vanishing influence, and the powerful competition of younger and richer firms, has endeavoured until the most recent times to maintain its position, to influence international politics, and, although with diminishing success, to drive them along the path which corresponded to the interests of the bank.

As in the case of the first volume, I have to express my gratitude to a large number of persons who have assisted me in my work.

In addition to those persons mentioned in the first volume, I am also indebted to Professor W. Alison Phillips, and to the gentlemen of the Record Office and of the British Museum in London, who were particularly kind in the assistance they gave to me, a foreigner. Further, I am indebted to Dr. von Kurzl-Buntscheiner; to the expert writer on economic subjects, R. Drapala; to the legal authority, Herr von Meyer-Leonhard of Frankfort; and finally to Fraulein Lilli von Werner, the daughter of the painter Anton von Werner; who have all been most obliging in placing documents and portraits at my disposal.

I can but conclude by expressing the hope that this volume, which in my opinion reveals, as few others have done, the intricate activities of high politics as intimately observed from behind the scenes, will have a wide appeal.

SYNOPSIS OF "THE RISE OF THE HOUSE OF ROTHSCHILD."

Meyer Amschel Rothschild, the son of a small Jewish retailer and moneychanger, who lived in the Frankfort Ghetto, was the founder of the Rothschild Bank, which became an important concern towards the end of the eighteenth century, especially as the result of the wars following upon the French Revolution. Meyer Amschel came into touch with Court circles through dealing in old coins and antiquities, and established a special relationship with the Elector of Hesse, whose property he looked after to a great extent during the Napoleonic Wars, where he acquired credit, important connections, and financial profit. He employed his five sons in the family business. The House, which had become rich, made itself generally useful to Napoleon's enemies. His most gifted son, Nathan, who had emigrated to England, played a particularly important part in these transactions. His second son, James, under the ingenious pretext that he was acting in France's interests, ventured to go to Paris, but remained in constant touch with Nathan, who was in the enemy country of England. When Napoleon fell, the Rothschilds showed their hand and openly joined the side of the victorious Allies. During the Napoleonic Wars they had become immensely wealthy, particularly through handling the British subsidies to the Allies, with the result that they were able out of their own resources to assist with loans the States that had been impoverished by the war. Austria was one of the candidates for a loan, and in 1817 that country ennobled the Rothschilds in order to put them under an obligation, afterwards inducing Solomon, on the conclusion of a loan operation, to settle in Vienna, in which city he resided permanently, becoming the confidential adviser of the all-powerful Metternich. When, in 1820, Metternich wished to suppress the Revolution at Naples, which had no money to

deal with the problem itself, Metternich sent the fifth brother, Carl Rothschild, to Naples, where he carried through ingenious arrangements whereby that State was herself forced to raise loans to defray the costs of the invasion. Thus, besides the original House of Frankfort there were now four branches, in London, Paris, Vienna, and Naples, each of them being managed by one of the five brothers, who worked in complete harmonious co-operation.

Up to the year 1830 the wealth of the Rothschilds had constantly and prodigiously increased, and they now possessed a virtual monopoly of State loans, which they arranged for all the great Powers of that period. The Rothschilds had just underwritten three important loans for France, Austria, and Prussia, and had not completed their flotation, when the July Revolution broke out quite suddenly and unexpectedly in 1830, with the result that Charles X lost his throne, and the House of Rothschild, with its large holdings of Rentes, which had suddenly fallen enormously in value, was faced with a serious crisis. The five brothers, however, courageously set about the task of saving the existence of this World House.

At this point the story as contained in the second volume begins.

David baron Munksg-
/ College Row, Cole with
CHAPTER I

Weathering the Crises of 1830

THE sudden outbreak of the Paris Revolution of 1830, affecting, as it did, the whole of Europe, had placed the House of Rothschild in an exceedingly dangerous position. It required the active intervention of the English branch, as being the least affected, to save the situation. Solomon had hastened to Paris from Vienna, and he and James were staying together at the actual scene of action. The most important task, that of endeavouring to maintain peace, had to be left to them. It was essential that Austria and France, whose large loans the brothers Rothschild had just irrevocably committed themselves to taking over, should be induced, in spite of the conditions in the French capital, to maintain peace, in order that the large quantity of loan certificates still lying in the Rothschild safes should rise in value and circulate again amongst the public. The brothers naturally endeavoured, wherever possible, to relieve themselves of responsibilities which had become onerous in the depressed condition of the market. A suitable occasion arose in connection with their business with Prussia, where the last transaction, the conversion of the sterling loan of 1818, negotiated by the Prussian financial representative, Rother, was not to be concluded until the 8th October, 1832. This was a case where they could set to work to secure the cancellation of a deal which could only have been profitable under really favourable conditions, and in the actual circumstances was bound to result in loss, owing to the impossibility of placing public securities on any of the markets of Europe. Nathan accordingly decided that it was essential that he should recover his freedom of action in that quarter. With this end in view, he determined, without letting Berlin

know what was in his mind, to secure the goodwill of the Prussian Treasury officials by meeting them in an important matter, as a special mark of his confidence. In connection with the loans concluded in 1818 and 1822 with the House of Rothschild, Prussia had deposited securities^a with the London bank in the form of mortgage deeds and debentures, which Nathan was not required to return until many years later, when the amortisation of the debt had proceeded according to plan. Nathan returned these in September 1830, perfectly realising that at a time when nobody would accept them, the certificates did not constitute a particularly valuable security, while Berlin would be favourably impressed by Nathan's returning them so soon, and long before he was obliged to do so. His action produced the desired effect. Rother, who was President of the Seehandlung Bank, wrote to his King in great enthusiasm saying, "It is only the great confidence which Rothschild feels in the Institute, which Your Prussian Majesty has entrusted to me, that has led the banker to take this step." Rother did not miss this opportunity of indicating to his sovereign that he had himself rendered a valuable service. He emphasised the fact that Nathan's action was "all the more praiseworthy, as showing a special desire to be accommodating, having regard to the critical nature of the general situation."^a But Rother was soon to perceive why Nathan had been so friendly and obliging; for, towards the end of November, 1830, Solomon's son Anselm came to Berlin on Nathan's behalf, in order, if possible, to secure the complete cancellation, or at any rate the substantial modification, of the conversion agreement concluded with the Prussian Government on the 25th February, 1830. Although the ground had been well prepared, it was impossible for Rother, after taking so much credit with his sovereign, for the satisfactory conclusion of the

agreement, suddenly to suggest that it should be cancelled. For weeks he discussed the matter with Anselm, who brought all his powers of persuasion to bear to induce Rother to accept the Rothschilds' proposal. In mid-January Rother reported on the matter to his sovereign, pointing out that the banking firm of Nathan Rothschild in London had been placed in an unfavourable position, through recent political events, with regard to the agreement which had been concluded in much more auspicious circumstances. "In consequence of the financial stringency from which the whole of Europe is suffering," wrote Rother, "Baron Anselm, who is still here with full powers to act on behalf of the firm, has been putting forward with growing insistence various proposals for the partial cancellation, or modification, of the terms of the agreement made here on the 25th February, 1830. In view of the circumstances, however, there can be no question of the complete or partial cancellation of the contract, such as the firm desires, and I believe that in the course of our written and verbal negotiations of the last month I have succeeded in persuading Baron von Rothschild that such a procedure would not be consonant with the honour of his House."

These were fine words, but in his heart Rother had already accepted the Rothschilds' point of view and their proposals, which amounted to leaving a balance of £1,850,000 of 5 per cent. securities unredeemed, and postponing to a later date their conversion to a 4 per cent. basis. Rother followed this emphatic statement with an entirely contrary recommendation, contriving so to gild the pill for his sovereign as to make it seem a positive advantage for Prussia not to take her stand upon the letter of the contract.

"It is desirable," Rother further reported to his royal master, "that these proposals should, if possible,

be accepted, since, in view of such future financial transactions as are under present conditions inevitable, it appears to me to be of the utmost importance to Your Royal Majesty's finances that the Rothschild business firm should be granted every possible assistance that is consistent with the credit of the State ; and the conversion operation under discussion would obviously involve the firm in such heavy loss as to produce a state of acute tension. If Nathan Meyer von Rothschild's firm were to be compelled strictly to observe the dates laid down in the contract, in spite of the unfavourable conditions now obtaining, it would necessarily endeavour to sell the new 4 per cent. bonds at any price in all markets, and thereby deal a severe blow to our public credit. Our experience has taught us that financial transactions in which the von Rothschild firm do not act as intermediaries, but as opponents, are apt to fall through ; and schemes entered into with men of no substance, such as we unfortunately find on our Bourse here, result in nothing. According to an approximate, and certainly not exaggerated estimate, the House of Rothschild has failed to place £1,934,400 of the new 4 per cent. loan. This is now quoted at 79.5, as against the contract price of 98.5, so that the firm stands to lose 19 per cent., or about 2,572,752 reichsthaler. This does not take into account the fact that some of the joint underwriters of these 4 per cent. debentures here and abroad, having suffered bankruptcy, are unable to take them up, whilst others, including business men of substance, are refusing to accept them, now that they have fallen so much in value, thus involving a further loss of at least 500,000 reichsthaler to the von Rothschilds, so that the family will have to reconcile themselves to a diminution of their wealth by three million thaler on this one transaction alone, unless business in public securities revives—a possibility which appears

to be exceedingly remote in view of the growing general uncertainty.

“The House of Rothschild, or rather its principal negotiator, Baron Solomon von Rothschild of Vienna, really did regard this business (at the time) simply as a matter of honour, as, even if things had gone as well as they possibly could, there was no profit to be made out of them. I cannot but regret that, as a result of the concessions which he made, this excellent man should now have to suffer the reproaches of most of the members of his family.”

Thus, in spite of his opening words, Rother supported the Rothschilds' request, as he feared a “damaging breach” with the firm. King Frederick William, who had unqualified confidence in Rother, and understood nothing about financial matters, concurred in his recommendation. Anselm Rothschild perceived that there was reason to hope for far-reaching concessions, and suddenly increased his demands accordingly. He was now unwilling to accept any of the restrictions to which Rother had wished to subject his proposals; and he actually began to modify some of his first proposals in his own favour, this being attributable to the influence of Nathan, who had not entirely approved of the matter being left to the youthful Anselm, who was then only twenty-seven years old; and at the beginning of March he sent Carl Rothschild, who was staying at Frankfort, to his assistance in Berlin. Rother was now exposed to the joint attack of a senior and a junior Rothschild, and their persistence was gradually reducing the fortress to a state where it was ready to capitulate.

At the same time, in order to support his brother and his nephew, in their arduous struggles in the interests of the firm, Meyer Amschel wrote from Frankfort to the Prussian Finance Minister, Count Lottum: “I

hope that Finance Minister von Motz, of blessed memory, who knew me, gave Your Honour a not wholly unfavourable impression of me; and I hope that, never having had the opportunity of direct personal communication with Your Honour, your correspondence with my firm here and your other relations with them will have afforded adequate proof of my true manner of thinking. Your Excellency will be aware that since we have enjoyed the privilege and good fortune of entering into honourable business relationship with the Prussian Government our efforts have been tirelessly directed to devoting to it our best services and our whole possessions, uninfluenced by any private considerations. Though the most recent transaction has, by reason of the violent events that have shattered peace and order in many parts of Europe to their foundations, failed as yet to lead to a successful issue, so that we have to suffer not merely the disappointment of failing to carry through an operation, but also have to bear a considerable loss, yet we are able to rest in the firm conviction that we can face God and the world as honourable people as far as our business methods are concerned. The decision in this, our just cause, which has been exhaustively discussed by my brother and nephew, is, according to their letters, soon to be taken. In taking the liberty to submit my request that the settlement of this matter may be expedited, I would excuse myself to Your Excellency on the ground of the prevailing unsettled conditions, which involve me in innumerable tasks, to attend to all of which is difficult and almost impossible to me, in view of my age and failing health. I am therefore exceedingly desirous for the speedy return of my brother Carl, who has obeyed the urgent summons to go to Berlin. I regard him as my right-hand man, and find it hard to be without him. I would therefore submissively beg Your Excellency, so far as in

your power lies, most kindly to assist in carrying out the wishes which I have expressed ; I cherish the firm conviction that the settlement of our business will be effected in such a manner as is to be expected of the just and loyal nature of the Prussian Government. . . .”

In consequence of this letter and the constant efforts made by the two Rothschilds at Berlin, Rother finally decided to report to his sovereign that the alleviations previously granted by the King at his suggestion did not appear to be adequate. “ They make such a point,” wrote Rother, “ of the risks to which they would be exposed in carrying out the contract of the 25th February, 1830, and of the loss which they would probably suffer even under the modified terms, and they find that they are so hampered in all their financial dealings, by the prejudicial reactions resulting from it, that they are aiming at securing complete relief from the contract, and the definite fixing of the sum which they shall be called upon to sacrifice in return.” The brothers were offering to pay a fixed sum of money’ as compensation, provided that they could be entirely liberated from the obligations of the contract, though on the understanding that they should be permitted immediately to take up the business again, “ if circumstances should take a sufficiently favourable turn to make such a course of action appear desirable to them.” Rother advised the King to accept these further demands of the Rothschilds. “ It is only just,” he wrote, “ not to demand greater sacrifices from this firm than is absolutely necessary in order to achieve the advantages which the State expected to achieve through the conversion transaction.”

He also suggested that it would not be an easy matter to force the House of Rothschild to carry out their obligations under the contract if they should obstinately refuse to do so, notwithstanding the damage to their

business prestige. Moreover, such a struggle would last a long time, and would bring discredit upon the country's financial administration. He therefore recommended that all the Rothschilds' demands should be agreed to, but suggested that it should be made a condition of any new agreement that their offer should be accepted only if they undertook to participate in a further loan transaction, subject to conditions which should be discussed, and which should be adjusted to the prevailing state of affairs. It is true that Rother fully realised that such a loan transaction could be carried through only under entirely different conditions. "Recent political events," he wrote to the King, "and the financial stringency prevailing in all great European States, make it almost impossible at present to obtain substantial sums on loan by the methods adopted hitherto. . . . Through the recent French loan of January 1830, and the conversion from 5 to 4 per cent. of the Prussian debt contracted in 1818, in which latter transaction they associated a number of other banking firms with themselves, involving them in enormous losses, the von Rothschild banks have entirely lost their credit in transactions of this kind. They could not now find anybody to associate themselves with them in such a transaction, and although their wealth, even after losses estimated at 17,000,000 gulden, is still very considerable, they lack the cash necessary for transactions of this kind, since their property, which consists of bonds of all the European States, cannot at present be turned into money on any Bourse. The Rothschild banks are therefore now refusing to take over any large loans direct, seeking, as in the case of Austria, to deal with them on a commission basis, and while they will make advances on account, they proceed to sell the newly created bonds at exceedingly low prices, thus damaging the State concerned."



FREDERICK WILLIAM III OF PRUSSIA

Nevertheless, Rother meant to try to carry through a new transaction with the Rothschild bank, involving an amount of several million thaler, in return for bills on the Prussian Treasury running over a period of years. As he himself states, he wished, in spite of all his misgivings, again to deal exclusively with the Rothschild banks, since in his opinion the Berlin banks were "not strong enough to carry through such big transactions." This solution pleased the Rothschilds exceedingly. Whilst they were yet unable definitely to bind themselves to such an obligation, as they realised that their business was suffering from temporary embarrassment, they did not say no; in order to keep the matter secret, they referred Rother to one of the other brothers, namely, Solomon in Vienna. They said that he would have the final decision in this new transaction. There was the possibility that conditions might improve in the meantime, in which case it would be exceedingly pleasant to carry through an important deal with the State of Prussia. They were genuinely grateful to Rother. Through his decisive influence with the King he was worth his weight in gold to them. Without the Rothschilds having to bind themselves definitely to carry out the new transaction, the King agreed to everything. The contract of the 25th February, 1830, was cancelled on the payment of the penalty mentioned above, and Rother was given a free hand and *plein pouvoir* to conclude a new agreement for advances with the Rothschilds, when it should be judged that a suitable time had come. Thanks to Rother's powerful support, Nathan's plan of relieving the firm in that direction had succeeded. This relief was very substantial, and with regard to the Prussian Government's wish for further transactions, the Rothschilds really did mean, as soon as they saw their way clear, to apply any free cash to that purpose. They would appear to be showing

their gratitude in a practical way, and would, at the same time, be able to do a profitable bit of business.

The news of these events came as a great relief also to James Rothschild, who was struggling in Paris to maintain peace; he was at the storm-centre, and the Rentes, which had fallen so sharply after the July revolution, and of which his firm held such a large quantity, were still suffering from the internal and external political dangers that threatened the new throne. Up to the present things had gone quite well. Practically all countries, including Austria, had acquiesced in recognising the new King. The Tsar had held aloof longest; but the danger of military intervention by Europe, openly directed against Philippe's usurpation of the throne, had been averted.

Baron von Prokesch wrote in his diary¹¹ on the 17th December, 1830: "It is all now a question of ways and means, and what Rothschild says goes, but he won't give any money for war." When Rentes began again to rise a little, the political situation again became disturbed, as the Paris Revolution had affected Italy. In the Papal States, and in the small States of Central Italy, popular indignation broke out against the intolerant and inquisitorial suppression of all liberal sentiment. Early in February the Duke of Modena was driven from his country; the end of the temporal power of the Pope was proclaimed at Bologna; and even Marie Louise was forced to flee from her pleasant retreat at Parma. The exiled monarchs successfully begged Metternich for military assistance from Austria, while the rebels looked to France for help. They failed, however, to secure more than platonic support in that quarter. Although France indulged in emphatic diplomatic threats, Louis Philippe was secretly exceedingly averse from entering upon hostilities which would have brought him into conflict with one of the great Powers,

which had only just recognised him. James Rothschild supported him to the utmost of his powers in his efforts to avoid such a contretemps. He remained on guard in Paris, feeling the pulses of the King and his Ministers, and sent his brothers and nephews in all quarters of the globe his terse, characteristic reports of the political condition of affairs.

“Rentes stood at 59.25,” he wrote, on the 14th February, 1831, just after news of the risings at Modena and Bologna had reached Paris.” “I am satisfied, since I find Ministers all for peace, and I hope that matters will come right. The King wants peace. . . . I know that when trouble broke out in Italy, Marshal Soult wanted to take up a position on the frontier, but the King was so much opposed to this that he never mentioned the matter again ; even if Austria had intervened in the Modena affair, nothing would have happened, for it is realised that Austria would have been perfectly right in doing so, as he (Louis Philippe) is too weak. No one wants anything but peace, whatever they say ; we are tensely awaiting news from Italy, as we have none.”

That was what James always hungered after—news—and to get it earlier than anybody else. This was particularly important just now, when one had to estimate the influence upon the Bourse of any possible military intervention by Austria in Italy.

“We are free from worry just now,” James wrote two days later,“ to his brother Solomon, who had returned to Vienna, “but it is not easy to judge what things will look like this evening, although everything seems settling down, and it is to be hoped that we shall be at peace again. It seems that things are not so bad in Italy. I beg you, my dear Solomon, if Austria should decide to interfere with regard to the Papacy, to let me know at once, as such action is certain to react unfavourably upon Rentes ; the War Minister told me yesterday that

it would be very serious if that were to happen. Such an event might have grave consequences.”

Solomon carefully extracted these sentences from his brother's letter, to show them to Metternich, so that, in considering the question of intervention in Italy, the Chancellor should realise that such action would produce a menacing reaction in France. The Rothschilds' interests were bound up with those of the Bourse in the elimination of any new inflammable material, so that it was natural that they should view with dismay the appearance of a new bone of contention in Italy that appeared likely to endanger the peace hitherto maintained, contrary to Metternich's expectations. Yet they could not fail to appreciate the fact that Metternich's inveterate hatred of everything that was revolutionary, or opposed to the principle of legitimacy, was a more powerful factor than their influence. Disregarding France's threats, Metternich sent Austrian troops across the Po to march against the rebels. This naturally produced a panic in London and Paris. Nathan in England, who had latterly been constantly suffering from illness, took a much more serious view of the situation. He had no regard for the Paris Ministers, least of all for the Prime Minister Laffitte, the ruined banker, who had the hardihood to guide the financial destinies of a kingdom like France, after having signally failed to manage his own affairs. He expressed himself freely in a letter to his brother.

“Quotations have weakened because of a rumour on the Stock Exchange that France has declared war on Austria. I was with —— (name illegible) this evening, and he said, ‘Who can trust the French? They change every day.’ Then I went to Bülow,” and he said: ‘Rothschild, I believe your brother in Paris is being misled, for the King and his Ministers never keep their word; they change every day. They write to Talleyrand’

here. Prussia and Russia write in a friendly way, and do not want war; the French, however, must decide for war. . . . They write this unpleasant letter to Talleyrând, who is afraid to show it, and says he hasn't had a letter.

"In fine, they will probably carry on with intrigues until they are ready to declare war. I maintain that it is almost impossible to keep the peace unless these people destroy one another in their own country, and Laffitte, who no longer has influence, falls from power. Ouvrard" has had considerable purchases made on his account; we shall probably have better news from Paris to-morrow.

"Herries here says that Peel" will certainly be asked to join the Ministry, that Wellington will become Foreign Minister, and that, unless France gives way, he is convinced that the British Army will go to Germany.

"It would be as well for you to tell the King that he must hold himself aloof, and not trifle with England, for she is not to be trifled with. I shall go and see Talleyrând to-morrow. England has no faith in your Ministers, who want nothing but revolutions, in which old Lafayette," and I know not who else, assists. Your King and his Ministers have only to show that they don't want war: they must not change their tone from day to day. Go to the King and tell him that Peel, Palmerston, and Wellington are coming into power."

By these last words Nathan wished to convey to his brother that the Tories would probably take the helm again in England, and that that country, therefore, was also unlikely to tolerate the support of revolutionaries in Italy or elsewhere. James, however, had received an exactly contrary report regarding developments in England from an influential French quarter. He was assured that, on the contrary, the Liberal Prime Minister, Grey, would remain in office with his Ministry, and

carry his Reform Bill. This view of the situation naturally gave the Government in Paris more confidence, and caused it to harden in its attitude towards the conservative Powers, such as Austria. The Bourse, sensitive as it was to any suggestion of war, immediately reacted to the chilly atmosphere.

“Rentes have fallen a lot to-day,” James reported to Vienna, “because there was a rumour that there would be a Reform in England, and that a revolution would break out there, and that Austria had declared war; as a matter of fact, I believe that the fact that eighty thousand more troops have been, or are to be, called up, and that France adopts a milder tone with Austria, indicates that Austria’s intervention will not matter. England being in the position I have described, people will say here all the more emphatically, ‘We trust Austria will not intervene.’ Saint Aulaire” left to-day with most pacific instructions. He is to tell the revolutionaries that France is absolutely determined that Italy shall remain as she is, and Sebastiani and Laffitte are as friendly as they can possibly be. But what is the good of talking if people act the opposite. Laffitte sent for me, together with P erier,“ Houman, Aguado,“ and the Treasury officials to see whether an operation could be arranged. He speaks confidently of peace; if he wanted war he would not have called us together.”

Laffitte’s Ministry was, however, already at its last gasp. The financiers had been called in to discuss the idea of saving the French Treasury at the last moment by the sale of State forests. Louis Philippe had, however, already withdrawn his confidence from the Prime Minister, and secretly offered his portfolio to another financier, Casimir P erier. The news which had leaked out to those who were in the know had produced a favourable reaction on the Bourse, as it had long lost

confidence in Laffitte. The name of Périer was as music to the ears of James Rothschild. It meant the control of affairs in France by a man who was both his personal acquaintance and his intimate business friend, and with whom he had for years discussed everything affecting business or politics. Delighted at the excellent prospects for the future, he hastened to let his family know the good news by a special courier.

“MY DEAR BROTHERS,” he wrote, “I am sending a courier because Rentes have risen; the three per cents. here closed at 53.20, because it is generally stated that Périer will enter the Ministry. I was talking to Périer this morning, and he says he will accept office only on condition that he, and not the King, is really First Minister. He does not want war. I said to him, ‘I am convinced in my heart that the foreign Powers are not thinking of attacking France, and that our good Prince is doing all he can for peace . . .’ Now, my dear Solomon, you must see that if my friend Périer takes office his Ministry is supported, for thirty-two million people making a revolution are a danger to all countries. ‘And,’ Périer said to me, ‘if people want to do something for the King they should try to give France a piece of Belgium; that would really strengthen the King’s position, but he does not press for it.’ He said to me, ‘If the others will do something, we will keep peace for ever.’ And now, my dear Solomon, I have been seeing Périer daily for six months, and he said to me to-day, ‘You are not making efforts for France alone, but for the whole of Europe, and you can count on my never telling you a lie.’ He is a very excellent fellow. . . .

“Now I tell you that when Périer is in the

saddle it depends on the Powers whether they have war or not. . . . I tell the whole world that the Powers only want peace. The business men are all in agreement about the loan here, and I shall go with them, because I don't want to be out of it ; we can't say yet what will happen, but I am confident because of Périer, as, if we have war, he will suffer losses on his properties and factories ; for that reason I believe in peace. . . .

“ I have had a long conversation with Soult to-day ; he too says, ‘ We ask for nothing better than to disarm as soon as all the armies cease from threatening us. . . . ’ When we are certain of peace abroad we shall have peace at home. Périer told me that he would keep the present Chamber, and not dissolve it . . . for he can count on this Chamber. It's not certain yet about Périer, for until I see a thing in the *Moniteur* I don't believe it.”

In Austria things certainly did not look like peace. The revolutionary risings throughout the world so terrified Metternich that, in spite of Austria's financial difficulties, he pressed more and more obstinately for extensive military preparations. Count Kolowrat, the most powerful man in the State after Metternich, and in many respects his rival, had but a slight hope of maintaining peace.”

It had been decided to raise three powerful armies in Bohemia, Italy, and Inner Austria. For this, of course, the necessary money had to be raised, and, although it went against the grain with Solomon Rothschild to provide the means for military preparations, he was not prepared to remain outside when the Austrian Treasury proceeded to conclude an agreement with the State bankers, of whom he, too, was one—as well as

Eskeles, Sina, and Geymüller—for raising thirty-six million gulden through the gradual sale of five per cent. Metalliques. In any case, the possible gain on Exchange, and the two per cent. commission on such a substantial amount were not to be despised.

Things certainly did not look like peace, for when Austria began to arm, France naturally followed suit. It would have been difficult to say which was in the worst condition financially, but they spent money lavishly on their military preparations. In these circumstances it was particularly important to learn what kind of Ministry was to be finally constituted in France. James in Paris was still anxious about his friend Périer, whose Ministry was not yet assured.

“MY DEAR BROTHER,” James wrote to Solomon in fear and trembling on the 11th March, 1831, “as the French Government is sending a courier I am letting him take these lines to you to let you know that we have every hope of obtaining a peace Ministry now.

“I saw Périer at seven o'clock this morning. He said to me, ‘Nothing is settled yet, because I must have a talk with the King and explain to him that I will not take office as a war Minister but as a peace Minister, so that we can get the question of intervention properly settled; for if Austria intervenes in the Rome affair I will not go to war . . .’ On news arriving that Modena had been occupied by the Austrians on the 6th, Sebastiani said to me, ‘We shall *certainly* maintain peace.’ Now, if their intervention had mattered he could not have said this to me. I must mention that eighty thousand men have been called up, but this is more to keep the country quiet than in order to make war.

“ I must admit that Périer gives me confidence, for he has much to lose and is not like Laffitte, a ruined man . . . A lot will depend upon the kind of attitude taken by Russia. My fine dreams of tranquillity, peace, and everything else, are vanishing, for Périer has just informed me that Soult will not agree to his becoming Premier, so that the Ministry cannot be formed—if this is a fact, the alarmists will turn it to account and make demonstrations in the streets, and the whole world will believe in war. The position is dreadful. I shall probably send you a courier if anything new occurs.

“ Yours,

“ JAMES.”

James determined to throw all his influence into the scales to place Périer in the saddle. He spared no effort. He went to the King himself, and urged him to ask Périer to join the Ministry. He pointed out that he was exceptionally competent and industrious, that he had pacific views, was well versed in financial matters, and was devoted to his country.

Casimir Périer was actually called upon to form a Ministry on the 13th March, 1831, and James had the satisfaction of seeing his efforts crowned with success. In the interests of his house he had to fight for peace in Paris, as Solomon had to at Vienna, and the appointment of Périer, if it did not imply final victory, at any rate constituted a considerable success. He immediately reported the good news to his brothers and then turned his attention to the markets, observing their reaction to this event.

“ MY DEAR BROTHER,” James reported in this connection, “ prices are, thank God, beginning to rise, and we closed at 53.70. I am of

opinion that the advance will continue, for we have a peace Ministry which will make every effort to maintain peace ; they will not interfere in Italy, I hope. That is to say, we must contrive with the Government here *that the mob does not get excited* and say that we have sacrificed the Italian people. If the Powers wish to maintain peace, they must strengthen the hands of this peaceful Ministry, and prove that they do not mean to attack France. If it were only possible for Russia and Austria to make a declaration that Belgium shall remain independent and that France will not be attacked, in order to allay anxiety, for people here still believe that as soon as Russia has finished with Poland, France will be attacked.

“ Now, my dear Solomon, you are in a better position to judge, and I beg you to get this matter cleared up. I went to the King and said to him, ‘ My family and all my property are in France, so that I am not likely to mislead Your Majesty or to lull you into a false sense of security, inducing you to believe that foreign Powers want peace when they really intend war—and on whose account ? I am convinced that the Powers wish to restore order in Italy, and feel that they cannot stand by and do nothing, when the house is being fired under them (*sic*). If Your Majesty will take Péricier into the Ministry, your credit will rise and *everything will improve.*’

“ Now, you see, the changes have been made. The King is going to the Tuileries, and the Ministry is to make a speech proclaiming its principles. What impression this will make I do not know, but I believe it can only be a good one if they have the strength of mind to go

through with it ; and I see that they are calling enough troops to Paris to frighten people. . . . Everything now depends upon the foreign Powers, and that is where you must bring your influence to bear ; for if we do not preserve peace no Power will be able to maintain its credit and Rentes will not remain as firm as I hope. Casarus, a natural son of Ouvrard, is selling the Big Book (Rentes which are entered in the Big Book of the State), and is frightening everyone off speculating on a rise, while any small drop makes a most lamentable impression on people's spirits.

“ I confess that I have great hope and confidence in the present Ministry, for they have strength and *they want peace.*”

Nathan also wrote from England to say that that country, in spite of the Ministry, which was Liberal and favoured Reform, would not merely refuse to encourage France in warlike undertakings, but would actually take drastic action if she did.

“ Our Government,” Nathan wrote to Solomon, “ who in turn hastened to pass it on to Metternich, “ has taken very strong measures against France, and these should make a very good impression throughout Europe ; that is to say, if France does not remain quiet, but takes action against the other three Powers, we shall join the three Powers, but if the other three Powers take action against France, we shall join France.”

It appeared, therefore, that England, too, wished to maintain peace. The name of the new French Prime Minister was a guarantee for the maintenance of peace throughout the world, and his first public statements in the Chamber showed that he stood for the principle of non-intervention. James sent a further enthusiastic report to his brother about these statements in the

Chamber. A French loan was again being discussed ; James wanted to take part in it again, and the prospects of the loan were essentially dependent on the general political situation.

“ MY DEAR BROTHER,” he wrote on the 19th March, 1831, “ I am sending you a courier, not for business reasons, but merely in order to send to you, for Prince Metternich’s information, the speeches of Ministers here, which must create a profound impression both in England and in Germany. You will see that their principle is peace and nothing but peace. Now if Prince Metternich is really candid, they will do what he wishes here, and I beg of you carefully to consider with the Prince how important it is to give the Government the strength it needs. We are expecting a drop in prices here because the bankers, with the former *President du Conseil* at their head, are selling, because each of them wants to take part in the new loan, and I believe that as soon as the loan has been floated we shall see a sharp rise ; for we have a friendly Prime Minister ; and it cannot be said that the Minister is deceiving you, for then he would be deceiving the whole French nation, and would have to offend the great majority of Frenchmen. . . . I have spoken to Werther” and Apponyi to-day ; they are exceedingly pleased with Périer’s speech, and believe that their Governments will certainly make every effort to strengthen the new Cabinet, and Werther, who always looks on the worst side, is now quite optimistic. I therefore ask only one question—shall we maintain peace or not ? If France carries out what she says, and having regard to Périer’s character I am sure she will,

I do not see why we should not soon be disarming, and revert again to peaceful conditions.

“I would therefore *urgently* beg you, my dear Solomon, not to leave Prince Metternich any peace as to the importance of strengthening the Ministry here, and pester him to maintain peace, which is so necessary to Europe, the Prince alone having the power to maintain it. He knows you and realises that you are a candid and honourable fellow, who always acts above board, and that all the reports which I have sent you for his information have proved to be well founded.

“Yesterday morning Sebastiani” was in a rage, and would not permit the Austrian intervention. To-day, however, he is like a lamb because the British Ambassador made him give a categorical explanation of his warlike speech of yesterday.

“Believe me, my dear Solomon, your Prince Metternich, who has already achieved such world-wide fame, can still further immortalise himself if he maintains peace now; for all the Chancelleries act in accordance with his decisions.

“Write and tell me what the Prince’s present opinion is, and if you can let me have anything to communicate from him to Casimir Périer, so much the better, since that greatly increases and strengthens confidence.”

This all sounded very fine, but meanwhile the Austrian troops had advanced in Italy. They were not content to occupy Modena and Parma, but marched on Bologna in pursuit of the Provisional Government of Modena. Bologna had also revolted, and shaken off the Papal yoke. Everyone hoped for assistance from France, but this was not forthcoming; the Austrian troops entered

Bologna, and the Papal rule was restored. This was naturally very unpleasant, both for the Paris peace Ministry, which stood for the principle of non-intervention, and for James. James did everything to allay the indignation which was flaming up in Paris, and to prevent any hasty action being taken.

“As I have already written,” James reported to his brother at Vienna, “people here were furious when the Austrians entered Bologna; it was not so much the occupation itself as Maison’s” statements; he has reported his conversations with the Prince, which, it would appear, were exceedingly heated. It seems that the Prince definitely said to him that they would not occupy Bologna until they had learned the result of the negotiations. That is what at first made Sebastiani so furious; however now, thank God, everything is much better. Yesterday the note was drafted which is to be sent to Austria. It contained the phrase: ‘*évacuez immédiatement Bologne.*’ Pozzo, Granville, and your humble servant spoke to Périer, suggesting that Austria would be offended, and regard the note as too strong. It was read to the Cabinet, and they were all opposed to that draft. A fresh draft was made, which is very mild and excellent, but I heard that it contained the words, “*évacuez promptement.*” I saw Périer about it. The note hasn’t been handed in yet. I shall see that this is left out.

“If the Prince will consider the position of the Government here, I am confident that ~~we shall~~ ~~have~~ peace, for the Cabinet here is making every effort to that end. Now, my dear Solomon, do what you can to help; the Prince will see that I

have truly described Casimir Périer's character. If that excellent man remains in sound health, he will act like Villèle, and entirely follow out his methods, but he must have the Prince's support.

"I hope that His Highness will be so gracious as to give you more favourable instructions, such as I can use with reference both to Casimir Périer and also to the King.

"Everything now depends, my dear brother, upon ascertaining whether Austria is prepared to say, 'Things are quiet in Italy now: we are evacuating Roman territory, and shall arrange a conference in Rome to which all Ministers will be invited, with a view to re-establishing Italy's position'; this will decide the question of peace or war.

"I beg of you to answer me on all these points, for in eighteen days the loan comes up, and I want to know where I stand."

France continued to be platonically indignant about the invasion of Italy. Now that the rebels had been everywhere suppressed, James felt that if only Solomon succeeded in persuading Metternich to exercise greater moderation, to withdraw his troops, and to settle the questions in dispute, more particularly in the Papal States, by means of a conference of ambassadors, much would have been achieved; they would then have reason to hope that the peace of Europe would not be disturbed, at any rate through the Italian trouble. But Italy was unfortunately not the only centre of disturbance. Belgium, who after the July Revolution had freed herself from her unnatural union with Holland, was also struggling to maintain her independence, and hoping for French assistance. The Eastern Powers, led by Austria and Russia, looked askance upon this

revolutionary movement too. Metternich would dearly have liked to send troops into Belgium and Poland, as he had done into Italy; but this would have made war with France inevitable. England, who was not prepared to see a country so close to her islands under the rule of France or anybody else, proved a determining factor in this matter.

The Conference of London, which dealt with the question of Belgium's independence and her King, induced France to modify her demands with regard to Belgium, and the Périer Ministry were more ready to agree to these concessions. The French gave up their suggestion of placing the son of Louis Philippe on the throne of Belgium, and proceeded seriously to consider Prince Leopold of Coburg, the candidate proposed by England. However, Belgium would not concur in the boundaries which had been fixed for her, or on the question of Luxemburg. Metternich was pleased by France's moderation, and James and Solomon were no less so. The Government in Paris had sent a note to Austria which as James put it, "was happily phrased"; he expected that when it reached Vienna Metternich would be pleased with it. James hoped that the confidence which Metternich had in Casimir Périer would be further justified, and that the Belgian affair would pass over without seriously endangering peace. Things certainly did not look well in Belgium. The news from that country sent the 3 per cent. French Rentes down to 46.70 on the 1st April, 1831, a fact which James sadly reported to his brother Solomon. Paris wanted the Austrians to evacuate Papal territory as speedily as possible. The prospects of peace varied from day to day, and James was anxiously watching the ~~political~~ barometer, and the reactions of the sensitive Bourse. At the beginning of April reassuring news was received from Italy and Belgium; although it was not justified

by the facts, French Rentes immediately rose in value.

“ I have just been with Périer,” James wrote to his brother in Vienna, on the 9th April, 1831, “ and he said to me, ‘ I am sorry to see Rentes rising so much, because things are still very unsettled. Apponyi’s despatches could not be more satisfactory, but one cannot help wishing that the Austrian forces would evacuate Italian territory as speedily as possible. Yes, my dear Rothschild, we must show that there is confidence in us abroad too ; come and see me to-morrow morning at nine o’clock, and we will discuss the matter at length. We desire and intend peace. Do reassure Prince Metternich on this point. The news from Belgium is not too good ; they are unwilling to accept the protocol of the 20th, and would rather go to war. I will not stand aloof, but will act with the Allies ; this question, which may be an occasion for war, must be settled, and we are doing our best.’ Now, my dear Solomon, I believe that Rentes may rise to 60, but they might fall again, because the situation is absurd. The signatures for underwriting Rentes at 100 per cent. are coming in strong, but how can the total of 120 millions be reached ? ”

Metternich did, in fact, give way in Italy, because he did not, after all, want to endanger Périer’s peace Ministry, which might have been succeeded by a Chauvinistic one. There was a powerful anti-war party within Austria too. It enjoyed the support of the Archduke Carl, as well as that of Metternich’s opponent, Count Kolowrat, Minister of the Interior, and of Baron von Kübeck, who kept pointing out the acute financial distress resulting from this continued military expenditure. The Austrian troops slowly evacuated the Papal

States, retiring on the Po, and only left small detachments in occupation of Ancona and Bologna. Metternich also was not uninfluenced by the fact that the considerable hopes which he had had of Russia were not being realised. The Russians, against whom the Poles were putting up a stiff fight, made hints to Prussia and Austria in April 1831, that they should join in the campaign against the Poles, and such was Metternich's affection for the conservative Tsar that he was for a time inclined to lend a sympathetic ear to these suggestions. He tried to adumbrate this idea at a ministerial conference" at which Count Kolowrat was present, but Solomon Rothschild had already heard of this scheme, and realised all the diplomatic complications involved. He was on good terms with Count Kolowrat too; now that his intimate friend Metternich was contemplating a line of action that did not fit in with his plans, he went straight to Kolowrat to warn him against the Russian adventure, and to beg him to use all his influence against it at the conference, with the result that Kolowrat, who welcomed any opportunity of opposing Metternich, spoke emphatically against it. Metternich's attitude at this time led Baron von Kübeck to make the following remark about him": "Prince Metternich is an absolute weathercock, constantly veering between Tatistchev (Russian Ambassador at Vienna) and war, and Solomon and peace."

Belgium continued to be a centre of unrest. The Belgian Congress refused to have anything to do with the Luxemburg question, or any of the other provisions of the protocol of the 20th January, 1831. A few hot blooded orators were for throwing down the gauntlet to the rest of Europe, and the Dutch collected a menacing army on the northern frontier of Belgium. Louis Philippe was represented at the Belgian Regency by a special envoy, General Belliard, and the reports which

he sent were disturbing. The effect was soon felt in Paris.

“Rentes,” James wrote to Vienna on the 11th April, 1831, “had risen—the 3 per cents. to 59 and the 5 per cents. to 89. Now they have suddenly dropped, and the 3 per cents. stand at 55.50 and the 5 per cents. at 84. This is all due to Belgium, and General Belliard, who has returned from Brussels, having reported that the Belgians are determined to march into Luxemburg, to go to war with the whole world, and not to give way on any point; their heads having been turned largely by Poland’s attitude to Russia.

“Périer and Sebastiani both tell me that they mean to stick to the Allies, and will not let the Belgians force them into war, but people here are afraid that the Government may not be strong enough to restrain the nation, and that war may be the result.

“I must tell you, my dear Solomon, that I immediately read out your letters to Périer, lest it should be said that Austria withdrew her troops from Italy on receiving a note from France; and he was very pleased.”

The Belgian problem was still a difficulty, and was to lead to further dangerous crises and complications. The French Ministry, however, felt that it was much more secure, and it had the best possible reason for satisfaction, for the 120 million loan, which had scarcely seemed a practical proposition at 70, was actually being issued at 81.50.

“The Company,” reported James, “yesterday took over the loan at 84 (this means 81.50 for the public) at the repeated requests of the

Government. Most of the bankers find they can't make a profit, because they bear it in advance at very low prices. But what does that matter to us? It all increases the power and popularity of this present Ministry, especially of Casimir Périer, who wants to keep the peace, and that is our primary aim and object.

"The public did not consider the King's speech to the Chamber forceful enough, although it is good as far as it goes. More is expected of a Royal speech. He would not use the speech written by Périer, but delivered one of his own compositions. He appears to set great store by making his own speeches. . . . The outlook seems to be improving, as I have reason to hope that the Belgians will give way, and with God's help everything will go through satisfactorily."

James continued to write in an optimistic vein: "In their foreign policy I find that peace is the one aim of the Government. Unfortunately the Polish affair is somewhat going to the heads of the French, but it does not affect Périer, whom I saw early to-day, and who was absolutely delighted after yesterday's meeting of the Chamber, in which he carried his Electoral Law by a majority of three hundred. The session is now closing, and we shall have a General Election."

Nathan was not so happy. He was troubled about Belgium, about Portugal, where Don Miguel was giving trouble, and about Grey's Reform Bill. He, too, was of opinion that everything would turn out all right, "but," he said at the end of his report. "Unfortunately every trivial political occurrence upsets the ~~business~~ community."

Nevertheless, the Belgian problem seemed to be on the verge of settling itself, through the choice of that

clever Prince, Leopold of Coburg. He was the candidate favoured by England, and was looked on with more favour by France since he had become the suitor of the French King's daughter. 18124.

“ I am very pleased,” James wrote to Vienna on the 2nd of June, 1831, “ that we can now have the satisfaction of sending you better news. On receipt of the good news from England, Rentes opened at 60.70, and stood at about this figure until the Bourse closed. There were several buyers at the end of the day, and we were informed that the Government had received news by telegraph that Prince Leopold had been elected king at one o'clock, by the same majority as before. We had it put in the *Temps*, and the article is so well written that it really has done a great deal of good. . . . It is generally believed on the Bourse that the Belgian problem is settled; but from our own letters this is not quite clear.”

The Eastern Powers, however—Austria, Prussia, and Russia—still adhered to the King of Holland, who refused to recognise the new Belgian kingdom of the Coburgs, simply treating it as non-existent. Herein lay the seeds of a first-class European complication. Sebastiani, the French Minister for Foreign Affairs, said to Rothschild at this time, “ Try to prevent Austria from arming so openly and intensively. Everything seems to be happening at once, as I have just had news that the Emperor of Brazil has arrived at Cherbourg with his family, having abdicated in favour of his son. His Empress is following on a French frigate. The next item will be to conquer Portugal and give her a constitution.”

The Brussels Deputies had travelled to London in order to discuss the detailed conditions regarding the assumption of the Government by their newly elected King. They were still unwilling to recognise the decision of the Conference, in accordance with which Luxemburg and Limburg were to be allotted to Holland. Nathan Rothschild immediately called on the Delegates in London, and learnt from them that they had instructions to offer to Holland a monetary indemnity for leaving these two territories to Belgium. For on this point the Belgians refused to yield.

James in Paris took a wholly favourable view of the situation. His view was that the Coburger was not a partisan, either of England or of France, who would gladly have Belgium in her pocket. The most important thing, after all, was that the 3 per cent. Rentes stood at 60.70 and the 5 per cents. at 89, i.e., somewhat higher. His only anxiety was that the reinstated Duke of Modena, who was carrying out an extreme policy of revenge and reaction, should again become a source of trouble.

“ In any case, everything is very uncertain,” wrote James. “ Rentes are rising and falling five points at a time, and we must keep our heads. The Almighty will turn everything to a good purpose. . . . Sebastiani said to me, ‘ Belgium is as good as settled, and the world is furious with me, because I mean to keep *peace*. Whoever else may lose their heads, we will keep peace. I am a man of honour and I stick to what I say. You may count on peace, if only Prince Metternich will back us up, and prevent the Duke of Modena from acting so stupidly, and exposing us, to attacks in the Chamber.’

“ You see, my dear brother, he is absolutely devoted to the cause of peace ; what I told you

yesterday I heard in strict confidence from the Minister of Marine."

In the end the Luxemburg question was shelved, and the Belgian Delegates were persuaded to accept the conditions proposed by Prince Leopold for taking over the Government. He proceeded to Brussels in accordance with his promise, although he could only count on England and France, and was assured of the hostility of the Eastern Powers and the King of Holland.

The course of events, which appeared to be converging on a satisfactory conclusion, was gratifying to James as establishing the success of the Conservative Ministry, "my Ministry," as he called it, when writing confidentially to his brothers. The Chamber had just been dissolved, and the country had been asked to express its opinion through an election. The result was an unqualified success, and the new Chamber contained a large majority in support of the Ministry.

"This result is all the more remarkable," Count Apponyi wrote to Metternich from Paris, "since the Government refrain from making any attempt to influence the electors. Baron Rothschild, qualified elector in the Department Seine-et-Oise, who controls fifteen to twenty votes in respect of his property at Ferrières, told the Ministers that he was prepared to use his influence with his people against the election of General Lafayette. They thanked him for his offer, but asked him to refrain from doing so. To act thus at a highly critical moment implies no small faith in one's lucky star." "

"I have the satisfaction, my dear brother," James wrote to Solomon, "of being able to regard the course of events much more calmly, according to all the information I receive, and I have every reason to hope

that the horizon, which is still dark, will shortly brighten." James spoke in terms of the highest praise of P rier's Ministry, although he fully realised that the Ministry had to contend with bitter foes at home, and had to deal with passions, ambitions, and vanities. Up to the present, however, he said that it had fought loyally and worthily for general peace and harmony amongst the Powers, which constituted the main interests of the French nation and the whole of Europe.

"Our Ministry," James wrote, "will derive great strength from the satisfactory solution of the Belgian problem. Anarchy in Belgium provided our anarchists with a field of operations from which they could prepare the ruin of France; and now we see Belgium settling down and organising herself. . . . Prince Leopold will soon arrive to take possession of his throne. Peace will be established in Belgium, and disorderly elements will be firmly dealt with. At the same time we have to reckon with the fact that there will be an opposition of 150 members, some of them clever and eloquent, others full of ambition and cunning. They will be bold and enterprising, and, having the benefit of unlimited freedom of the Press, will be supported by their insolent and perfidious journal. They will give the Ministry no quarter, and we shall have to wait and see how events will develop."

James had every reason not to feel entirely reassured, in spite of all the promising indications. The main crisis in Belgium was still to come, and involved the danger of a mighty conflict between the Eastern and Western Powers. King Leopold's arrival at Brussels was more than the Dutch could stand, and on the 2nd August,

1831, they gave notice that the armistice was at an end, and marched on Belgium with a strong force. Leopold, who had only a small force at his disposal, appealed to France and England for help, and French troops did actually enter Belgium. This news naturally produced a panic in Paris: "There were wild movements on the Bourse to-day," James reported; "3 per cent. Rentes closed at 53.20, and the 5 per cents. at 84." The French Ministry was to be reconstructed, and James was of opinion that the new Ministry would be still stronger, as the Chamber feared the ultra-liberals. "I haven't quite got the courage," James wrote to his brother, "and I don't want to run any risks, or I would buy. . . . Good-bye, my dear brother, don't worry, the world is not going under. I feel satisfied that the Chamber will get over its foolishness."

To James's great satisfaction the rumours of a change of Ministry came to nothing. Périer remained in office, and succeeded skilfully in allaying the indignation of Austria and Prussia, from whom immediate military intervention was generally feared, by the declaration that the troops would be recalled home as speedily as possible. The Conference of London also intervened at once, and with energy, on behalf of peace. As early as the 5th August, James wrote to say "that the whole world believed that the difficulties in Belgium would speedily be ended by the strong and prompt measures that had been taken.

"Yesterday's alarm on the Bourse," he continued, "that Prussia would send troops to the assistance of the Dutch, has entirely passed, and, ~~and~~ in calm reflection, one cannot but realise that Prussia is, of all Powers, least in a position to demand war, and has done most to avoid it. The King of Holland is much blamed, and people

find it almost impossible to believe that he would take such a step without previously having secured the promise of assistance from other Powers. . . . It is, however, to be hoped that, when the King of Holland sees the British Fleet and the French Army, he will give way. We have had no letter from London to-day, but we do not doubt that the British Fleet has already sailed, because the Ministry has written again from here, asking that it should. . . . In a few days we shall see whether all the Powers desire peace as keenly as they have all the time been saying. I believe that Russia does not want peace, although fortunately her Government is not in a position to make war alone. When this matter is peacefully over, we can hope for quiet for some time, as the Ministry will be strengthened; and we must hope that we shall have peace for a long time."

In point of fact, the Belgian problem did not give rise to a European war. Prussia decided against intervention, and Metternich was restrained from military adventures by the elements in his own country which were opposed to such distant expeditions, by an outbreak of cholera at Vienna in August, and last, but not least, by Solomon Rothschild's constant admonitions against military intervention. Joint action by France and England had effectively checked the King of Holland, and the final solution of the Luxemburg and other territorial problems had been deferred to a later date. For many more years these constituted a bone of contention between Belgium and Holland, and resulted in a crisis some years later, to which further reference will be made. The most important thing for the House of Rothschild was that the general European war was

avoided, in spite of these, and any subsequent, revolutionary disturbances.

The two States whose loans the brothers Rothschild carried in their portfolios did not become involved in any warlike adventures on a large scale, and the small military operations they undertook were soon over.

A beneficent tranquillity supervened, which allowed Rentes, and other securities on the various European Bourses, to recover. Thereby the principal danger to the House of Rothschild was averted. Relieved of their responsibilities in Prussia, holding a large mass of appreciating securities in Vienna and Paris, and feeling reassured as to the political future, at any rate as to the next few years, they proceeded to look out for profitable financial transactions, such as they had not been venturing upon recently, owing to their straitened financial resources, and the general uncertainty of the political situation. Of the five brothers, James had especially distinguished himself in the campaign after the July revolution. Even at the most critical moments he did not lose his head, and, as his letters prove, always contrived to maintain a fairly optimistic outlook. He had always done what he could to assist in maintaining peace, his methods displaying the most consummate ingenuity. James had been positively everywhere. He was to be seen in the rooms of the King and of the Ministers, in the political salons of the capital as well as on the Bourse, and at the meetings of industrialists and business men who controlled the economic life. He was always the advocate of peace and discretion. The House of Rothschild as a whole had really reason to be thankful to him at that time. It was largely due to his efforts that the House was able to meet all the due claims made upon it, even at this difficult period.

At the beginning of the year 1832, the crisis in the firm's fortunes—which began with the July revolution

—might be regarded as weathered. An important asset contributing to this result had been the unique position which James had so rapidly achieved at the Court of the French King, and amongst those whom he had called in to assist in the government. The French Prime Minister often told James, before anyone else, of important measures of the French Government, and, for instance, repeatedly informed him of the substance of a Royal speech to the Chamber the day before it was delivered.“ The credit of the House of Rothschild had suffered only temporarily ; the difficult times were now over, and the reputation which the firm enjoyed for solidity and financial power, even under the most adverse conditions, was again secured throughout Europe.

CHAPTER II

The Rothschild Loans in Relation to Home and Foreign Politics, 1832-1835

THE avoidance of a first-class European crisis, and the relief afforded by the gradual recovery of Rentes, made it possible for the House of Rothschild again gradually to enter into loan transactions with States and private individuals, subject, it is true, to special precautions and limitations. As early as the middle of May 1831, Solomon and Carl Rothschild proceeded to put into effect the arrangement for making advances to Prussia, which had been promised when times should improve, on the cancellation of the old agreement. A contract was entered into for gradually providing an advance of 3,000,000 thaler, and 500,000 were immediately paid to the Seehandlung Bank on account. At that time Prussia was as sadly in need of money as Austria, for although war did not result, both States had embarked upon expensive military preparations. This was especially true of Austria. As early as February 1831, that country, instead of realising an expected surplus, had already incurred a deficit of 22,000,000 gulden, as the result of extra military expenditure, and in the course of the year this sum increased to, roughly, 85,000,000 gulden, in consequence of the additional expenditure on armaments that Metternich kept demanding. As Kübeck, who sharply criticised Metternich's action, put it, there was no way out, except by 'the road to the king of financiers.' The four banks, under the leadership of the House of Rothschild, gave Austria a loan of 30,000,000 gulden at a discount of 20 per cent., but made it an express condition that they should be relieved of any responsibility in the event of war. The Rothschilds thereby achieved a double object : on the one hand, they secured a piece of business which would be profitable under peace conditions, and, on the other hand, made

wise by their former experiences, they obtained an insurance against the war policy of Metternich, which they disliked ; for this clause would, on a declaration of war, immediately deprive the Chancellor of the advantages of the loan.

This, however, did not satisfy Metternich, and he racked his brains for a means of obtaining ready money. He remembered the 20,000,000 francs which in 1815 had been set aside out of the French war indemnity for the purpose of building a German Federal fortress, and which had been left on deposit with the brothers Rothschild at $3\frac{1}{2}$ per cent. interest. The money, however, belonged to the whole German Federation, and not merely to its leading members, Austria and Prussia. But Rothschild was a confidential banker of these two States, and they both had an interest in obtaining cash. They soon came to an arrangement for taking the money into their own control, on the pretext that, in spite of repeated demands, the Rothschilds had not provided any security for the considerable amount involved. It suddenly became apparent that general conditions were such that the credit even of the most firmly established businesses could be easily undermined, and that the Rothschilds could provide security only in paper, and not in tangible effects, as they were not possessed of any. The two "administering" States therefore felt that they had no alternative but to take the money into their own control. There was one serious difficulty about this ; they did not wish to say anything to the Federal Diet about it, as objections might be raised. It was, therefore, arranged that the Rothschilds should apparently keep control of the money as heretofore. The Rothschilds understood the position perfectly, and exploited it for obtaining favourable counter-conditions. The transaction was concluded ; Austria and Prussia each received half the money, while the Rothschilds remained debtors to the Confederation, and Austria and Prussia

guaranteed the payment to Rothschild only if the necessity should arise. In actual fact, it was not until the year 1846 that they repaid these moneys to the Federal Treasury.

In addition to their transactions with Governments, the House of Rothschild was receiving numerous requests for loans from private persons, especially the Vienna and Frankfort branches, which received applications from the higher German and Austrian nobility, so many of whom were heavily in debt and living beyond their means. Prominent amongst these were the requests of Prince Paul Anton von Esterházy, Austrian Ambassador in London, who was a great-grandson of Haydn's famous patron, and notorious for his extravagant manner of life. He had inherited the expensive and magnificent passions of his equally extravagant father, but he was the special favourite of the Chancellor Metternich. As a result of his enormous expenditure, which was the talk of the whole of London, he fell more and more heavily into debt, and had to have recourse to loans which, in the end, seriously imperilled even his colossal inheritance. In June 1831, Metternich decided to approach Solomon Rothschild, and begged him for advice regarding the financial settlement of Esterházy's affairs. He naturally meant that Rothschild should grant a further loan, and remarked that the Prince's brother-in-law, the Prince of Thurn and Taxis, might stand security. Rothschild replied to Metternich that he felt that, having regard to the discredited state of the Esterházy family property, it would be exceedingly difficult to negotiate a mortgage on it, in spite of the guarantee of the Prince of Thurn and Taxis. "My humble advice would be," Solomon wrote, "that, as the Prince of Thurn and Taxis seems to have the noble desire to lend a helping hand to his brother-in-law, he should decide to make the loan himself. . . . My firm at Frankfort-on-Main, which for many years has had the honour of

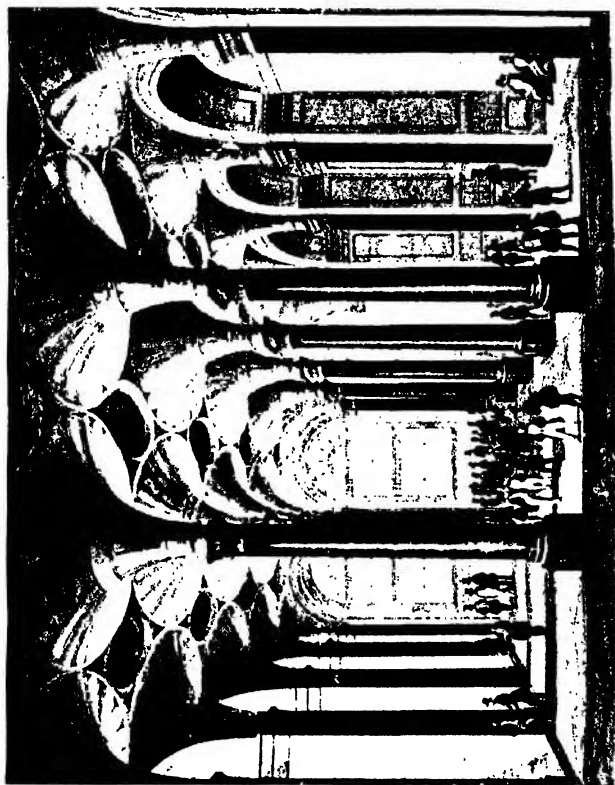
having dealings with the House of Thurn and Taxis, would carry through this business with all the more enthusiasm if His Highness should request us to do so, because it is particularly devoted to all the parties interested."

Although the Rothschilds always endeavoured to be of service to important families, this reply shows what caution they exercised. They contrived, however, so to treat those who applied to them that they felt under an obligation to the House, even when it did not fully meet their wishes. This is well illustrated by the introductory words in a letter written about this time by Prince Esterházy to Solomon Rothschild.*

"As your friendly feelings to my House are well-known to me," the letter ran, "and as you have accepted my invitation to come and see me and have shown your sympathy in my financial affairs, and have also assured me of your readiness to assist me and my son with your advice and help, I cannot but feel grateful to you. You are well known for your exceptional qualities, and your only pleasure is to do good and be helpful, so that I cannot but hope for the best."

Rothschild dealt with this letter, as far as Metternich was concerned, by assuring the writer that nothing would give him greater pleasure than to collaborate in the settlement of the Prince Esterházy's affairs, with the approval of Prince Metternich. Rothschild hardly ever did anything of this kind without first obtaining a definite statement from Metternich, as in that way he had a kind of additional insurance if anything went wrong. As a general rule, proposals sponsored by Metternich were always favourably considered by the Rothschilds, for, while they were rarely losers by any "accommodation" they granted, they rarely always followed it up by asking a favour for themselves.

The Rothschilds had long been handicapped by the fact that, while as foreign Jews they were tolerated at Vienna



THE FRANKFORT COURSE

and in the monarchy's territories—and through their riches and ingenuity they had won access even to the highest circles—yet they were subject to certain hampering restrictions imposed upon the Jews. The most serious of these was that Jews were not allowed to acquire any real property within Austria.

Solomon Rothschild was still living in the Hotel Zum Römischen Kaiser, although it is true that he and his clerks had taken over the whole hotel. Besides, during the crises of the July revolution they had been seriously embarrassed by the fact that their enormous property consisted almost entirely of paper securities, the value of which was far too dependent upon the vagaries of the Bourse, and upon war and rumours of war. Solomon pondered on a way out of this difficulty, and it was not long before he approached Metternich with another request. As was his practice in such cases, Solomon began by enumerating the services which his House had performed for the State of Austria.

“MOST GRACIOUS CHANCELLOR,—When His Majesty, the Emperor, by his letters patent of the year 1822, was pleased to elevate me and my brothers to the estate of hereditary barons, we felt that we could flatter ourselves that we must, situated as we were then, have given some proof of our devotion to the sacred person of His Majesty and the most noble House of Austria, in order to have deserved his gracious notice.

“As we look back upon the time that has since elapsed, and call to mind the various services which in the intervening period we have had the good fortune to be called upon to render to the Government, we feel that, without being immodest, we may ourselves bear witness to the fact that we have not merely continued to be worthy of the favours

so graciously conferred upon us in the past, but have perhaps also earned some further claim upon the grace of His Majesty the Emperor.

“Your Highness, under whose benevolent auspices it has mainly been our good fortune to exercise our activities in His Majesty’s service, has had a special opportunity of appreciating the value of any services we may have rendered. I shall therefore refrain from wearying you with a lengthy repetition of facts, but shall confine myself to the simple statement that, in all major operations undertaken by the Treasury during this period for establishing the credit of the State by measures that were both wisely and boldly conceived by the Treasury, the part played by us was always of relatively great importance, since we applied all our resources to ensuring their success. The Treasury is also well aware that at the most difficult times I have always been ready to devote my best efforts to His Majesty’s service. Finally, Your Highness is alone in a position graciously to estimate the extent to which my House may, apart from its commercial activities, through its other connections, have been in the fortunate position to render useful services to the Imperial Government. . . .

“The request that I am now venturing to make on behalf of myself and my brothers is that we should be most graciously permitted to purchase estates and other real property within the boundaries of the Austrian monarchy. I am well aware that this request is contrary to the provisions of the law. His Majesty may, however, of his grace, make exceptions in individual cases, and I feel that, if Your Highness will represent to His Majesty in a favourable light such circumstances as may speak

in our favour, your kind intercession should not fail to prevail upon the most benevolent and most just of monarchs to grant our humble petition.

“ Our hope that this request may be granted is strengthened by the fact that in putting it forward we are not influenced by the ambition of achieving greater prestige, our sole object being one that His Majesty must regard as being perfectly legitimate, namely, to convert part of the wealth with which a kind providence has blessed us into a form in which it will be remunerative whatever vicissitudes may befall us, and whatever may be the fate of the rest of our property, so that we may be able to leave at least a part of it firmly secured to our successors. We further desire, if His Majesty should grant our request, to be permitted to create entailed estates in respect of the properties to be purchased, these to be heritable only in the direct male line of each of the five brothers of the Rothschild family. . . . We feel we should not altogether refrain from pointing out that the Government will find the granting of our humble request to be not wholly inconsistent with its own advantage, since it cannot regard with indifference the possibility of attracting considerable capital sums to the country which will become subject to taxation ; and it must be keenly interested to see landed property passing into the hands of owners who command the means . . . through the control of greater capital resources, of producing beneficial effects upon trade and industry.”

This request was entirely opposed to the current law ; it involved the making of another exception, which was bound to provoke considerable dissatisfaction amongst

other Jews, for it was certainly not proposed to grant this to them all. Metternich was strongly in favour of granting it, as the Rothschilds proposed to acquire property in Austria to the value of several million, and he felt that they would be more under his control if they had such considerable real property in the country, but it was necessary first to consult several other departments. As was so often the case, this request was pigeonholed, and in the end it fell into the background owing to the cholera epidemic, which reached Vienna at the beginning of summer, and spread in an alarming way.

This disease, which was a particularly serious menace in the condition of medical science at the time, had approached the city from the north. The first cases occurred in the middle of August, and produced a positive panic among the ruling classes at Vienna, especially as the Emperor's personal physician, Stifft, who was the supreme authority in health matters in the monarchy, had given an assurance that the illness would never reach Vienna, and did not admit that it was infectious! The helplessness and ignorance of the doctors was absolutely indescribable. All doctors in the Government service were compelled, against their convictions, to accept Stifft's view. But when, to the discomfiture of the Emperor's physician, the first cases occurred at Vienna, the Imperial Family were thrown into a state of complete panic. Most of the Imperial Princes fled to the provinces, while the Emperor and the rest of the Court cut themselves off completely at Schönbrunn from the rest of the world. Count Kolowrat, Metternich's rival, took refuge at Ischl.

Gentz's intimate relations with the Rothschilds had lately developed into the habit of a daily conversation. When, however, on the 14th August, after a visit to his beloved Fanny Elssler, he called on Solomon Rothschild at the Römische Kaiser, as his custom was, to discuss politics and business, he was told that the Baron had left

Vienna the day before on account of the cholera, and had left his manager, Goldschmidt, in charge.

Metternich alone showed on this occasion, as usual, that he was not affected by panic, and that he was a man of personal courage. He remained quietly in Vienna, and availed himself of the opportunity of getting everything into his own hands, and stealing a march on Kolowrat. Kolowrat's flight had provoked the Emperor's displeasure, but it required an official letter from the Emperor to bring him back to Schönbrunn. He immediately opposed Metternich's policy again, asserting that the political unrest and financial difficulties which Metternich occasioned by his eternal military expenditure were, together with the cholera, proving the ruin of Austria. Under these conditions it would have been untimely to have put forward the Rothschild petition, and it therefore remained in its pigeonhole.

During the next few months, business was more or less at a standstill at Vienna. Carl Rothschild at Naples, however, was engaged in carrying through a loan transaction which was completely in harmony with Metternich's political system, and which is specially noteworthy, having regard to the position of the borrower. The spiritual Head of the Church, the Pope, was to follow the example of so many monarchs and princes of Christendom and contract a loan with the Jewish House of Rothschild on behalf of the Papal States. The various risings in the Papal States, which had followed upon the July revolution, and had necessitated the intervention of Austrian troops in order to re-establish the temporal power of the Church, compelled the Holy See to take precautions against the repetition of such occurrences. This too called for military expenditure, and Metternich advised it; but a great deal of money was required, and the Papal finances were at that time, completely disorganised. It was impossible further to increase the burdens of taxation upon a

discontented people ; the only way was to have recourse to a loan, and this was not an easy matter. Various quarters were sounded, but always without success. Thereupon, two ladies of the high nobility, who were devoted to the Holy Father, were commissioned to find means of obtaining such a loan. They were the Duchess Bassano in Paris, and the Countess Stephanori in Rome. On her list of financiers to be called upon, the Duchess in Paris found the name of James Rothschild, while the Countess in Rome found that of Carl Rothschild of Naples, who at that time was constantly travelling between Frankfort and Naples. The Countess wrote to ask him to come to Rome to discuss a financial matter of the highest importance. Carl guessed what it was about ; he wanted first to discuss the matter with his brother in Paris, and he also preferred to conduct the first negotiations, if any, by letter, in order to prepare the ground in advance. He therefore put off his journey to Rome. The Austrian Minister at Naples, Count Lebzelter, who was in constant personal touch with Carl Rothschild, reported to Vienna that the Pope was obviously in great financial difficulties, and that Carl Rothschild did not show any keen desire to lend his money to the Pope. He had therefore been thinking of a way out by which the business could be carried through by substituting for the Papal States, Naples, as being a more reliable debtor. The kingdom of the two Sicilies had long wished to acquire the principalities of Benevento and Ponte Corvo, which belonged to the Papal States. Carl Rothschild proposed that Naples should purchase these from the Pope, and that he should advance the purchase price to the State of Naples.

The Holy See, however, would not agree to this, on the ground that it could not surrender any portion of the territory of the Patrimonium Petri without breaking its oaths. There followed a period of intensive negotiations between Carl Rothschild, Naples, and the Papal States ;

but it was easy to see that Carl Rothschild was playing for time, and waiting for the political situation in Europe to clear up, and for the return of generally peaceful conditions.

“He shows,” observed Count Lebzeltern, “little inclination to make his firm solely responsible for a business of such importance, and one that, in view of prevailing conditions, involves so much risk.” Metternich was dismayed by this report. He was exceedingly anxious to provide the Pope with the means necessary to re-establish in the rebellious provinces what Metternich called “authority, order, and peace.” The Chancellor therefore decided to make a personal appeal; he invited Solomon to his house, and explained to him the importance which Austria attached to the conclusion of the Papal loan. Metternich begged the banker to use his influence with his brothers, especially with the one at Naples, so that they might make every possible effort to carry the matter through. He also instructed Count Apponyi, in Paris, to take similar steps with regard to James. James was, at the moment, negotiating with the Roman banker, Torlonia, who had travelled to Paris, and who had offered to take up half the loan, since the House of Rothschild would not deal with the whole amount. Apponyi went to the two bankers, and made proposals in accordance with Metternich’s instructions. The final result was that the Pope received his loan from the two bankers jointly.

James reported this to Apponyi with great delight. “From the start,” he wrote, “we were exceedingly anxious (*empressés*) to see our name associated with the flotation abroad of a loan for the Roman State. The fact that Your Excellency sponsored it, and that we were informed that Austria was interested in its conclusion, merely served as a strong additional spur to us in our efforts to carry the matter through (*embrassions chaudement cette affaire*). We are happy that we have succeeded

in settling this matter, and we doubly congratulate ourselves, as we are simultaneously carrying out the intentions of His Holiness's Government and the wishes of the Austrian Government."

Nevertheless, James had misgivings. He feared that the Papal States would not punctually carry out their obligations with regard to interest payments, and urged Austria to exert pressure upon the Papal Government in this direction.

"When we undertook this loan, thereby assuming a very heavy responsibility to the public, who will associate our name with this business, we naturally counted upon the fact that the Holy See would appreciate the implications of the responsibility we have undertaken, and the extent of its responsibilities, and the degree to which its credit will depend upon a strict and punctual performance of its obligations. It would be absolutely impossible for it to obtain any further credits or any further assistance whatever abroad if it were to fail in any way in carrying out its obligations with the utmost punctuality."

The reason why James was worried was because there were rumours current that, in the case of former loans, the Papal Government had, on occasion, suspended interest payments. James emphasised the fact that punctual payments were the life-blood of credit, and that they alone would make it possible in future, in a case of necessity, to obtain new money. James further turned the situation to account by calling attention to the condition of his Jewish co-religionists in Roman territory, expressing a hope that their conditions would be improved as a result of the loan. He stated in conclusion that the fact that Austria had given his House a kind of moral guarantee that the Papal Government would conscientiously observe their obligations, had given him the confidence necessary to invite other capitalists to take part in the scheme; and he did not omit to convey the usual impression--that an

arrangement which, after all, involved a substantial profit for his firm, constituted a political favour for which the Rothschilds were entitled to the gratitude of the States concerned.

Solomon, who was still staying at Munich, which had not yet been visited by the cholera, expressed his satisfaction to Metternich at the conclusion of the arrangement. "As Your Highness," he wrote to the Chancellor, "has shown so much interest in the welfare of the Roman State, and has seen fit to concern yourself particularly for the loan, it will give me especial satisfaction if the arrangements work smoothly, now that the matter has been settled, so that confidence, contentment, peace, and tranquillity may be firmly established in the Roman State."

The loan enabled the Papal Government to raise a small army of a few thousand men for the better security of its temporal power; but the affair aroused considerable comment in the Christian world, especially when Pope Gregory XVI received Carl Rothschild in audience on the 10th January, 1832, conferred upon him the ribbon and star of the newly founded Order of St. George, and permitted him to kiss his hand instead of his toe. And yet Rothschild did not even have himself baptised in return. Baron von Kübeck noted these occurrences in his diary, with some extremely malicious comments. The much-dreaded wit, critic, and journalist, M. G. Saphir, might well have exercised his sharp tongue upon them. Saphir had made his position impossible in most of the places where he had lived and written; at Pesth, Berlin, and Munich. He made so many enemies by his pointed and satirical style of writing that he was forced, as a result of assaults and unpleasantness of various kinds, to leave one town after another, and consequently soon found himself in material difficulties. He was an ugly little man with sharp features. His bald head had but one wisp of flaming

red hair, which gave him a faunlike appearance." He wrote with extraordinary facility, and his output was considerable. He was insanely vain, and violently persecuted anyone who showed him ill-will. When he had money he spent it recklessly in giving most magnificent parties. Rothschild and Sina often footed the bill for such entertainments, for the very good reason that it paid better to have him as a "dear" friend than as a cheap enemy. The drain, however, grew irksome as time went on, and Solomon Rothschild began to wonder how the fellow, who was always short of money, could be provided for, and at the same time muzzled. He decided to try and secure Saphir, the revolutionary satirist, for Metternich's cause, and to get a substantial income provided for him, as a publicist writing in Metternich's interest. When, towards the end of 1831, Saphir again came to the banker, and complained of his lack of funds, Rothschild put this proposition to him, and asked him to state definitely whether he would agree to the condition that he should devote his talents to the good cause—i.e., Metternich. Saphir asked for a short time for consideration, and next day sent a letter to Rothschild clearly outlining his position: "With reference to our conversation of yesterday," he wrote, "there may be a certain advantage in my putting my ideas into writing, as some of them, if put verbally, might convey the suggestion of flattery. . . . You wish me to put forward a proposition. My reply is that your general European reputation for justice and fair dealing is such that I feel that I can leave the whole matter, and the settlement of all the conditions with full confidence in your hands. . . . My literary efforts have always been directed to the service of the good cause. Possibly I was not always right in my judgment as to what was the better cause. It will naturally be a satisfaction to me to have more scope for serving my country in accordance with my feelings, and it will suit me perfectly to be placed



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in a position in which I need no longer worry about considerations with which a man writing for his living has so often to concern himself, so that I can give free play to the weapons of my wit and imagination, since wit and satire are often effective where arguments fail. The eminent gentleman and subtle observer of our times and manners on whose behalf you were speaking (Metternich) will, with his profound knowledge of men and affairs, appreciate this point. I am, therefore, prepared entirely to devote myself with all my energy, and with the enthusiasm of a man of honour, to the interests of the better cause. . . . You are well able to judge of the value to be attached to an established writer, and to give an opinion as to the money which his services may justly command."

Rothschild reported the result of these negotiations to Metternich, and the latter was quite sympathetic to the idea of securing for his own ends the man whose clever and witty pen had so often been dipped in malice and hatred.

"Your Highness," Solomon Rothschild reported,¹⁴ "can make of this man what you please, and in my opinion his youth and the grim necessity of earning a living have been more responsible for his past faults than malice itself. He was moved to tears when he heard Your Highness's kind opinion.

"I feel I must say that the request in Herr Sanhir's letter that the arrangement should be made to apply over a certain period is not unreasonable; in my opinion, two to three years should be sufficient to try the experiment, and at the end of that time one could further consider how he could best be made use of. If Your Highness should be pleased to grant him a couple of thousand gulden a year, so that he could draw five hundred gulden quarterly, as he has no means and his business involves a certain amount of expenditure, I believe that he would not have been acquired at too high a price, and he himself would be

satisfied. If Your Highness is prepared favourably to consider this suggestion I should be glad to have your decision at an early date, as, owing to the cholera, I cannot foresee how long I shall still remain here [in Munich].”

Metternich agreed to take Saphir into his service, and proposed first to offer him fifteen hundred to two thousand gulden for a year, on probation. Saphir asked that the period should be extended to three years, and Rothschild successfully supported his request. Thus Saphir secretly entered the service of the Austrian Government, for the matter was at first kept a secret between the three persons concerned. His readers were certainly much astonished by the changed note in Saphir's writings, but Rothschild was highly pleased with what he had done. He had achieved a triple object : first, he had secured a substantial salary for a period of some years for a fellow Jew with dangerous gifts, who had been a constant drain on his purse ; secondly, he could show Metternich that he had gained a redoubtable writer for his cause ; and, thirdly, he had secured himself against possible attacks in that quarter, as he could reasonably count on Saphir's gratitude.

About this time Rothschild succeeded in rendering another important service - a personal one. In 1831 the Chancellor had married his third wife, the beautiful and vivacious Countess Melanie Zichy-Ferraris, whose family were often embarrassed owing to their extravagance. The Emperor Nicholas of Russia, who had known the Zichys since the Congress of Vienna, lent her four hundred thousand francs, which he converted into a present on Metternich's marriage. However, a special arrangement had had to be made, which was carried through jointly by Rothschild and Eskeles.* Solomon Rothschild thereby earned the gratitude of the Chancellor's wife, and he also loaded her with presents and flowers on every possible occasion. It was through her that the Jewish baron achieved his

unique position in exclusive Viennese society. It was not only at Vienna that the social rise of the Rothschilds was so marked. Nathan was invited to the best houses throughout England, and James's quite exceptional position at the Court of the new King, Louis Philippe, was most clearly marked by the conferring upon him of the Grand Cross of the Legion of Honour, the Knight's Cross of which he had held since 1823. The magnificent balls and banquets which he gave to the leaders of society at his splendid palace in Paris helped him to consolidate his position. On one of these occasions an unpleasant incident occurred, which caused the heir to the throne, the Duke of Orléans, to be quite unjustly annoyed with James Rothschild. Whilst, with the help of England, Louis Philippe was consolidating his position abroad, he was far from being so successful with society in Paris, amongst whom the legitimate nobility had a great deal of influence. As Baron Hügel, who was in Metternich's confidence, wrote from Paris, there was a kind of opposition of the salons; and those families who had remained loyal to the exiled King went so far as to carry on secret correspondence with their relatives who had left the country with Charles X. These *émigrés* intrigued throughout the world, and made special efforts to induce the Eastern Powers to make war on Louis Philippe, in order to place Charles X on the throne once more.

The legitimists in Paris made satirical remarks about the people who swarmed about the new King and the heir to the throne with a view to securing good jobs, and the opposition paper, *La Mode*, published a drama *à clef*, *De la Comédie de la Cour des Oiseaux*, in which all these adventurers were represented as hens in a farmyard, flocking round the grand poulot, as the Duke of Orléans was called. From this time onwards the heir to the throne was always known by the nickname grand poulot. The Duke of Orléans was present at an informal gathering in James

Rothschild's house. This gave an opportunity to a certain young Monsieur de Blanchemil, the son of an ardent legitimist who would not go to Court, of saying to a fellow-legitimist in a voice loud enough for the Duke of Orléans to hear, "Why, here comes the grand poulot!" This apparently harmless remark was aimed at the close connection between the new Royal House and the Jew banker. It was overheard by adherents of the new régime, and one of them came forward on behalf of the Prince. Heated words ensued, and the Duke of Orléans at once realised what was happening. Two of his adjutants went to the young men to demand an explanation. They assured the adjutants that they had no wish to offend the Duke, and had not thought that he could overhear their remarks, and the matter was then dropped; but the heir to the throne never went to James Rothschild's house again, in spite of all the efforts that Rothschild made, and all the invitations he sent him.

Meanwhile, anxiety was still felt over the Belgian problem, which was far from being finally settled. The independence of that State had not yet been recognised and there was still reason to fear that warlike complications might arise. On account of the cholera, Solomon Rothschild had not yet returned to Vienna, and his business was being carried on by his confidential manager, Leopold von Wertheimstein. Austria had, meanwhile, issued a further loan of 50,000,000 gulden, in which the Vienna branch of the House of Rothschild participated. Solomon wanted to travel from Munich to Paris via Frankfort in order to take general stock there of the position and undertakings of the firm. He wanted to bring his Paris brother some cheerful news. He therefore wrote to Metternich from Frankfort."

"Your Hig'ness is aware that we have subscribed a quarter of the last loan of 50,000,000, and have also purchased securities on the Bourse in order to maintain

the price of Metalliques, that we are carrying through other important financial operations, and that we are also negotiating new ones. As these are closely affected by the course of political events, and I would like to see my brother happy and free from worry, I would humbly beg Your Highness to be pleased to let my manager, Leopold, know your opinion as to the present situation, and whether the Austrian Government will recognise Belgium, and allow the settlement to be ratified. I would also regard it as a special mark of your favour if Your Highness would have the kindness to honour me with a few words in writing. They are sure to bring me great peace and comfort. I am thinking of starting for Paris in the immediate future, and am sending a member of the firm there to-day, so that we may get Your Highness's gracious news as soon as possible, and without any fear of letters being tampered with.

"I shall have the privilege of submitting to Your Highness my most humble reports from Paris, and trust that they may be of use to the Austrian Government."

Meanwhile Nathan wrote from London to say that the Reform Bill would be passed, that it was hoped that the Eastern Powers would ratify the agreement regarding Belgium, and that, in his opinion, all public securities would improve in the next three months."

On his arrival in Paris, Solomon had really good news to report. He had to make use of an amanuensis, as he suffered from severe rheumatism in the region of the eyes; but this did not prevent him from thoroughly investigating the situation in Paris.

"During my stay in Paris," he wrote to Metternich, "I have seriously occupied myself with the study of the internal condition of France, and have arrived at the satisfactory conviction that the Government grows stronger every day. In my opinion, the opposition in the country consists only of certain newspapers, the kind of

opposition which is not to be taken seriously. All decent people are supporting the present Ministry, and seeking to maintain tranquillity ; the former kind of popular outbreak (*émeutes*) is out of date, and, however much and however violently the opposition papers may write, they will not be able to start them again. The spirit of goodwill is manifesting itself in the Chamber of Deputies. . . . If only the Great Powers would send in their ratifications of the Belgian affair, M. Périer would be able to state publicly, 'I wanted peace, and I can now show that I have completed the work that I began.' Such a statement would still further increase the confidence which this man inspires, and everything would then proceed satisfactorily in the Chambers.

"The opposition in the Chamber of Deputies is purely obstructionist in its tactics, partly because the Deputies are afraid of being blamed when they return to their Departments for not having effected enough economies, and partly because there are amongst them a hundred to a hundred and twenty people who, having no property themselves, do not wish others to have any either, and therefore press for economies and reductions.

"Unless the Government should be disappointed with regard to the Belgian affair, the Chambers can adjourn in two or three months, and the Ministry can then deal with the internal situation for twelve to fifteen months without any Chambers, to great advantage. At the same time, trade will expand in all directions, and we shall have a firm and settled Government, such as we have been accustomed to in the past. Such a happy consummation, however, can be achieved only provided that the speedy settlement of all points of dispute between Belgium and Holland is assured. . . . There is confidence in the present Ministry ; it is, of course, unpleasant to have to admit that peace is dependent entirely upon a single individual, but this will adjust itself in time, when

the necessary stability has been achieved. It is reassuring in this connection to note that the King is absolutely devoted to M. Périer. Your Highness's well-known judgment is such that, on perusing this letter, you will be able to appreciate how far the views I have expressed are sound, and it will be a cause of great satisfaction to me if I shall prove to have presented the position adequately."

Solomon deliberately painted things in rather rosy colours, for the French Cabinet were, in point of fact, actually considering a counter-move to the further intervention of Austrian troops in the Papal State. The Papal mercenaries who had been raised with Rothschild's money had failed to control the sporadic rising which had broken out on the withdrawal of the Austrian troops, and the Holy Father had been forced again to apply for help to Count Radetzky, the Austrian commander in Italy. It was not in the least gratifying to Metternich to be called upon again to play the rôle of Papal policeman, but on the 28th January, 1832, the Austrians again occupied Bologna. This was a serious blow to Périer's peace Ministry. All Périer's enemies immediately protested that such action was an attack upon the honour of France, and Périer was forced, at any rate as a matter of form, to make a display of armed force in the Papal States, for, after all, the risings following upon the July revolution had all counted on the support of liberty-loving France. A French squadron accordingly sailed into Ancona, and landed troops there to occupy the town and the citadel. Metternich strongly protested against this action, but there was no serious intention, either in Paris or Vienna, of making it a *casus belli*. French troops were simply to remain at Ancona until the Austrians had evacuated the Papal States. The powder magazine had very nearly been fired, but Metternich was less anxious for war than usual. As he could not rely with

confidence on Prussia, or count with absolute certainty upon Russia, which was so distant from a possible theatre of war in the west, he might have been left to make war alone. Nevertheless, the Rothschilds feared that he might go to war ; and Solomon and James continued their efforts in Paris to eliminate this danger as far as possible. They again did everything in their power to stamp out the smouldering embers, as is indicated by a long and positively poetic effusion of Solomon's, who was particularly skilful at flattering the Chancellor."

" MOST EXCELLENT PRINCE !

" How rightly Your Highness appreciated my feelings in favouring me with the letter containing the glad news of the safe delivery of your most honoured lady. No one could have heard the news of this happy event with more pleasure than I, who have so often witnessed the family happiness of Your Highness, and who see in this dear child the confirmation of such tender and happy bonds.

" May the dear Princess grow up in the likeness of her gracious mother, and sweeten the harsh labours of politics for Your Highness ; and may you for a long period of years continue to see all your wishes crowned with success, as you continue in the possession of the most lovable of wives, and the most promising of children.

" Your Highness knows my loyalty of heart and my entire devotion too well to doubt the sincerity of my feelings, or to regard this letter as other than the expression of a loyal friend.

" I should have liked ere this to have allowed myself the privilege of sending Your Excellency a few lines from here, but unfortunately, my eyes have been troubling me so much that I have been forced to give up even the most pleasant occupations. With

just pride I number among them the privilege of being allowed to correspond with Your Highness, for when one has had the privilege, as I have, of living so long in the neighbourhood of the wisest and most lovable of statesmen ; when one has, as I have, been in a position to appreciate Your Highness's paternal disposition, one cannot but be acutely sensible of the loss occasioned by being deprived of this daily pleasure, and I must therefore seek such compensation as I can in the epistolary correspondence which Your Highness has so graciously permitted.

“ Politics here are proceeding on the same lines as ever. As Your Highness has so rightly observed, Périer made a great mistake in his action at Ancona ; this is attributable not so much to a lack of honour as to weakness. He felt that he had to conciliate the opposition, and expected his action to win some of them over to his side, but, as is always the case with such half measures, he has gained nothing with the one party, and has lost standing to a certain extent with men of goodwill. His intentions, however, are honourable, and he is concerned only for the maintenance of peace, in which his own position is so closely involved.

“ He hopes that he may continue to enjoy Your Highness's friendly and powerful support in his endeavours. You occupy a great position, my dear Prince, a position entirely worthy of your noble character and of your benevolent intentions, for it is only through the exercise of your judgment that stability can be maintained in Europe, as it has hitherto been maintained, thanks only to Your Highness.

“ Continue therefore, in your peaceful endeavours, my dear Prince, and do not allow yourself

to be led astray by a mistake of Périer's. . . from the path of high and noble endeavour which you have hitherto pursued. To Your Highness alone is it granted to prevent the outbreak of all-destroying war, and to extend the beneficent influence of peace over the whole of Europe. Continue to carry out this lofty mission, for in your hands lies the destiny of the world ! You would not, my dear Prince, consider me capable of unworthy flattery, and you may regard what I say as the expression of an honourable man who has grown grey in business. You are the one and only competent statesman of our time. Be more and more of a guide to Périer. Let him have the benefit of your judgment and experience. You know how to appreciate the possession of real power. Périer really has a hard row to hoe here ; it is hard for a Minister to stand up against this unrestraint of the Press, to find his most secret plans published before they are matured, and his most carefully thought-out measures maliciously attacked by poisonous pens. Nevertheless, we comfort ourselves with the hope that this nuisance will bring about its own destruction, for it has already lost its influence with the more decent portion of the nation.

“ I have taken the liberty of having some small things, such as are so tastefully produced in this country of fashion and frivolity, made for your gracious lady and her dear little Princess, as a small token of my affectionate feelings. May I venture to ask that Your Highness will be my gracious intermediary, so that I may hope to be forgiven by your most gracious lady for my liberty.”

The spectre of cholera appreciably spoils the pleasure



OFRIER

of Solomon's stay in Paris. He had fled to Munich from Vienna on its account, and the mysterious disease had now pursued him to Paris. During the beginning of April 1832 about thirty thousand people developed cholera in the French capital, and about half of these died of the disease. Those elements which were hostile to the Government and to the King exploited the excitement produced by the outbreak to cause fresh disturbances. During the night all the street corners were placarded with the following notice, which the astonished Parisians read next day :²⁰

“ HOW TO CONQUER THE CHOLERA EPIDEMIC.

“ Take three hundred heads of members of the Paris Chamber, particularly including those of Casimir Périer, Sebastiani, d'Argout, Louis Philippe and his son ; roll them over the Place de la Révolution, and the air of France will be cleansed.

“ A JULY SOLDIER.”

The Royal Family and the Ministry, however, displayed heroic courage on this occasion. The Duke of Orléans and the Prime Minister even visited the cholera victims in the hospital. This was to prove fatal to Périer, who contracted the disease a few days after his visit to the hospital, and died. James and Solomon Rothschild were affected, not merely by the personal loss, for the event was of profound importance to their political and financial schemes. The brothers were overwhelmed with terror of the frightful plague. Solomon took refuge in one of his brother's country houses near Paris, a fact which seriously limited his political activities and the scope of reports to Metternich.

While Solomon and James were adjusting themselves to the new position resulting from Périer's death, Nathan in England was also experiencing a time of internal

political stress. Since March 1832, the Reform Bill, which was so widely to extend the franchise and to abolish ancient abuses, had been the centre of interest. Lord Grey was determined to carry it, in spite of the bitter opposition of the Upper House. This could only be done through a mass creation of new peers, to which the King refused to agree, with the result that the Prime Minister resigned on the 9th May. The Conservative Duke of Wellington, who was opposed to reform, was indicated as the man to form the new Ministry, but the country was passionately aroused in favour of the measure. At this critical juncture we find Nathan Rothschild again coming to the fore. On the 12th May, 1832, when Wellington's candidature was the burning subject of the hour, he went to a friend of the Duke's, Mr. Arbuthnot, and poured out his heart to him. Nathan feared that on the fall of Grey's Liberal Ministry, which in foreign affairs had always supported France against the Eastern Powers, a Conservative Ministry under Wellington would act with the latter, and possibly give them a free hand against France. This would have meant the outbreak of the much-dreaded Continental war. Nathan, therefore, made every effort to bring Mr. Arbuthnot to his point of view, and to persuade him to use his influence with Wellington in the interests of peace."

"MY DEAR DUKE," Mr. Arbuthnot wrote, "Rothschild has been with me. He came to tell me that if you let it be known, as soon as you meet Parliament, that, whatever may be your own opinion of Reform, you are resolved not to disappoint expectations which are so greatly raised, and that your determination also is to do your utmost to preserve the peace of the world, you will surmount all your difficulties. He says

that among the monied men there is an alarm lest there should be such an opposition to all Reform as would cause commotions ; and he adds that the foreign Ministers—he instanced Talleyrand, Weissenburg, and Bülow—are in great anxiety lest the King of Holland should be led to expect such support from the new Government as would lead to war.

“ He assured me that the general feeling was that you would surmount your difficulties if men’s minds were tranquillised as above stated, and if, having the reins in your hand, you were resolved to keep them.

“ He is determined, he said, to keep up the Funds to his utmost, and he is confident he will succeed.”

It was, however, a false alarm, and Nathan’s intervention became unnecessary ; for the masses the name of Wellington stood for the collapse of Reform ideas, and the result was that a storm broke out throughout the whole country, such as put any possibility of a Wellington Ministry out of the question. King William IV was made personally aware of the bitter feelings of his people, for mud was thrown at his carriage in the streets of London. Reluctantly he was forced to yield to the will of the people, and Grey’s Ministry was recalled to office, whereby the passage of the Reform Bill was assured. As the Ministry remained in office, all fear of a change in the trend of Britain’s foreign policy vanished, and the danger of war was averted. Nathan could again devote himself to his business ; and he had once more shown himself capable of dealing with a critical situation.

The Reform Bill was finally passed by the British Parliament on the 4th June, a fact which made a profound impression throughout the world. Austria, too, had been

anxiously following the vicissitudes of western politics, and Metternich, whose sentiments were very different from those of the Rothschilds, felt the passage of the Reform Bill as a personal defeat. But internal problems soon diverted his attention, especially the eternal financial embarrassments of the State. The last Metallique loan of 50,000,000, the interest of which was payable on a metallic basis, had scarcely been issued when a further loan was contemplated. Metternich sorely missed Solomon Rothschild. It was impossible to discuss politics and finance as comfortably with Leopold von Wertheimstein as with his sympathetic, supple, and experienced friend, Solomon. Wertheimstein faithfully reported to his master in Paris what was happening at Vienna. He told him that Sina and Geymüller had latterly been selling Metalliques to an alarming extent, and that he had misgivings as to their maintaining their price, and was also thinking of selling. He also reported to Solomon regarding Metternich's wishes for a further similar loan.

Solomon replied at length. His words constituted practically a rebuke to Austria's leading statesman :

"That Sina and Geymüller are constantly selling," he wrote, "is a matter of indifference to me. It is better that these gentlemen should sell out now that we are still in the month of June, so that the Metalliques will come to be held more and more by solid people. . . . What I do not regard with indifference, however, is that Austria should issue a further Metalliques loan during the year 1832, which God forbid. You know that, taking the sum of our holdings of Metalliques at Frankfort, Paris, London, and Vienna—that is, the holdings of the four banks which really constitute one bank—the total amounts to several millions. Now, you cannot ride two horses at once ; if our firm were forced to sell . . . what price could we expect to get? . . . We should be forced to realise our Metalliques, whether we wished to or not. What would the capitalists

and the commercial world say to the issue of *two* Metalliques loans in *one* year, when the payments in respect of the first loan are not due to be completed until December. Such action might produce a sharp fall in Metalliques. The Government would not be able to get further loans at a low rate of interest. A blow would be dealt at the credit of Austria's finances, and the Government would fail of achieving its object.

“ I therefore repeat that, if it is essential to get money, it is much better to issue Treasury bills, and get in twelve millions of silver for the bank, as on the former occasion, a procedure which costs the Government hardly anything and provides it with money for six to eight months. Moreover, what would the public say to a new loan? ‘ There will be war—there must be war, as Austria is issuing another loan.’ Even if we were not forced to sell, as we should be, prices would fall sharply, and Austria's credit would be severely damaged.

“ I instruct you, my dear sirs, to submit the whole contents of this letter to Prince von Metternich and Count Kolowrat, as it is my *duty* to inform them of my opinion and *conviction* as to what would happen if there were to be even a *whisper* of a suggestion that another loan should be issued this year. . . . In any case, tell Prince von Metternich from me that the Government here is making every possible effort to maintain peace and to suppress subversive propaganda. The Government has gained in strength as the result of recent events, but the European Powers must endeavour to establish it more firmly still. . . . What are the opposition papers doing? On account of the handful of troops which have been sent to Tirol, on account of the disturbances, they are daily preaching war between Austria and France in their papers. The *Allgemeine* and the *Augsburger Zeitung* are largely to blame for this. Prince Metternich should rap the *Augsburger Zeitung* over the knuckles, and have

the other view presented in the *Beobachter*. . . . The Austrian Embassy here will report on yesterday's Review. The Review was a day of rejoicing for Paris. It is impossible to describe how splendidly the National Guard co-operated in the manœuvres with the troops of the line, and the magnificent reception that the King, had from the men of the National Guard and of the line regiments. Prices on the Bourse would have risen considerably yesterday if several papers had not written so definitely on the possibility of war with Austria." "

Solomon's warnings were regarded. No further Metalique loan was issued in 1832, and it was not until the following year that the four banks again subscribed a similar loan.

The two secretaries, Wertheimstein and Goldschmidt, to whom Solomon's letters were addressed, were having a difficult time. All foreign Jews at Vienna had to apply every three years for the renewal of their "toleration." The Rothschilds alone were not merely exempted from this regulation : their names did not even appear in the official list of tolerated Jews. In the case of Goldschmidt, this regulation had been ignored by the authorities, and they had allowed him to remain with Solomon Rothschild without interference. As, however, Solomon Rothschild's absence was protracted, the officials began to take up the question of Goldschmidt. Solomon thereupon submitted a petition to His Majesty to obtain toleration for his secretary, and especially begged Metternich to support his request.

"Your Highness," the letter ran, "is in a good position to judge how far Goldschmidt may be deserving of His Majesty's favour, for you have known him over a period of years. I would therefore regard it as a personal favour to myself if His Majesty would be graciously pleased to grant the request of my secretary, since I often have occasion to be absent from here for

some time, and to give my manager authority to act on my behalf. . . .”

Solomon also emphasised that Metternich would thereby earn the lifelong gratitude of an honest man, and the Chancellor did actually support the petition.

The loss of the French Prime Minister, Périer, profoundly affected the political scheme of the House of Rothschild. In Austria they suffered the loss of a friend which they felt no less acutely.

Friedrich von Gentz died on 9th June, 1832. It was to him that the Rothschilds largely owed their position with Metternich, and therefore in Austria generally. Since Gentz was venal and easily accepted money from the whole world, including foreign States, they had found him easy to deal with. Metternich knew what was happening, but he turned his blind eye to the situation, as the master of style whose writings were as distinguished for the clarity of their thought as for their moving pathos was indispensable to him. The older Gentz grew, the more extravagant he became. Rothschild fully appreciated the treasure that he had in Gentz, the Chancellor's right-hand man, who was the first person to deal with any important despatch. At the beginning of their association the Rothschilds allowed him to win in speculations on the Bourse, but they soon dispensed with this polite fiction, and supplied him with considerable sums, finally definitely appointing him agent of the firm, with an annual salary of ten thousand gulden.“ In return for this, Gentz was required not merely to send them regular political reports when Solomon was away from Vienna, he also frequently wrote long political memoranda which were circulated to the five brothers. It was obvious that he used secret and official information for this purpose. He also often conveyed news to the Rothschilds which Metternich wished to become known in this way. As the years passed, the Gentz-Rothschild

association had grown more and more intimate, and towards the end of his life the Privy Councillor's diary records almost daily that he has been with Rothschild, dined with him, transacted some profitable business with him, or sat with him in his box at the theatre. The last years of Gentz, who, at the age of sixty-seven, was seized with a violent passion for Fanny Elssler, a girl in the early twenties, were divided between services to the Chancery, the Rothschilds, and to the spirited actress. Any payment that he received was easily spent, as he took to Fanny Elssler everything that he could possibly spare. We constantly find in his diary passages such as the following :— " I was with Fanny from seven until eleven ; I brought her substantial presents—a hundred ducats and four hundred Friedrich d'Ors—and spent an evening with her that was worth more than ' all the gold of Aurangzeb.' ”

Gentz's constant request for cash finally became too much even for Rothschild, although he was prepared always to help him out and give him presents. In the course of time he began to ask for securities and make conditions, and on one occasion he purchased from Gentz his silver dinner-service in a moment of acute embarrassment." Gentz was also constantly compelled to ask the Rothschilds to grant him advances on account of his salary from the Austrian Treasury. In these matters Gentz showed a supreme contempt for the world in general, setting himself completely above ordinary morality ; and a remark made by the Emperor Francis about his relations with Fanny made no impression on him at all. since, as he put it, he did not bother about the sovereign." Specially characteristic is a letter from Gentz" to Metternich about an advance of Rothschild's in respect of a gratuity which he hoped to receive from the State.

" After Your Highness's recent kindness to me," the

letter ran, "I would not venture to trouble you with further requests if my need were less pressing. . . . I have asked Rothschild to advance me 4,500 gulden, being the amount granted to me by His Majesty at the beginning of 1829, until such time as Your Highness may succeed, by your kind recommendation, in obtaining for me a similar gratuity in respect of the current year. Rothschild did not either definitely agree to my request nor did he refuse it, but he gave me to understand that he could accede to it only with Your Highness's concurrence, and therefore asked me to put it to him in writing. Presumably he intends to submit my letter to you, and a single word from Your Highness can determine the success of this step, which I have taken at a time of extreme pressure, and the failure of which would deprive me of my last hope."

Gentz admitted that there was apparently a striking contrast between his manner of life and his bitter complaints; and that it might be possible to conclude that he was either unforgiveably frivolous or that he had less to complain of than he alleged. Gentz assured the Chancellor that the lighter side of his existence was the result of a deliberate attempt to dull the sorrows of his spirit and to conceal from others how ill he was faring.

Gentz begged the Prince not to withhold a helping hand from him in his difficulties. "There is only one more thing I would ask," he wrote, "and that is, that you will not let Rothschild know that I have prepared Your Highness to expect his application. This might affect his confidence in me, and I shall be delighted for him to have the credit of having successfully arranged this by his own efforts."

The letter is practically an epitome of Gentz, revealing the frivolous hedonist and extravagant spendthrift, showing how this highly gifted man, with his supple and sympathetic nature, who at the age of sixty-eight lived

careless as a child, and loved like a youth, was indispensable both to the mighty Chancellor and to the acute and powerful financier.

He was dead now, and the Rothschilds had lost an intimate link with Metternich and the Foreign Office, as well as a priceless source of information. Solomon observed on a later occasion that it was only after Gentz's death that he had been able to appreciate the inestimable services that Gentz had rendered to him and to the whole House of Rothschild over a long period of years.

The Belgian problem was still unsettled. The King of Holland continued to resist, and maintained the occupation of the citadel of Antwerp. As no solution was in prospect, England and France were forced in 1832 to consider the means by which they could bring pressure to bear upon Holland. The Eastern Powers, however, would not co-operate. The Tsar, who had repeatedly helped to emphasise the opposition between East and West in the Belgian problem, was ominously inclined to support the King of Holland. The French finally decided on military intervention, and took possession of Antwerp on behalf of Belgium, while the British sequestered Dutch shipping. It was obvious that the King of Holland definitely intended by some means or other to regain Belgium. His brother-in-law, the King of Prussia, did not wish to proceed against him by force of arms, but neither did he wish to be drawn into a war of indefinite duration on his account. The Tsar was more inclined to contemplate war. He was unable to forget that Louis Philippe, who ruled only by grace of the Revolution, was the father-in-law and protector of the newly fledged King of Belgium ; and, besides, he was much inclined to listen to the supporters of the exiled King Charles X at Prague, who did all they could to urge Petersburg to war. These French legitimists were naturally the most bitter enemies

of the House of Rothschild, which, after the July revolution, had at once gone over with flying colours to the camp of Louis Philippe. The Duke of Blacas, who was staying with his King at Prague, received reports from all quarters as to the state of the legitimist cause; his letters were carefully copied by Metternich's police, and thus reached the Chancellor at the same time as the persons to whom they were addressed. They often contained bitter words about the Rothschilds, who supported peace, and applied their money to maintain it, whereas the cause of the *émigrés* could be served only by the Eastern Powers deciding to let loose the dogs of war. The British Tories and their bankers, who also favoured war, and hoped for Russia's military intervention, sent a representative to St. Petersburg to offer Russia a loan for this purpose. While passing through the Hague, the envoy gave a legitimist agent called Cordier some interesting side-lights on the attitude of the Rothschilds in political matters. "They have fallen," he said, "to prodigious extent under revolutionary influences, and the bonds with which they have bound the monarchs are fatal to them."

The Englishman's principal source of information was the Paris banker Ouvrard, who also had legitimist dealings and who was filled with concentrated hostility to the Rothschilds. Another *émigré* simultaneously reported from Frankfort¹¹ that the Russian loan had been concluded with the firm of Hope, although England and France, and the bankers that supported them, with the House of Rothschild at their head, had put every possible obstacle in that firm's way. The *émigré's* report clearly revealed whither the hopes of such circles were directed.

"The object of this loan," the report ran, "leaves no doubt at all as to the firm determination of the Emperor Nicholas to declare war next spring."

Cordier also reported as to this £6,000,000 loan," and expressed the hope that Russia would now set things going. It was true that Rothschild, who had been bought by the two revolutionary Governments, had succeeded in frustrating the earlier negotiations, and thereby delaying everything, but in the end their intrigues had been brought to nought. Cordier stated, indeed, that Rothschild had had the "shamelessness" to say quite openly on the London Stock Exchange that he knew how to bridle the sovereigns, as he controlled them all through his purse. In the end, the legitimist Tory bankers had united against him, and carried the loan through in spite of him.

"This coalition," wrote Cordier, "serves a great political idea, its object being to place sufficient funds at the disposal of the sovereigns to enable them to fight the revolutionary movement, which is served by all the Rothschilds, under the leadership of the London one, and of Talleyrand (French Ambassador in London)."

At that time General Count Pozzo, who was in the service of Russia, was staying in London, and he supported the Austrian Ambassador, Lieven. Nathan followed the activities of these two with grave suspicion, and wrote to his brother James in Paris about them, in his comically bad German."

"MY DEAR BROTHER,—I hope that you are quite well and happy. I have heard from a trustworthy source that Holland's reply is not satisfactory, and that it is believed that Russia is behind the King of Holland. You must write to our brother Solomon, to tell Metternich not to let himself be bamboozled into war by Russia, for Pozzo is with the King and was not well received, and he and Lieven are intriguing to make Austria and Prussia declare war. I have, however, been

informed in a reliable quarter that Prussia will not go to war, and that they are making a great mistake, because England and France jointly can do a great deal. We shall keep peace ; there won't be war ; stocks are falling and rising. Write and tell Solomon that Neumann (Austrian representative in London) is always spending a great deal of time with Pozzo, and believes our Government to be weak. The man is seven-eighths mistaken and now Pozzo has not been well received. The King invited him to Brighton, and he sat six places from the King. The King asked him how long he would stay here. He replied, ' Six weeks ' ; and now we know that Russia wants war, and Metternich is being bamboozled by those people. . . . Pozzo and those folk are making themselves ridiculous and do not understand England, so ask our good brother Solomon to tell Prince Metternich not to let himself be bamboozled by Russia. Pozzo is here simply to spy, and I am convinced that England is stronger than she was in the time of Wellington. Now, my dear brother, don't let yourself be bamboozled by anyone. If England and France hold together, it will be difficult to touch them. Write this to brother Solomon."

The Rothschilds were again on the right side. The legitimists failed in their object. The money for Russia had been given to no purpose, and war was again avoided, although the Belgian problem still remained unsolved.

In spite of all this, Solomon had succeeded in maintaining his good relations with Metternich, although Metternich was in the camp of the opponents of the world policy of the Western Rothschilds. At times this was exceedingly difficult, but Solomon was successful in

maintaining the close relationship undisturbed, so that it was possible for him, as before, constantly to approach the Chancellor with petitions. These generally concerned the protection of his co-religionists in the most various quarters of the world, but he occasionally put forward quite remarkable, and indeed comic, requests.

Thus on one occasion James and Solomon commended to the Chancellor a certain M. Roquirol, who had brought a fine flock of merino sheep to Vienna for sale. They asked Metternich to assist this gentleman as far as he could.

“ I am taking the liberty,” Solomon wrote, “ humbly to request Your Highness to put in a word for this man when there should be an opportunity for doing so, as there is sure to be in the salons of Your Highness, which are the meeting-place of brilliance and fashion, for I am convinced that in no other way can M. Roquirol’s venture be attended with real success.”

This was really asking rather a lot, and it is difficult to understand how Solomon imagined that Metternich would make propaganda in his salons for the sale of merino sheep.

Meanwhile, monetary conditions throughout the world had improved ; and the Rothschild banks had so far made good the losses incurred during the July revolution that they could proceed, not merely to conclude fresh agreements for advances with Rother in Prussia, who held full authority from his King, but could also arrange to take up the loan of which they had asked to be relieved when they were feeling embarrassed. The whole of the 5 per cent. public debt was converted to a 4 per cent. basis. Rother was delighted at the way the Rothschilds met him, because this would help to advance the credit of the Seehandlung Bank. The brothers gave this bank a blank credit, and told Rother that he could, if occasion should arise, draw through it £500,000 from London, a million gulden in Frankfort, two to three million francs

in Paris, and one to two million gulden Convention currency in Vienna."

Rother gave Solomon Rothschild the chief credit for all these satisfactory transactions, and as Solomon desired a Prussian order, he asked his King to grant him one. The Court was glad to take the money, but did not want to confer an order upon a Jewish business man. Rother therefore suggested" that, as a mark of goodwill and of satisfaction with the part played by Solomon in connection with the transactions which had just been concluded, he should be presented with a handsome porcelain vase, with a portrait of the King on it.

"I have come to the conclusion," wrote Rother to the Finance Minister, Count von Lottum, "that, in view of the fact that all the Rothschild banks have interested themselves in the matter in question, and that Solomon incurred the reproaches of his partners for the way in which he met me over my first proposals, which were prevented by unforeseen and purely external circumstances from being brought to a successful conclusion, any mark of appreciation shown to him alone would tend to widen the breach in the family, and that he would *not* derive the satisfaction therefrom that His Majesty intends."

As a result of Rother's recommendation Solomon received a vase worth 426 reichsthaler, Nathan in London a porcelain set of the value of 566 reichsthaler, and Amschel Meyer at Frankfort porcelain vases to the value of 515 reichsthaler, from the Royal Porcelain Factory at Berlin.

The three brothers each wrote a separate letter of thanks to the King, expressing their gratitude for the "high proofs of his most gracious goodwill" and the "magnificent presents, which they would always treasure," and which they would always keep in their families as "precious heirlooms." Solomon expressed the hope" that he would in future be able to furnish fresh

proof of his truly disinterested service ; and Nathan wrote" that the magnificent present would be an everlasting testimony for him and his to the gracious kindness of His Royal Majesty.

Rother also expressed his thanks for these tributes to his business friends," and took the opportunity of again calling attention to the fact that they had been able to show that they had sustained a loss far exceeding two million thaler through their efforts to save the honour of their firm.

Shortly afterwards Rother secured" a distinction for the only son of Nathan, who so far had no title.

" The eldest sons of Baron Nathan Meyer von Rothschild in London, Lionel and Anthony," he wrote to the King," " are financial advisers and knights of the Elector of Hesse's Order of the Lion ; only the youngest son, Nathaniel, who has also distinguished himself in his business, and has just returned from a business journey to Constantinople, which he has carried out to the satisfaction of all the Rothschild banks, as yet holds no kind of title. I would beg you to confer upon Nathaniel the dignity of Privy Commercial Adviser.

" The considerable sacrifices which all the Rothschild partners have latterly made in the financial interests of Prussia may excuse my expressing a wish, the granting of which they would regard as a special act of grace on the part of Your Royal Majesty."

In this matter, too, the wishes of Rother were carried out, and all parties were satisfied.

The business of the Rothschilds continued to expand. They were now lending, not only to the great Powers, but also to smaller States, such as Greece, and the Government of the Ionian Islands —these loans, it is true, being guaranteed by England and France, so that any risk was practically eliminated. The European capitals, however, still provided them with their main field of operations,

Petersburg and Berlin being the only ones from which they were excluded. Vienna continued their main base of operations in Eastern Europe. Here they were so closely bound up with the régime of the Emperor Francis and his leading statesmen that any sudden change of personnel, seriously affecting the distribution of power, might have been a grave matter. Such a position was threatened when the Emperor Francis, who was sixty-seven years old, suddenly became seriously ill. On the 23rd February, 1835, he was in the best of health and spirits, when he went to the theatre to see a new play called *A Poor Woman's Will*. At a Council next day he suddenly felt ill, and had to take to his bed at once. The Court physician diagnosed a slight inflammation of the lungs. But so little importance was attached to it that Metternich did not cancel a ball he was giving that evening. During the night of the 26th February, however, the Emperor's fever and pain increased, and next day he asked to be examined. His physician said that this was quite unnecessary, and would only worry him, but the Emperor insisted on it. At ten o'clock in the morning the Emperor wrote out his will in pencil, in a calm and settled frame of mind, in the presence of Councillor Hess and his confessor, Bishop Wagner. On the 27th February his fever increased and the lung trouble grew worse. He was bled three times, the Archduke Johann observing in consternation that the old man would be so weakened by the letting of blood that he must inevitably succumb.

The Emperor's brothers—the Archdukes Josef, Carl, and Ludwig—urged a general consultation, to which the most famous doctors in the capital be called in, but the King's private physician, Baron Stifft, would not hear of it, and became quite rude. As the Emperor's condition grew steadily worse, everybody at the Hofburg absolutely lost their heads, according to the statement of the Archduke Johann. They wanted to call in Dr. Günther

from the hospital, but no carriage was to be found, so the Emperor's personal attendant went off on foot to fetch him, and returned with him on foot, which took two hours.

On the 28th February he was bled for the fourth time. Metternich was at first highly perturbed at the news from the Hofburg, but, after a conversation with Bishop Wagner, he was quite calm. The Archduke Johann noted Metternich's attitude in his diary, observing that Metternich's first alarm was due to the fact that he feared that the Emperor's will would mean his fall. When, however, the Chancellor heard that the will had been made with the assistance of Bishop Wagner, he felt reassured. The Archduke Johann was not certain, however, whether this view, which was generally held in Vienna, was correct. To-day we know that the Viennese were most probably right. The Emperor Francis died at a quarter to one on the morning of the 2nd March. He left a will charging the heir, Ferdinand, who was physically and intellectually undeveloped, to rule, but "not to make changes." In all the more important matters he was to take counsel with the *youngest* brother, the Archduke Ludwig; finally, and this was the most important point, he bade him place the same confidence in Metternich, his most loyal servant and friend, as the Emperor Francis had placed in him, and to take no decision affecting public affairs or persons without first consulting him.

It is a significant indication of the Chancellor's intentions that the youngest brother should be recommended as the adviser and representative of the Emperor Ferdinand, who was incapable of properly performing his duties himself, when the clever and highly gifted elder brothers, the Archduke Palatine Josef, the Archduke Johann, and the Archduke Carl, the victor of Aspern, were still alive. The fact was that, as Metternich stated, the will was drafted in the Chancellor's office,

and the Archduke Ludwig was mentioned because he would do what the Chancellor wished and was easy to direct. Count Kolowrat, who was the most pronounced opponent of the Chancellor, and the most notable man who succeeded him in that office, was unmentioned and passed over. Metternich actually had the last paragraph drafted as follows :

“ I hereby name—— as the man whom I most emphatically commend to my son as a loyal Counsellor, worthy of his fullest confidence.” He did not, in fact, insert his own name, for Bishop Wagner was to see that Metternich’s name was written by the Emperor in the blank space, as was, in fact, actually done.

This meant that, in view of the new Emperor’s incapacity to rule, and the insignificant talents possessed by the Archduke Ludwig, through the elimination by the will of all the other Archdukes and statesmen, Metternich was fully secured in his position.

“ It is well known,” Kübeck²² wrote in his diary on the 3rd March, “ that the Emperor’s illness has made him feeble-minded. He understands nothing of what is being said to him, and is prepared to sign anything that is put before him. We now have an absolute monarchy without a monarch.” The confirmation in power of their patron, Metternich, under a completely insignificant monarch, was the most satisfactory thing that could have happened to the House of Rothschild. The Emperor’s death produced a panic on the Bourse, which was completely uninformed as to the course of events, and the Rothschilds, well knowing that there would be no change in the administration, and that there was therefore no cause for panic, bought heavily. Count Apponyi praised the House of Rothschild for their courage and firmness, praise which was not really deserved, for they were acting merely in their own interests.

“ I must admit,” the Ambassador reported from

Paris, “ that the attitude of the House on this occasion . . . has contributed in no small measure to maintaining confidence amongst the public, and to checking ungrounded and unnecessary panic. The two brothers Rothschild hastened to calm people’s fears by offering to purchase any Austrian securities that anybody wished to realise, at the top price of the day ; and the enormous financial influence which this House exercises on the Paris market did not fail immediately to allay the panic which had begun to affect hasty and nervous spirits.”

This “ patriotic gesture ” came easy to the Rothschilds, as they knew from Metternich that the death of the Emperor would not produce any prejudicial change, and that prices would rise again at once. Things happened as they had foreseen. Securities rose in value, and they prospered more exceedingly than ever. For now things actually ran much more smoothly than under the Emperor Francis, who in many matters—especially in the case of new discoveries, such as the railway—opposed even Metternich’s advice and wishes with a rigid veto.

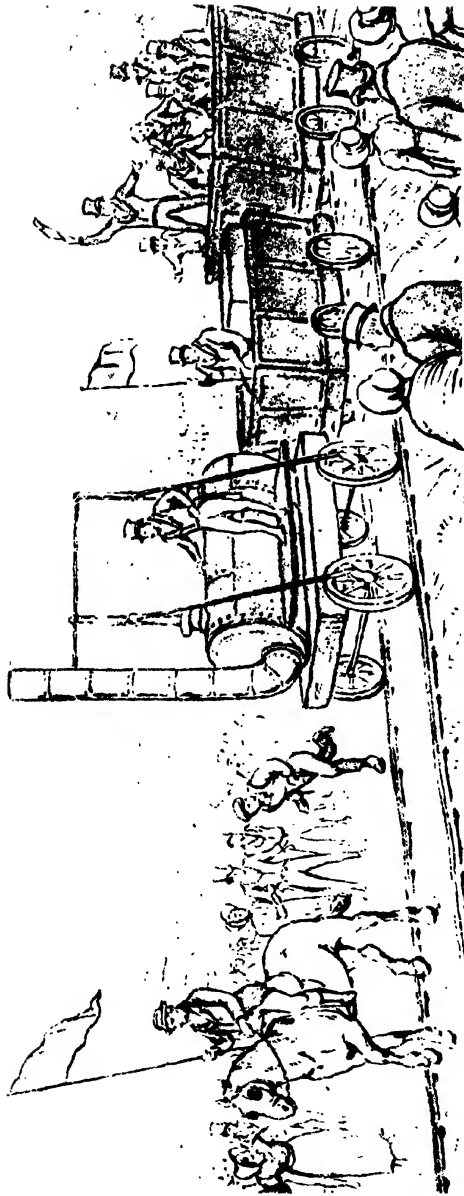
CHAPTER III

The Part Played by the Rothschilds in the Early History of Railways in Europe

THE first application of rails, and therefore the basis of modern railways, takes us back to the seventeenth century. At that time, especially in England, wooden rails were frequently used in mines, in order to bring to the surface more quickly and easily the trucks that had been loaded with coal, but it was not until 1793 that Mr. Outram, an Englishman, hit on the idea of substituting iron rails for wood, whereupon the ways came to be known after the name of the inventor, Outram-ways, and later, tramways. It came to be realised that a horse drawing a load on such rails was eleven times more effective than on an ordinary road, and accordingly, as early as the twenties of the nineteenth century, such ways were built, especially in connection with coal-mines, by means of which heavy loads could be drawn by horses to the nearest waterway. Since Fulton's steamer, *Clermont*, had made her first successful voyage on the River Hudson in 1807, the idea of applying the newly discovered steam-engine to the propulsion of ships had been successfully developed, and George Stephenson, who was originally a smith in a mine, conceived the idea of using the machine which had hitherto been applied only at sea to the propulsion of trucks on dry land. He installed in his mine the first steam-trucks. They were of his own manufacture; and then, in 1825, with the assistance of several far-seeing capitalists, he built the first railway in the world on which locomotives were run. This was the railway from Stockton to Darlington, and its main purpose was to carry coal from the Durham coalfields. Stephenson had to fight against enormous opposition, against petty private interests, even against contempt and ridicule. A man called Nicholas Wood, who held a distinguished

position as a "railway expert" at the time, actually stated: "I should not dream of telling everyone that the ridiculous expectation, or rather prophecies, of the enthusiastic speculators could possibly be realised, and that we shall see steam-coaches travelling at a speed of twelve, sixteen, eighteen, or twenty miles an hour. Nobody could do more harm to the prospects of building or generally improving such coaches than by spreading abroad this kind of nonsense."

But as early as the 27th September, 1825, when Stephenson's railway was opened, a train capable of drawing eighty tons was running at a speed of ten to fifteen miles an hour. At first the means of locomotion on this railway was mixed. Horse-power was used as well, the horses being harnessed to help on a slope. The speed of trains was paralysed by the fact that there was a law enforced requiring that a postillion should ride fifty yards in front of the locomotive to warn people of the approaching monster. Nevertheless, unreasoning prejudice was unable to block the advance made by a man of genius. The achievements of the Stockton-Darlington railway, considerable for those times, became generally known, and led to no less than eighteen new concessions for railways being granted, including the railway from Liverpool to Manchester, which was the next to be constructed. The only locomotives on it were Stephenson's; he had won the prize with his "Rocket" in the steam-coach competition of October 1829 at Rainhill. All doubts were silenced after the opening, on the 15th September, 1830, of the Liverpool-Manchester Railway, which marked the commencement of an era of intensive profit and industry for the two sister cities, and therefore also of success for the undertaking itself. The enormous developments opened up by the new discovery were now first generally recognised, and from this year dates the general extension of railways throughout the world.



OPENING OF THE STOCKTON AND DARLINGTON RAILWAY.
SEPTEMBER 27th, 1825

Like so many others, Nathan Rothschild had followed Stephenson's experiments with interest, but also with a good deal of scepticism. At any rate, he was determined not to venture a farthing on an undertaking which not only the general public, but also highly respected and competent men, declared to be a wild-cat scheme. He, too, was of opinion that the horse, which could travel anywhere, could never be effectively supplanted by a machine. He was, therefore, quite pleased to see such firms as Glyn, Halifax, Mills, and Co.'s, as well as the inexperienced provincial bankers, risking their good money in such highly speculative ventures. He was acting in exactly the same way as other big banks such as Baring & Ricardo, who also avoided having anything to do with them. When, however, Stephenson's successes became more and more pronounced, and after the construction of the first and second railway in England, a positive railway fever seized the country. Innumerable companies were being formed for new railway schemes, and Nathan, who had followed these developments closely, although taking no part in them, came to the conclusion that this new discovery offered incalculable opportunities for profit, which his House must not be allowed to miss. In England it was certainly rather late, as there were already so many people in the field; but on the Continent, where his brothers lived, the situation was different. Nowhere on the Continent was there a railway carrying steam-engines. There were only here and there a few short sections of horse tramways. Here was a field for the enormous resources of his House. If his brothers in Austria, France, and Germany were to take the initiative in the construction of railways before any others entered the field, this might result in an enormous increase in the wealth and power of the firm. Nathan at once communicated these ideas to his brothers, and found that they were immediately prepared to enter

into them. His suggestions made a special impression upon Solomon Rothschild in Vienna. This was partly due to the fact that another highly gifted man, who might indeed be called a genius, had called Solomon's attention to the tremendous possibilities in railway construction on a large scale.

This man was Franz Xavier Riepel, professor at the Vienna Polytechnic Institute, and special expert in mining. He had worked for many years in the Witkowitz iron-works. Witkowitz lies close to the enormous coal-basin between Moravian-Ostrau and Karwin. The iron-works had grown up there because of the convenience of the neighbouring coal-fields, as it was impossible to carry coal for any distance at that time owing to the inferior and expensive methods of transport. Riepel's idea was to follow England's example and transport the coal by railway to the great waterway of the Danube. On looking into the matter further, he thought it should be practicable also to carry large consignments of salt from Wieliczka in Galicia on the railway, and for this purpose to build a railway from Bochnia, south-east of Cracow, right in the north-east of the monarchy, viâ Moravian-Ostrau and Brünn, to Vienna, a distance of about sixty miles. Riepel found a wholesale merchant called Samuel Wiedermann, who was in close business relation with Solomon Rothschild, particularly interested in the idea. Wiedermann, perceiving that Riepel's schemes could be realised only with the help of a great financial power, introduced Riepel and Solomon Rothschild just at the happy moment when Solomon had received the encouraging reports and suggestions from his brother Nathan in England. As Riepel sketched out his ideas, Solomon got a vision of enormous sums flowing into his coffers, through making all the valuable ores easily available, and arranging for their easy transport, and for that of the important raw material, salt, to the capital. He took

up the scheme with enthusiasm, and immediately decided to take the first tentative step towards putting it into effect. At the beginning of 1830, Solomon, having heard what Riepel had to say, sent him and Leopold von Wertheimstein to England to find out all they could about the actual railways there. They were to ascertain on the spot how they were built and managed, with a view to applying the experience so gained in building the projected railway to Galicia.

In later years Solomon Rothschild expressly emphasised the fact that the principal credit for the idea of the Nordbahn was due to Riepel. "It is a satisfaction to me," he wrote to the Head of the Treasury, Count Mittrowsky, "and I feel I am but doing my duty in taking this opportunity of expressly putting on record the fact that it was Herr Franz Riepel, professor at the Polytechnic Institute, who, in 1829, first adumbrated the wonderful idea of the Galician Railway, and discussed it with me, with the result that I decided to have the necessary preliminary work done for forming an adequate estimate of the undertaking from a technical, commercial, and financial point of view, in order that, if it should appear to be adequate for the purposes for which it was intended, I might be in a position immediately to proceed with the carrying out of this truly national project."

The two delegates devoted particular attention to the Liverpool-Manchester Railway, which had just been finished, and sent a detailed report upon it to Solomon Rothschild. On this Solomon decided definitely in favour of the construction of the big railway in Austria, and went so far as to suggest the idea of carrying it right through Austria by extending the railway of Bochnia-Vienna to Trieste in the south, i.e., to the Adriatic Sea.

Solomon Rothschild intended seriously to proceed with the preparation for the construction of the railway, when the sudden outbreak of the July revolution in France

upset all these plans. Solomon himself wrote at a later date in this connection : “ The political difficulties that arose in 1830 and the disturbances that followed, with their exceedingly depressing effect upon trade and industry, forced me to my great regret to postpone to quieter times, more favourable to such undertakings, the carrying out of this scheme, although it had been definitely decided upon.”

This was not unnatural, for during the period immediately after the revolution the House was fighting for its very existence, and it took years for things to settle down again and recover themselves. It was not until 1832 that the position of the Rothschilds had so far improved that, jointly with two other firms, they took over the unsuccessful business of a horse tramway from the engineer Zola, father of the famous novelist, which operated between the Danube and the Lake of Gmunden.

Meanwhile, a veritable railway fever had broken out in England. Everybody was engaging in railway construction, and, as soon as Nathan saw that the position of the House was becoming consolidated again, he advised his brother to take up the scheme once more. Solomon thereupon arranged to have the whole route over which the railway was to be constructed examined by expert engineers under the direction of Riepel, with a view to ascertaining the best line. The result of these investigations was to establish the fact that by this means “ the greatest and most distant provinces of the Empire could be brought into closer association with one another and with the capital, and entirely new combinations, having their effect upon industry, commerce, politics and strategy, would result.”

On the 15th April, 1835, at the suggestion of Metternich, who was in a position, in view of the ineffectiveness of the new Emperor Ferdinand, to assure the banker in advance that his application would be granted, Solomon



TRAVELLING ON THE LIVERPOOL AND MANCHESTER RAILWAY, 1825

decided to put forward his official application for permission to construct a railway, first from Bochnia to Vienna. The Emperor Francis had been known to be opposed to any such venture, and, although he had been dead only six weeks, Solomon hastened to take advantage of the altered circumstances.

His application^a was particularly cleverly worded ; in accordance with his usual practice, he endeavoured to bring out the advantages to the State, which in this case were indeed notable, and to keep his own motives and the material considerations in the background :

“ Most Excellent and most Puissant Emperor !
Most Gracious Emperor and Lord !

“ The most loyal and humble bank whose signature is subscribed, has for several years been conducting the most careful investigations with regard to the question of laying down a railway between Vienna and Bochnia.

“ The result of these deliberations has been that we have come to the conviction that the achievement of this great means of communication would be of benefit to the State and the public weal, no less than to those who join in the undertaking ; and this conviction is shared, after careful consideration of the various local and commercial conditions of the territories and provinces concerned, by other persons who would interest themselves in this truly great patriotic venture.

“ This mature conclusion having been arrived at, the undersigned, governed by the desire to be in a high degree useful to the Imperial State of Austria, venture most humbly to beg Your Majesty that you may be graciously pleased to grant them a concession to erect this great railway from Bochnia to Vienna ; and further most

THE HOUSE OF ROTHSCHILD

graciously to permit that the funds necessary for this great undertaking may be made available by means of a Public Company, and finally, having regard to the great and manifold preparations that will be necessary, most graciously to fix the period within which preliminary construction on the railway shall be completed at three years, and the period by which the railway shall be completed, at ten years after Your Majesty's resolution.

“ This humble application is based so strongly upon the interests of the common weal, and it is so clear that trade and commerce, the revenues of State and of landed properties, will benefit through the increased prosperity that will result from the intensive association of distant provinces ; finally the motives which have led us, after the most exhaustive deliberations, to submit this proposal to Your Majesty's wise consideration in your loving care for your country and to request your most gracious sanction for it, are so entirely patriotic that the respectful undersigned feel that they may be permitted to hope that Your Majesty will graciously accept this, our humble petition, whereby the opening of your reign will be marked as one of the most blessed epochs in the history of our country's industry, and that you will, in your wisdom and your loving care for your country, be graciously pleased to approve and sanction it.

“ In deepest devotion to Your Majesty, I beg to sign myself Your Majesty's most true and humble servant,

“ *per pro* S. M. v. ROTHSCHILD,

“ LEOPOLD VON WERTHEIMSTEIN.

“ *Vienna, 15th April, 1835.*”

This application was sent in the usual way to the official at the department concerned, Baron von Drohsdick—with a hint from the Chancery that Metternich was favourable to its being granted—for his observations. Public opinion at Vienna was against railways. The Vienna newspapers of the period published opinions by a whole host of “experts” showing the madness of such undertakings. They proved that the human respiratory system could not stand a speed of fifteen miles an hour. . . . It would therefore be the maddest recklessness to venture upon such a journey. Nobody who was in possession of even half his senses would expose himself to such a risk. The first travellers would have to take their doctors with them. These “experts” declared that the travellers would spurt blood from nose, mouth, and ears, that they would be suffocated in passing through a tunnel more than sixty metres long, and that, not merely were the passengers in danger themselves, but that the spectators might go mad through the terrific speed of the passing train. Nevertheless, Drohsdick’s opinion was in favour of granting the petition.

“The construction of a railway,” he minuted, “to traverse three provinces from Vienna as the central point of Austrian commerce . . . would be a matter of such very exceptional service to the State from the commercial point of view, and, through his considerable personal resources, his vast credit, and his extensive connections, the banker Rothschild is so exceptionally suited for forming a Public Company, that there could not be any objection in the general interest against . . . granting a concession for this new railway undertaking, and permitting the applicant to form a Company.”

Whatever motives malicious critics may allege to have produced this favourable opinion, and the support of the Government machinery which Metternich controlled, it was a noteworthy deed so warmly to support a scheme

which most experts and public opinion generally condemned, and which was to be the starting-point of a system that would revolutionise the world.

The administrative system functioned most readily in accordance with the wishes of Metternich and Kolowrat, for the Emperor Ferdinand was nothing but a signing machine, and in this case these two statesmen were of one mind, the Archduke Ludwig being as usual more or less a cipher. His Majesty's consent was obtained under date 11th November, 1835, granting Baron von Rothschild the concession to build the railway from Bochnia to Vienna ; the postal service, which feared the competition of the railway, having quickly had a caveat inserted providing that the State Postal Department could claim compensation if its interests were damaged by the concession. Solomon hailed His Majesty's decision with joy and "the sincerest feelings of gratitude." "Hail to the monarch," he wrote, "who has most graciously deigned to take this decision in the interests of the welfare of his people !"

However, at the same time he begged that the reservation in favour of the post should not be incorporated in the document granting the concession, as this would produce a struggle of private interests, such as would lead to constant disputes and complaints, since, if the I. R. postal contractors were favoured in this way, innkeepers, stable proprietors, waggoners, smiths, etc., established on the line between Vienna and Bochnia, would be encouraged to make similar applications.

Solomon suggested that the postal administration should be indemnified by the payment of a lump sum. This question was also sent to Baron von Drohsdick for his opinion, but on this occasion he was not so far-seeing, for he minuted as follows : "Baron von Rothschild has not expressed the intention in any of his suggestions of carrying letters on this railway ; this would appear to be

an entirely different kind of business, and outside the actual scope of the undertaking. For this reason there is no occasion for entering into negotiations for compensation."

In the end the postal question was settled by a compromise limiting the right to carry mails, and the Concession Decree of the 4th March, 1836, was drawn up.¹⁴ The most important provisions were those laying down that even after the expiration of fifty years, for which period the concession was granted, the House of Rothschild should continue to be assured of absolute ownership in the railway ; and that the concession should cease to be effective if one mile of the railway should not be constructed within two years, and if the whole railway between Vienna and Bochnia should not be completed within ten years.

Thereupon Riepel and Heinrich Sichrowsky, one of the most active collaborators in the railway scheme, were sent on another visit to England to ascertain what progress had been made there since the year 1830. Solomon Rothschild succeeded in obtaining a year's leave for Riepel, who was indispensable to him, from his duties as professor, undertaking to provide the full salary of a substitute.

The next step was to raise the capital of twelve million gulden Convention Currency, which was estimated to be required for building the sixty-mile railway. Twelve thousand shares at a thousand florins were issued, Rothschild retaining eight thousand shares, partly for his own account, and partly for issuing to the numerous applicants who had come to him direct. Only four thousand shares were offered for public subscription ; amongst the subscribers were some of the most important financiers of the day, such as Biedermann, Eskeles, Geymüller, and Sina. Wertheimstein, Riepel, and Sichrowsky, the real originators of the scheme, also took shares in it.

The flotation was a brilliant success ; although only 4,000 shares were offered, 27,490 were applied for. Applicants for small amounts had their shares allotted to them in full, but those who applied for larger amounts only had a proportion allotted to them. This prodigious success aroused the envy of the other bankers. Sina had come into the scheme, but he could not rest until he had obtained a similar railway concession for himself ; Rothschild had secured the northern line ; Sina therefore decided to try to obtain the concession for connecting the capital with the Adriatic. On the 17th February, Baron Georg von Sina asked to be granted an " exclusive concession " for constructing a railway from Vienna to Raab, " with a view to continuing such railway to the Adriatic Sea."

Solomon was secretly informed by the Chancellor that the application had been sent in, and immediately recognised the mistake he had made in not having asked in the first instance for the concession for the whole railway from the north to the sea-coast in the south, in accordance with Riepel's basic scheme. Three days after Sina's application had been sent in, Solomon sent in a further petition to the departments concerned, and to the Emperor, asking that the priority for constructing a railway from Brody, through Vienna and Hungary, to the Adriatic coast, should be reserved for him.

Rothschild explained in his application why the concession for the whole Central Railway from the north to the sea had not been asked for in the first instance. " Although it is evident," Rothschild wrote, " that the realisation of this great scheme would be most profitable for the promoters, and of great benefit to the common weal, it cannot be disputed that it appears to be impracticable and inadvisable to attempt to carry out the whole of this enormous work simultaneously. It is inadvisable to undertake an undue strain even in the achievement of

what is useful, and it is only by the prudent application of sound principles that the good, the right, and the true is attained. Such was the view of the first proposer with regard to the matter under consideration, a view in which your humble servant concurred."

Sina's and Rothschild's applications were now both lying at the Treasury to be dealt with. It was not as yet a question of granting the concession, but only of a provisional statement that such would be favourably considered. The Treasury fully appreciated the commercial importance of the proposed railway. It was of the opinion that the preference should be given to Baron von Sina, since Rothschild's Nordbahn was a venture of such importance, and one that required so much capital, and it did not seem desirable to expand it. The Treasury held that there was an advantage in making use of several independent contractors, as the resulting competition would be of benefit to the State and the public. "Moreover," Baron von Drohsdick minuted, "Baron S. M. Rothschild, being a partner in the Frankfort firm, who has not definitely settled here as an Austrian wholesale merchant, should still, strictly speaking, be considered as a foreigner, and although there was no objection to granting him a concession for the Northern Railway in the absence of any application from our own countrymen, it is not unnaturally a matter of satisfaction to the Government that an Austrian subject of perfectly sound financial standing should have come forward in connection with a similar important undertaking in the south. Public opinion would be gravely offended if, in the case of two similar offers, the preference were given to the foreign candidate. Another consideration in favour of Baron von Sina is the fact that he possesses substantial property in Hungary, that as a baron he is one of the Hungarian Magnates, and that the greater part of the Southern Railway will lie within the kingdom of

Hungary, so that through his connections he undoubtedly seems to be in a much better position to safeguard the interests of the railway for the important section which lies with Hungary than is Baron von Rothschild."

The Treasury therefore proposed that Sina should be informed that they were prepared, if occasion should arise, to support his application to the Emperor for a concession, but that Rothschild should be informed that his application could not be granted, since another one had been received. Rothschild recognised that his original mistake in having failed to apply for the whole of the northern and southern railway concession could not be entirely remedied, and he therefore requested that he should at any rate be permitted to build a branch line to Pressburg on the left bank of the Danube, connecting with his Northern Railway.¹¹ Count Mittrowsky wanted quickly to get Rothschild's application for the Pressburg Railway passed, but Kolowrat opposed it this time, and finally both Rothschild and Sina were merely permitted to make such preliminary investigations on this section as would be required in connection with the granting of a concession.¹²

There was therefore nothing more to be done. Rothschild now saw that his work was provoking envy and malice on all sides. He had been kept out of the second half of the main scheme, and he now had to reckon with the fact that his respected banking colleagues would put every difficulty in the way of the constructing of the Northern Railway, except in so far as they were personally interested in the venture. He racked his brains as to the most effective way of countering this opposition, and hit upon the idea of associating the name of the Emperor and of the leading Ministers with his great scheme. This would flatter their vanity, and there would be the further advantage that these important persons, having become intimately associated with the whole undertaking, would

be morally compelled, in the case of any crisis or unforeseen difficulty, to lend their active assistance, unless they were prepared to see their names associated with a possible failure.

His idea was to give the name of the Emperor to the undertaking as a whole, and also to name the leading statesmen as patrons. This would have the value of a kind of insurance policy.

No sooner said than done. He wrote the following clever letter to the Emperor. "The most obedient and loyal undersigned servant of Your Majesty ventures respectfully to inform Your Majesty that the main requirements for successfully carrying out the great national work, namely, the Vienna-Bochnia Railway, the construction of which Your Majesty has most graciously deigned to authorise, have been met.

"The most obedient and loyal undersigned servant of Your Majesty feels that he may venture in all humility most respectfully to request Your Majesty that you may be graciously pleased to permit that the Vienna-Bochnia Railway shall be allowed to bear the auspicious name of Kaiser-Ferdinands-Nordbahn.

"If a similar means of communication should come to be established between Vienna and Austrian Italy, the great Austrian monarchy would also possess an Imperial Southern Railway, that is, one big railway connecting Galicia and Austrian Italy, as a remarkable monument to Your Majesty's glorious Government, and the memory of the benefits which you have conferred would be handed down to posterity, to your undying fame."

Solomon Rothschild wrote at the same time a letter to Metternich that was also cunningly worded."

"YOUR HIGHNESS !

"Any great industrial enterprise, being of the nature of an undertaking of national importance,

requires at its inception, and in order to attain to prosperity, to bear the mark of the approval of high authority.

“Such is the case with the proposal to construct the great Northern Railway between Vienna and Bochnia, together with its seven branch railways, all other conditions for its success having been satisfied.

“Appreciating this fact, the humble signatory to this letter has realised the importance, in the special interests of those who have ventured their money in this great undertaking, to take such steps as may be appropriate for inducing such statesmen as are the bearers of honoured names to place themselves as patrons at the head of this national undertaking, which promises to bring the Austrian monarchy as much glory as it does advantage. The humble signatory to this letter has ventured in this connection to consider the names of His Excellency Count von Mittrowsky, the Head of the Treasury, and His Excellency Count Kolowrat, Lord President of the Council, and humbly begs that Your Highness will graciously be pleased to encourage us by accepting the name of high protector of the Vienna-Bochnia Railway, whereby the Company would feel themselves exceptionally honoured, and success would be doubly assured.”

Metternich minuted as follows: “It has for a long period been in accordance with the practice of the Austrian monarchy that persons of high position should appear as patrons at the head of organisations or associations formed for benevolent and useful purposes. The high importance of this undertaking from the industrial, commercial, and economic point of view is beyond

dispute. The Chancellor, therefore, together with Count Kolowrat and Count Mittrowsky, feels no hesitation in accepting the Patronage, provided that Your Majesty shall be graciously pleased to express your concurrence."

The three statesmen also sent forward, with their approval, the petition for the Emperor's name. "It is a well-known fact," wrote Count Mittrowsky on the petition, "that the rulers of our Imperial House, and the sovereigns of other countries too, have always given permission that canals and roads which have appeared to be of especial importance for their country's welfare should bear their names. . . ."

"The public itself has taken this view of the undertaking, as is shown by the fact that within so short a time not only was the considerable authorised capital subscribed, but almost double the amount was applied for. This undertaking is on a colossal scale, such as has never before been contemplated in Europe, and, together with all the developments that may result from it, will remain as an everlasting monument to the first years of Your Majesty's reign.

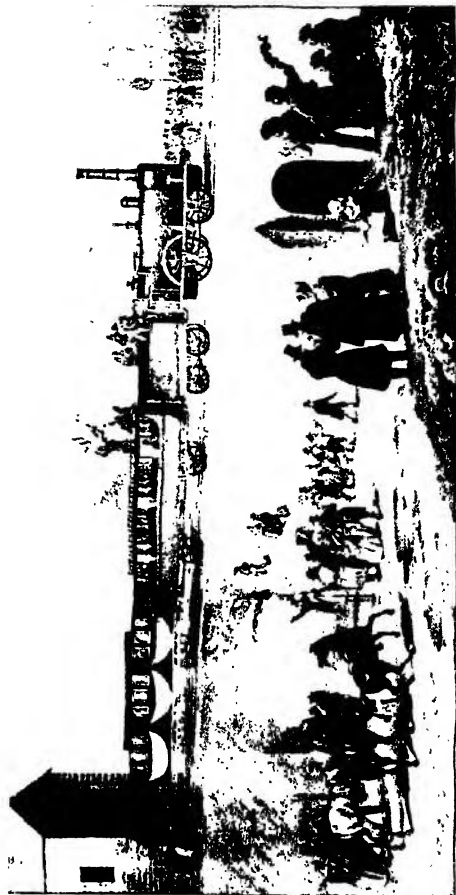
"Not only, therefore, do I see no objection; in view of these considerations I would express the most emphatic hope that Your Majesty may most graciously deign to permit that the Vienna-Bochnia Railway may henceforward be known as the 'Kaiser-Ferdinands-Nordbahn.'"

Solomon Rothschild's petition was accordingly accepted by the obedient Emperor Ferdinand on the 9th April, 1836," and thereby the project was given a support which in later years was to prove exceedingly useful.

Thus the stage seemed to be splendidly set for the construction of the Nordbahn. On the 25th April, 1836, the first general meeting was called, at which Solomon stated that he would hand over the entire concession, without reserving anything for himself and his House, to

the Company. Rothschild made it a condition that he should always have full access to any information affecting the Company's affairs, that he should be indemnified for the expenses he had incurred, amounting to 12,652 florins, 50 kronen, and that 100 free shares should be issued to the most deserving of those who had collaborated in bringing the scheme into being. In return he gave a solemn assurance, as the minutes of the meeting record, "to devote his future efforts to this great national undertaking with the same zeal that he had shown for it hitherto." At the second general meeting the Articles of Association were submitted and adopted, and a Provisional Board of Management was appointed, which Johann Baron von Sina and Daniel Baron von Eskeles were asked to join. They were anything but friendly to the undertaking, and really joined the Board to find out their rival Rothschild's plans.

Stirred up by these men, a powerful opposition came into being; it soon found support, especially amongst the comparatively ignorant public, and such business men whose private interests were threatened made use of it for their own ends. The spokesman of this opposition was Ludwig Baron von Pereira, a partner in the bank of Arnstein and Eskeles; he was secretly supported by Baron von Sina, and was acting in the interests of those two banks. He was put up to send in a memorandum pulling to pieces all the statements, estimates, and proposals of the Provisional Board of Management of the Nordbahn. In this elaborate statement, Pereira was at pains to set out everything that might tend to show that the scheme was ill-conceived or impracticable. First he dealt with the terrible consequences that might result from the least increasing gradient. "Even though," wrote Baron Pereira, "one appears to be looking at a plain extending as far as the eye can reach, a plain which at first sight seems to be perfectly flat, accurate measurements



TRIAL TRIP OF THE FIRST AUSTRIAN RAILWAY, 10th NOVEMBER, 1837

may easily reveal an upward gradient of more than one-third per cent. In such a case the railway would become involved in enormous loss, since running over a slightly rising gradient would cost a great deal more money. . . . It may be imagined how embarrassing it would be, on this apparently level surface, suddenly to discover a somewhat too steep gradient after the construction had been begun. . . . Such an unforeseen difficulty, although not allowed for in the calculations, would have to be dealt with in order to make the rail traction possible ; a cutting would be necessary, and considerably unforeseen expenditure would be entailed, especially as one often encounters rocky patches. . . .

“ Moreover, sandy districts will cause difficulties such as will produce positive amazement when they come to be dealt with in practice. The greatest possible degree of technical perfection is far from having been achieved in the machine so far discovered and used. The greatest difficulty is offered by the construction of the wheels, which so far have not been made to revolve independently, as in the case of carriage wheels, but are so constructed as to form one piece with the axle, and to revolve together with it. As the wheels have no individual movement, any crookedness in the railway is out of the question . . . and for this reason only barely perceptible bends are possible in a railway for steam traction. . . . In the case of the slightest carelessness resulting in the locomotive approaching a bend too quickly, it will either jump the rails or tear them or break the wheels, for something must yield to the force of the speed. . . . If the railway is to attract Galician freight traffic, it must work cheaper than the horse carriage. . . . Experience, however, teaches us that under the stress of competition these people will lower their freight charges. . . . It is, therefore, not impossible that they will sustain the competition of the railways, for it is just in those

districts that fodder and other expenses of carriers are particularly low.

“Only those railways can succeed which depend mainly on passenger traffic. Hitherto railways have not been able to compete with horse traffic.

“Moreover, passengers and freight are only to be carried in the one direction, from Bochnia to Vienna, and not in the reverse direction ; for this reason alone the Bochnia Railway would be at a special disadvantage as compared with any other, since in no other case do we find this disparity between the up and down traffic.”

In his detailed memorandum Pereira endeavoured to show that the goods traffic which was counted upon would not be obtained.

In his wild attack upon the whole undertaking, Baron Pereira did succeed in discovering objections which actually proved to be well founded. He stated, for instance, that it would be absurd to build a single track railway with sidings. He stated that it was clear on the face of it that a double track would be needed, and he could show “that all railways which have hitherto been built as single tracks are now being converted into double tracks. I do not, therefore, see why we should start with a faulty method of construction.”

This objection was put forward by Pereira only in order to swell the estimate for the cost of construction, as he wished to show that the estimates were far too low, on which point he certainly proved in the end to be perfectly right. But at this point Pereira overlooked the fact that he had just endeavoured to show that even a single track railway would not obtain enough passengers and freight to pay. Pereira closed his statement with the observation that, as an expenditure of 14,000,000 florins was far from sufficing for the construction of the railway, it would be impossible to apply lower fares than those of the postal service, and as, moreover, there would not be

a sufficient quantity of goods to pay, the usefulness of the railway became highly problematic."

Rothschild's powerful enemies, who also had friends amongst the Emperor's entourage, saw to it that the Emperor heard of the difficulties which there was reason to believe were inherent in the Rothschild-Riepel scheme. They even succeeded in prevailing upon the weak Emperor to address "an Imperial Rescript" to Metternich, which read as follows :

"DEAR PRINCE METTERNICH,—You have informed me how far the preliminary work in the construction of the Bochnia Railway, for which I have granted a concession, and which I have permitted to be identified with my name, has proceeded. Since numerous unfavourable rumours about it are abroad, you will also report to me whether difficulties have arisen in the further progress of the work on this railway, and, in that case, what these difficulties are.

"FERDINAND."

Count Mittrowsky thereupon immediately communicated with Leopold von Wertheimstein, who was authorised by Solomon to deal with all questions affecting railways, and asked him "to indicate with the frankness and thoroughness that were due to His Majesty any possible obstacles or difficulties, as well as any means whereby these might be obviated, either by the efforts of the Company that had been formed for the purpose of constructing the railway, or otherwise by the help and support of the administration, if this were practicable." "

Rothschild, who was embittered and angry at the "influences" which had made themselves felt, had in the meantime made a statement that if the majority of the shareholders should really "unexpectedly come to the

conclusion that the railway scheme should not be carried through, he would defray all the expenses incurred up to that point from his own resources, so that all the shareholders would recover their original ten per cent. deposit in full, it being, of course, understood that the concession for building the Kaiser-Ferdinands-Nordbahn, granted to him by the Emperor and transferred by him to the Company, would cease to be their property and would have to be reconveyed by the Company to himself, who would then have the free right to dispose of it as he pleased." "Shortly afterwards Solomon Rothschild left for Paris, whence he informed Count Mittrowsky that he had made this statement in order to reassure the shareholders with regard to their ten per cent. deposit," and that he intended, without hurry or fuss, to have a new accurate technical and commercial investigation made by the Board of Management in order to prove conclusively that the objections raised with regard to the usefulness and practicability of the railway were unfounded.

Solomon Rothschild proceeded to instruct Riepel to go through Pereira's memorandum criticising the scheme, and to examine it in detail to see how far it was justified. Riepel's counter-memorandum" answered with biting incisiveness the points made by his opponent. First of all he dealt with the objection that it would be more sensible to have a double-gauge railway. " We also appreciate the fact," wrote Riepel, " that a double gauge is more convenient than a single gauge line ; but it appears to us to be pure madness to propose a double line while doubting the possibility of carrying freight traffic amounting to one and a half million hundredweight, for a single line would be more than sufficient for such an amount. Robert Stephenson in London advised us not to construct the second line until the freight carried should exceed five million hundredweight per annum." Riepel's reply proceeded to deal with his opponent's memorandum

point by point, stating : “ One ought not really to condescend to reply where it is a matter of the first elements of the theory of railway construction, but out of a genuine desire for peace I commend the following reassuring considerations to the somewhat hasty novice in technical matters who has written the memorandum.

“ 1. The Nordbahn track between Vienna and Brünn consists of long and *straight* sections such as do not occur in any other European railway. If anyone does not believe this, let him come and see for himself !

“ 2. The steepest gradient between Vienna and Lundenburg is less than $1/1,000$. If anyone does not believe this, let him come and try for himself !

“ 3. The radii of curvature so far applied to the Nordbahn are of a length of 1,500 to 1,800 and 4,000 metres. It is obvious, therefore, that we are still more cautious than our technical advisers ! If anyone does not believe this, let him come and test the curves for himself !

“ 4. The critic's fear that in planning the track we might come across ‘ unrealised and insurmountable hills ’ is entirely without foundation, as well as what he says with regard to rocks, marshes, etc. None of these objections have any basis in fact. If anybody doubts this, let him come and watch the surveying operations.

“ 5. The sand which our critic so much fears is an absolute gift of the gods to the Nordbahn scheme, and we shall gradually carry it along the whole of the permanent way for the top-dressing of the track.

“ 6. We have no intention of using a ground auger, because we don't want to be a laughing-stock.

“ 7. Everyone is agreed that steam-engines have not yet been perfected ; we must therefore content ourselves with what England has so far achieved. If the technical adviser of the opposition knows anything better, we shall gratefully accept it. Let him speak ! . . . With reference to the offensive doubt expressed lest the gradient at

the Weiskirchen watershed should not have been ascertained, although the gradient is given in the prospectus, I enclose the particulars regarding the survey of this gradient, as being the proper method of meeting this insult with the contempt it deserves.

“ 10. It is to be regretted that it should be possible to find persons in Austria, enjoying the reputation of competent experts, who are prepared to assert that it is necessary to take a survey of the gradients of the Prater, the Marchfeld, the Thaja-Thallend, etc., before one can confidently decide that it is possible to lay down a railway running through these flat, open valleys and plains. Such a lack of practical imagination deserves no reply.”

Riepel also endeavoured to defend the financial estimates, and proceeded to deal with “the specific attacks of Baron Pereira, or, rather, of the uninformed advisers who are at the back of him.” After a detailed exposition as to the amount of freight that might confidently be relied upon, Riepel observed: “Particularly strange is the remark that hitherto railways have not been able to compete with carriage by road.

“This statement would deny to all railways such as at present exist and flourish the possibility of continuing to lead a healthy existence. This statement would deal a final blow to all railways for all time, making it ridiculous to go on wasting thought on railways, as they all have to compete with road transport. . . . To those partly foolish and partly malicious enemies of the great national work which they are calling in question (*in tenebris ira et invidia flagrantibus*), I would say—and may my words follow them to their hiding-places—that there is not, and never has been, anything great or good or beautiful which stupidity and malice have not endeavoured to defame, and that it would be the wiser course to acquiesce good-temperedly, permitting the duly authorised Board of Management of the Nordbahn quietly to

proceed with its work in accordance with the principles of common sense, and of commercial wisdom, applying the results of scientific investigation, whereby we cherish the hope that the Kaiser-Ferdinands-Nordbahn will succeed in silencing and putting to shame stupid and malicious tongues. If, however, although I think it unlikely, we should even then not be left in peace, and if these mischief-makers should still refuse to allow us Austrians to become somewhat more industrious, more famous, and perhaps happier, the time will perhaps come to expose these wretched mortals" and attack them mercilessly with all available means of publicity, and if necessary with the most unsparing ridicule."

Wertheimstein enclosed this memorandum with his reply to Count Mittrowsky's letter asking for further information to enable him to deal with the Imperial Rescript. In his covering letter Wertheimstein especially expressed Solomon's appreciation of His Majesty's rescript, as constituting "a further proof of His Majesty's gracious concern for the prosperity of the Kaiser-Ferdinands-Nordbahn," and of the fact that he continued to enjoy His Excellency's confidence.

"With reference to the question," the letter went on, "how far the preliminary work for the construction of the Kaiser-Ferdinands-Nordbahn has advanced, this has been exhaustively dealt with by the provisional Board of Management in the enclosed statement, to which the dutiful undersigned has nothing to add beyond expressing to Your Excellency his profound regret that, after the preliminary investigations had been so satisfactorily completed, an undertaking which is certain to be of inestimable benefit to the common weal should, at the very start, be defamed in a passionate spirit of obvious malice, whereby its speedy progress to a satisfactory conclusion has been retarded. Our opponents

have not left untried any means whereby they might achieve their obvious intention of shattering confidence in the undertaking, so that the Company might be wound up. Through every channel of publicity the undertaking has been represented in the most unfavourable light and the most highly coloured versions have been given as to the practical difficulties connected with it, not to mention the objections that have been put to Government Departments without any of these noisy critics ever having investigated the painfully collected data himself. They have in the most unscrupulous manner misrepresented the honest intentions of the first founder of the undertaking, and have accused him of being a speculator intent only on making a quick profit on the flotation. Finally, they have accused the truly public-spirited first sponsor of the scheme, Professor Riepel—to whose honesty, disinterestedness, industry, and expert knowledge the writer feels he cannot testify too strongly—of the most utter superficiality and wrongheaded rashness, besides attributing unworthy motives to him, as the writings of our critic, Baron Pereira, show. The natural consequence of all these mischievous activities was that the shareholders became nervous and suspicious, and general dissatisfaction began to be expressed, whereupon the Board of Management, as they have themselves dutifully reported to Your Excellency, decided once again closely to examine the whole scheme before undertaking the grave responsibility of embarking on the first definite work of construction.”

By way of finally refuting the objections of the opposition party, Wertheimstein called attention to the recommendations of Riepel and Siehrowsky, which he enclosed, advising that construction should not commence unless and until the new commission, which was to be appointed, had pronounced in favour of it. He concluded by requesting Mittrowsky to continue to plead the cause



FRANZ RUPPEL

of the great national undertaking at the steps of the throne.

Such was the heartfelt outburst provoked by the petty critics and enemies that had appeared on all sides. Lest public excitement should be increased still further, it was decided to refrain from publishing the opposition report and the reply thereto. But Solomon Rothschild and Wertheimstein perceived that the moment was propitious for obtaining further advantages from the State, and they desired to exploit Mittrowsky's friendly feelings. Now that the Emperor's name and his own were associated with the undertaking, its non-completion would have constituted a personal reverse. The clever move of securing these names was already producing useful results.

Accordingly leave (from the State Service) was applied for for engineers, including the well-known Carl Gheya; application was made for the import of steam-engines free of customs duty, and permission was again asked for extending the railway to Pressburg, which would serve to consolidate the whole scheme. Then Solomon proceeded to make a definite move against the opposition, who themselves had seats on the Provisional Board of Management of the Nordbahn, by presenting them with the alternative of either ceasing their opposition or withdrawing from the association.

On the 19th October, 1836, Solomon summoned a further general meeting, the third, at which the shareholders were asked to decide upon the plain issue whether the construction of the railway should be commenced forthwith, or whether the Company should go into liquidation, in which case Baron von Rothschild would simply repossess himself of the concession which he had transferred to the Company, and personally defray all expenses incurred up to that date, in so far as they should exceed the amount of 57,000 florins. The

vote resulted in a complete victory for Solomon Rothschild; of the eighty-three qualified voters no less than seventy-six voted in favour of building the whole railway.

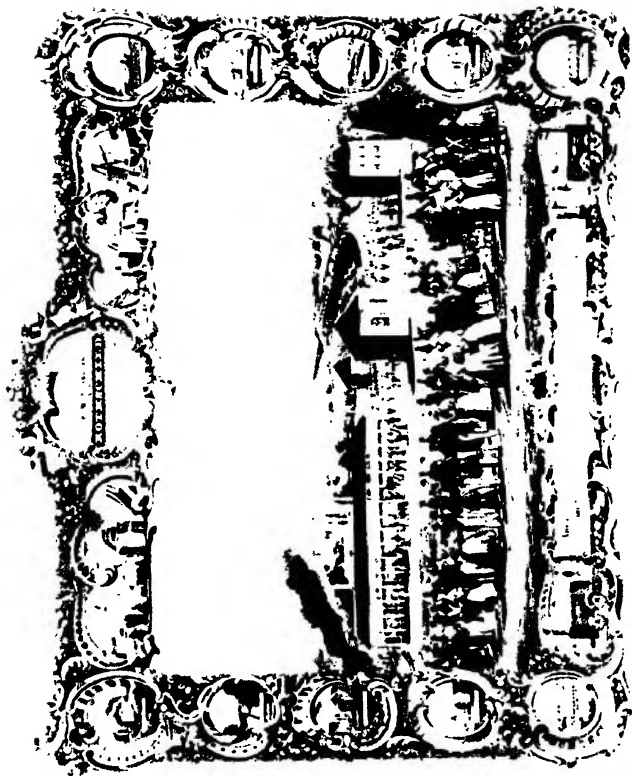
The opposition on the Provisional Board of Management—including Sina, Eskeles, and Pereira—abstained from voting. As a result of the vote, the two former were also forced to resign from the Provisional Board of Management. The way had now been cleared for finally starting with the construction of the railway, but the rivalry between the two banking firms of Sina and Rothschild had become still more embittered.

Count Mittrowsky continued to give his active support to the undertaking. When the Nordbahn Board requested that they might be lent the Crown Surveyor, Francesconi, Baron von Baldacci said there were “a thousand reasons against it,” observing that, as the undertaking had been allowed to bear the name of His Majesty, there was no reason for granting still further favours.

In sending this forward, Count Mittrowsky minuted with some heat: “Your Majesty has already demonstrated to the Nordbahn, which is privileged to bear Your Majesty’s name, that you are prepared to grant this most deserving undertaking Your Majesty’s special protection, to which the very fact that it has been graciously permitted from the very commencement to bear Your Majesty’s name gives it a special claim.

“The Nordbahn is the first considerable railway undertaking within the Austrian monarchy constructed with a view to the application of steam power, and its success, as being the first example of its kind, is bound to be a determining factor with regard to the possibility of other similar railways being constructed. Their requests should therefore be granted.”

The case of the Nordbahn therefore clearly shows that



OPENING CEREMONY OF THE KAISER FERDINANDS NORDBAHN.
70. JULY, 1859

the higher authorities in the State, which have so constantly and particularly of recent years been subjected to abuse, took a far more enterprising and farseeing view than so-called public opinion and the Press. Had these prevailed, the great scheme which constituted the first important piece of railway construction on the Continent and introduced an era of quite unexampled progress, would never have come to fruition.

While the construction of the Nordbahn was in full progress, Baron von Sina received his concession for constructing the railway to the south towards Gloggnitz, as well as on the right bank of the Danube towards Raab, which finally disposed of any Rothschild hopes of getting the construction of the southern portion into their hands. However, the construction of the Nordbahn fully occupied them financially. The section Vienna-Brünn was opened in 1839, the outward journey being a trip of rejoicing and triumph. On the return journey there was a collision, which was the first railway accident in Austria.

Gradually the Government officials became rather more easy. At first, in order to obtain a ticket, it was necessary to secure a permit, or passenger card, from the police on the previous day; this had to be *visé* at Deutsch Wagram, the temporary railway terminus, and personally surrendered to the police after the return journey." On the opening of the section to Brünn these restrictions were abolished.

The cost of constructing the railway did very substantially exceed the estimates which had been made at the time. Pereira was proved right, for the building of the railway as far as Leipnik, forty-two miles, or about two-thirds of the total length, alone consumed 2,400,000 more than the 14,000,000 gulden originally subscribed, and it was only the advances made by the House of Rothschild that enabled the further construction of the

railway to proceed. In the forties Solomon Rothschild repeatedly applied to the Government for support and financial assistance, but he got comparatively little help. The construction of the railway proceeded slowly, and it proved to be impossible to finish it in the ten years provided by the concession. The Government, however, consented to grant an extension of a further ten years ; and it was not until 1858 that the railway was fully completed according to plan.

After the first difficult years of construction, profits soon began to be realised. The shares, which in 1842 were still under par, rose in 1843 to 103, in 1844 to 129, and in 1845 to 228. It became increasingly evident that capital sunk in this manner in railway construction over a period of years would ultimately prove an inexhaustible source of wealth and prosperity, in which the districts served by the railway would share.

While the first big steam railway to be built on the Continent had become associated with the name of Solomon Rothschild, his brother James in Paris had not been idle. There, too, the public and the Press raised the most absurd objections to the idea of railways. "The fire from the engine," several "expert" articles asserted, "would set forests and crops on fire. The noise of the trains would make the neighbouring country houses and properties uninhabitable, and drive mad the cattle pasturing in the vicinity of the railway."

There were, however, a few progressive and far-seeing engineers who actively and enthusiastically advocated the idea of building a passenger railway in France, which country up to the year 1835 had not had one. Prominent amongst them was Emil Pereire, who was of Portuguese origin, having left that country on account of the persecution of the Jews. He belonged to the school of thought which had been founded by the philosopher and first socialist, Count Saint-Simon, and had started as a

journalist in collaboration with his brother Isaac. His financial articles had attracted James Rothschild's attention. Emil Pereire had enthusiastically taken up the idea of building a local railway from Paris to Saint-Germain. James Rothschild was favourably disposed to consider a railway proposition as the result of what his brothers, Nathan and Solomon, had told him, and he accordingly lent a sympathetic ear when his co-religionist, Emil Pereire, approached him with the suggestion that he should finance such a project. As Pereire's ideas were supported by the results of practical experience elsewhere, James proceeded to negotiate for the local railway. The authorities, however, refused to take the scheme seriously.

Thiers commented : " We must give the Parisians this as a toy, but it will never carry a passenger or a parcel." Even the famous French physicist and astronomer, Dominic François Arago, in addressing the Chamber, declared, as had previously been stated in Austria, that travellers in passing through a tunnel a few metres long would be suffocated.

The " toy " was, however, sanctioned, and the Paris-Saint-Germain railway was opened on the 26th August, 1837. Its success soon proved what a good idea it was, and the Chambers, which had in 1835 rejected a scheme for building a railway by the State, were made to look foolish. Thus in Paris, too, the Rothschilds were taking the lead in railway construction. In the case of the second passenger railway, however, they did not have things all their own way. The railway in question was that between Paris and Versailles, and the idea of this railway occurred simultaneously both to Rothschild and Fould. Emil Pereire, who was in Rothschild's service, built the railway on the right bank of the Seine, the famous *Rive Droite*, the concession for which was granted in 1836, while it was completed in 1839 ; Fould

financed the railway on the left bank of the Seine. The two railway companies became bitter rivals, and the rivalry extended to other fields in which the respective financial powers were engaged.

Finally James Rothschild succeeded in obtaining the concession for constructing and developing a northern railway in France, and this gigantic undertaking made very heavy claims on the financial resources of the Rothschilds in the forties. On the 21st July, 1845, the opening of the French Northern Railway became possible.

In the middle thirties Nathan was keenly engaged in railway construction in Belgium. That far-seeing monarch, Leopold of Belgium, had taken a keen interest in railway schemes ever since he had acceded to the throne. In collaboration with George Stephenson, he had planned out a railway system radiating from Brussels; and the Belgian Chambers, showing much greater wisdom than the French, passed the scheme as early as 1834. In this case the undertaking, which at its very commencement required 150,000,000 francs capital, was carried out by the State. A large proportion of this money was raised, through the Rothschilds, in 1836, 1837, and 1840, with the result that the small State of Belgium secured a lead in railway construction, as is even now evidenced by the fact that, in proportion to her area, Belgium has a considerably greater railway mileage than other States.

These first railway undertakings of the Rothschilds were succeeded in the years that followed by others which it would take too long to enumerate. We shall see how, later, they retrieved the opportunity they had missed of getting the Southern Railway of Austria into their hands.

As is proved by their attitude to the first railways in England, it was not prophetic foresight or a love of progress that led the Rothschilds to embark upon the first railway ventures on the Continent; the preliminary

success that had been achieved in England had proved that substantial profits might reasonably be realised elsewhere. Yet, although the Rothschilds were guided in this instance, as always, by business considerations, they were indisputably the pioneers on the Continent of one of the most daring and revolutionary discoveries of the human spirit, which has contributed more, perhaps, than any other to the cultural progress of our times, and has played the most important part in promoting understanding between the peoples.

CHAPTER IV

Differences between the Five Brothers with regard to Spain

THE Rothschild wealth had been preserved intact throughout the disturbances of the July revolution. Indeed, the credit of the firm was more firmly established than ever, and it was seeking investment for the enormous capital sums it had accumulated. While his brothers in France and Austria were engaged in big railway schemes, Nathan was looking out for further extensive loan operations that would be in harmony with the main lines of British policy. Prominent amongst the States that needed financial assistance was Spain, which was at this time involved in most difficult political complications.

Since the year 1823, when a Bourbon and reactionary France had intervened in Spain in order to re-establish the absolute rule of King Ferdinand VII, who had been overthrown by the Revolution, conditions in the two countries had completely changed. When, after the July revolution, Charles X was exiled, and the constitutional King, Louis Philippe, was placed upon the throne of France, Ferdinand VII found himself deprived of French support. A further difficulty was the dispute that developed in the Royal Family at the beginning of the thirties, about the succession.

King Ferdinand VII had no children by his first three wives; his fourth wife, Marie Christine, the beautiful Neapolitan, presented him with two daughters. In Spain, however, succession was only recognised through the male line, so that Don Carlos, an absolutist, with views as Conservative as those of Metternich, was the heir apparent.

The Queen persuaded her husband to promulgate a Pragmatic Sanction declaring women, and consequently their daughters, entitled to succeed. Don Carlos, however,

did not recognise this measure as valid, thus starting the long dispute about the succession. As Don Carlos, the Pretender, was a declared adherent of the old régime, the young Queen proceeded to look to the Liberal Party for support on the death of her husband in September 1833. The whole of Europe took sides in the dispute.

In accordance with their general policy, the more Liberal Western Powers aligned themselves on the side of the Queen. They showed considerable reserve, however, and little inclination to intervene directly. The Absolutist Eastern Powers, and especially Austria, under Metternich, took the side of Don Carlos. At the beginning of the year 1835 things did not look too well for Queen Christine. The Carlists had made progress, and in January there had actually been a revolution. So great was the indignation in the capital at Austria's attitude that the Court did not even go into mourning when the Emperor Francis died on 11th April. Ministries constantly changed, and the struggle continued. Both sides engaged in this internecine struggle needed troops and money. The latter was generously forthcoming from various Powers, but it was also wasted in a most lavish manner. Since 1823 loans to the extent of nearly three thousand million reals* had been issued. Soon official sources no longer sufficed, and private banks had to intervene. They endeavoured, however, to hinder the granting of credits, according to the political tendencies of their various Governments, to the party whose cause they did not favour. Both sides approached the House of Rothschild for money, and it was particularly difficult for the Rothschilds to come to a decision since their activities ranged over both the Western and Eastern Powers, and the countries where their banks operated were in both political camps. It is true that the fact that the brothers were simultaneously settled in the principal capitals of

*A Spanish silver coin, worth about 2½ pence.



QUEEN MARIE CHRISTINE OF SPAIN

Europe, and were able to take concerted action on any matter, was, as we have seen, one of the principal reasons for the rise of the House, as one brother always kept the other informed of what was happening. They were all in a strong position to obtain reliable information, as they were able in the course of the business of administering the property of influential persons in the various countries to establish connections whereby they were always able to obtain the most recent and reliable information without any suspicion of bribery.

Sometimes, however, this cosmopolitanism also involved them in difficulties; and in this particular case there was a natural difference of opinion between the five brothers. Nathan was in a particularly awkward position, since England was most inclined to intervene actively. Although France had joined the so-called Triple Alliance, concluded on 22nd April, 1834, between England, France, Spain, and Portugal – the Austrian Ambassador in Paris had received the first news of its conclusion from James Rothschild, to whom Nathan had sent a courier – Louis Philippe had no desire to pull the chestnuts out of the fire and to intervene actively in Spain on behalf of the Liberal Queen Christine, as Louis XV had done on behalf of the Absolutist King Ferdinand VII.

The Liberal policy forced upon Louis Philippe through the manner in which he had attained power was really most distasteful to him. He was not a Constitutionalist from conviction, and privately felt that it would be exceedingly difficult to secure his throne in France against the wishes of the Eastern Powers and without their support. Moreover, in the strictest secrecy of his own heart, he cherished the hope of marrying the heir to the throne, the Duke of Orléans, to an Austrian Archduchess. James Rothschild, who was in constant touch with the monarch and his most intimate advisers, knew the King's attitude, and therefore wished as far as

possible to keep himself financially out of the Spanish hornets' nest. It is unnecessary to observe that the Vienna, Frankfort, and Naples brothers, who were further from the scene of action, and entirely under the influence of Metternich, wished to have nothing whatever to do with Spain. At that time the five brothers constituted a *single* firm; the action of any one of them affected all the rest, and herein lay the possibility of conflict.

In spite of all considerations against such action, Nathan had two very good reasons for wishing to make a loan to Spain, i.e. to the Queen Regent, Marie Christine. He would be acting in accordance with the wishes of the British Government, and it would work in conveniently as part of a large scheme he was planning, which promised to be an excellent piece of business. There were only two places on the Continent of Europe where quicksilver was produced, while overseas sources were practically negligible. The two sources were the quicksilver mines of Idria, which the House of Rothschild had purchased from the Austrian Government and worked, and the quicksilver mines of Almadá in Spain, the products of which constituted an important revenue for Spain. A concern possessing both quicksilver mines would establish a monopoly and would be able to control the price of the metal. Such was Nathan's scheme, and he was now endeavouring to obtain the concession of the Almadá mines from Spain in return for the financial assistance she was always needing, with a view to working them intensively. These mines had been owned by the Fuggers in the sixteenth century, and the idea appealed to Nathan of further emphasising the similarity between the position and influence exercised by that House and by his own. Nathan sent his son Lionel to Madrid to carry out his plans. In agreement with the Queen Regent the Spanish Government had decided to

auction the right of working the Almada mines, which at that time yielded only 16,000 to 18,000 cwts. of quick-silver at 37 pesetas per cwt., offering a lease of about five years, in order that the productivity of the mines might be increased by the expenditure of foreign capital. Offers were to be sent in to the Finance Minister under seal, and then examined. The House of Rothschild employed their old tactics. They offered 5 reals more than any other offer which should not exceed 54 piastres the hundredweight. The Spanish Government was especially inclined to give the lease to the House of Rothschild, because Lionel had come with an offer from Nathan to lend the Government 15,000,000 francs at a low rate of interest, and this offer had been gratefully accepted. Moreover, the Spanish Government much preferred dealing with the powerful firm of Rothschild, with its world-wide connection, than with the small native banks which were financially weak. The Rothschilds had shown an uncanny instinct in hitting on the figure 54, for the highest offer, which was made by the Spanish Bank of Zulueta, was exactly 54 piastres, and the Rothschilds, having offered 5 reals more, were indicated as the persons who should get the contract. A solemn agreement was accordingly signed on 21st February, 1835, by Lionel Rothschild, and the Spanish Finance Minister, Count José Maria Toreno; and the agreement also bore the signature of the Queen Regent, Marie Christine. To mark the occasion Lionel was made a member of the Order of Isabella the Catholic.

Toreno had passed an adventurous life. At the time of the first Napoleon, in 1808, he had carried through the memorable alliance between Spain and England against the mighty Corsican. He was a man of Liberal leanings, and advocated freedom of the Press, the abolition of the Inquisition, and the dissolution of the innumerable spiritual Orders scattered over Spain. He was, therefore,

forced to leave Spain when the reactionary King Ferdinand VII returned, and lived for a long time in Paris, where he made the acquaintance of James Rothschild, but fell out with him, probably owing to the refusal to grant a loan. On the death of King Ferdinand VII he was recalled to office by the Queen Regent, and had been made Finance Minister on 15th June, 1834, thus attaining a position which was of the very greatest importance to the House of Rothschild, even though it intervened in Spanish affairs only through Nathan's branch.

This fact did not at the time prejudice the quicksilver mine agreement, because Toreno needed the money for the State. Indeed, Lionel had, on 27th May, in accordance with the usual custom of the House, asked for and obtained certain modifications of the agreement in their favour, the most important of which was that the Spanish Government should renounce a right to terminate the agreement at the end of three years in return for a slight increase in the price per hundred. The Rothschilds agreed to pay 55 piastres per cwt., and all alterations in the contract were agreed upon on 4th June, 1835, the Rothschilds having brought pressure to bear on various important persons, not neglecting the Civil Lists of the Queen, to which they are said to have contributed 500,000 francs, the Queen being in very straitened circumstances at the time.* The transaction was profitable to both parties, for, by virtue of the monopoly which they had achieved, the Rothschilds were enabled to sell the mineral, which cost them 55 piastres per cwt., at 76, and even at 80, in London. This naturally yielded a very considerable profit, and everything was done to increase output, a fact from which the Spanish Government also benefited, and they took advantage of the position constantly to ask the House of Rothschild for advances on account of the quicksilver royalties.

Nevertheless, Spain's financial position grew steadily

worse owing to the interminable civil war and maladministration. Not content with the advance of 15,000,000 francs, and the receipts from the quicksilver mines, Toreno again approached the French House, i.e., James, in spite of his previous refusal, for an advance. James, however, had no political reasons for lending money to Spain, and the quicksilver business had been satisfactorily settled. Toreno's request was, therefore, refused, a fact which made him indignant, not only with James, but with the whole House of Rothschild. Meanwhile, Toreno succeeded in arranging the loan with Ardouin, another banker, but on very unfavourable conditions. The course of the negotiations had further revealed to the Rothschilds the exceedingly unsatisfactory condition of Spain's finances. The four brothers on the Continent, who had, anyhow, resented Nathan's action in advancing 15,000,000, became anxious about their money, and reproached their brother. It was finally decided to bring every possible pressure to bear on the Spanish Government to repay the money.

This aroused Toreno's hostility to the full, and he made every effort to put obstacles in the way of the repayment of the money by the Spanish Government. In the end, and at the cost of much effort, the Rothschilds succeeded in recovering part of their money in cash, and part of it in the very doubtful bonds of the Ardouin Loan. They managed to do this, however, by the simple process of buying the obstinate Finance Minister. The man certainly proved expensive: he got 1,300,000 francs as a first instalment, and a further 300,000 francs in the course of the negotiations, that is, a total of 1,600,000 francs.

After thus recovering the money which they had lent to Spain, the brothers had a discussion in Paris, at which they expressed their rage and indignation at the attitude of the Spanish Government, and particularly at the contemptible ingratitude and unscrupulous avarice of

Toreno. They decided to take exemplary vengeance on him, and they succeeded only too well by means of a bear operation, to which further reference will be made.

In order to settle these risky Spanish transactions, which had been far from going through to the satisfaction of all the brothers, James Rothschild went to see Nathan in London at the end of May 1835, intending to take advantage of this opportunity for negotiating with a business friend, Don Juan Alvarez y Mendizabal, in matters regarding Portugal's public finances. While he was there they received the alarming news that Martinez della Rosa's Ministry had been forced to resign on the question of Franco-British intervention, and that the new Prime Minister was none other than the notorious Count Toreno. Nathan was terrified by this appointment, although the bad news was modified by the fact that Toreno meant to ask Mendizabal, who was friendly to the Rothschilds, to take office under him as Finance Minister.

The appointment of Toreno, and the wretched condition of the public finances, as well as the unfavourable military position with regard to the Pretender, Don Carlos, made Nathan nervous about all his commitments in Spain, including the highly profitable quicksilver mines. If Don Carlos were to come into power, it would be the death-blow to all the interests in Spain of Nathan as being the supporter of the Queen Regent and her Liberal adherents. He, therefore, made great efforts at this time to secure the armed intervention of England and France in Spain. However, all that he was able to persuade the Governments to do was, in the case of France, to place the Foreign Legion at the free disposal of the Queen, and, in the case of England, to raise a volunteer regiment, despite the protest of the Tories. Nathan actively assisted in recruiting the volunteers, which without his money would have been impossible.

Von Hummelauer, Chargé d'Affaires at the Austrian Embassy in London, who was anything but well disposed to Nathan, heard of his activities through Kirchner, a clerk at the Consulate-General, who had been engaged by, and drew his salary from, Nathan. This man was therefore quite definitely acting as a spy for Austria while being an official of an Austrian Consulate. Hummelauer, who distrusted Nathan, and rightly considered that Nathan did not take his duties as Austrian Consul-General very seriously, was anxious to keep a closer eye on the activities of the House of Rothschild by this means. Nathan was not aware that he had a powerful enemy in Hummelauer, who often reported direct to Vienna in the frequent absence of the indolent Ambassador, and thus had gained the ear of Metternich. Nathan generally called at the Austrian Embassy on Sundays, and would talk to Hummelauer if Esterházy was away. On hearing of the expected fall of the Spanish Ministry, and that Toreno would probably become President, he called at the Embassy, showing every sign of alarm and distress. He stated emphatically that it was clear from a letter his Paris brother had sent him, that if the Eastern Powers should prevent France from intervening in Spain, Louis Philippe would be finished, and dethroned within a few weeks, if not days. Hummelauer's view was that this was absolutely inconsistent with the reports from Paris, but he felt that Nathan was in a position to speak with such authority that what he said could not be entirely ignored. Moreover, the fact that James also was present in London indicated that the two brothers were taking important decisions. Prince Metternich had now received information from the most various sources to the effect that the House of Rothschild were supporting with money, not his candidate, "the Legitimist" and reactionary Don Carlos, who was fighting the Queen

Regent, but the Queen Regent Christine herself, who had been born of the foam of the Revolution, and in addition to all this he was now told that James had actually travelled from Paris to London in order to lend considerable financial aid in support of England's military expenditure on behalf of Queen Christine, in order that Spanish securities might rise in value. As Metternich was unable to speak personally to Solomon, who was staying in Paris, he decided to instruct his Ambassador in Paris, Count Apponyi, to do so. He wrote a *lettre particulière* to the Count, explaining his suspicions of the Brothers Rothschild, and instructing the Ambassador to find out what the position was.

Count Apponyi took the bull by the horns. Although he must have realised that he was scarcely likely to get a complete explanation in this way, he simply called on Solomon Rothschild to ask him about the matter. Apponyi's report on the meeting is exceedingly interesting, although Solomon can scarcely have revealed to the Ambassador the *fond de sa pensée*.⁴

When Apponyi explained to him that Metternich was uneasy regarding the policy of the House of Rothschild in Spain, Solomon Rothschild at first expressed his painful astonishment at such apparent mistrust regarding the attitude of his House in relation to the financial side of the Spanish question. He most solemnly protested his sincerity and his good faith, and assured Apponyi that precisely the converse was true, and that the rumours that were current were entirely unfounded. He followed this up with the somewhat far-fetched assertion, told to the Count under the "seal of the strictest secrecy," and promptly retailed by him to Metternich, that Nathan, the head of the London branch, had allowed himself to be persuaded by the entreaties of his wife Hannah, daughter of the English banker Cohen, who had herself been brought into the

matter by a complicated process of intrigue, to advance about 16,000,000 francs to the Spanish Government. The four brothers had highly disapproved of this operation and regretted it, but they had inevitably been involved in the transaction, since they were all partners and jointly responsible for the actions of any one member of the House.

Solomon thus endeavoured, by pleading female influence, to soften the effect of his painful confession that, in spite of all their assurances to the contrary, his House had granted a loan to the Liberal Regent of Spain, who was fighting against Metternich's protégé, Don Carlos. He proceeded to recount the further unfortunate vicissitudes connected with this loan of fifteen to sixteen millions, and the "indescribable" conduct of Toreno in the matter. "Here we give Spain," he said, "our honest money, at a low rate of interest, such as anybody would have paid, and then we have to pay a bribe to the Spanish Finance Minister of 1,300,000 francs, and 300,000 francs to other people, and to accept quicksilver and rubbish (by this he meant the Ardouin bonds) in place of payment!"

Thereupon the Brothers Rothschild in London and Paris proceeded to work for a fall in Spanish funds, applying an amount of £1,800,000 to this purpose! The operation was completely successful, Spanish Rentes falling from 70 to 37, and the panic resulting from the terrible fall in value of Spanish securities in London was simply and solely the result of the Rothschilds' act of vengeance. Thousands of holders of Spanish securities lost two-thirds of their property, but the Rothschilds made far more out of it than the amount of the gratuity—*en pots de vin*, as Apponyi put it—with which they had bribed Count Toreno.

"Tell Prince Metternich," Solomon Rothschild went on to say to Apponyi, "the House of Rothschild has done

all this for vengeance, and if Don Carlos is successful he will largely have the House of Rothschild to thank for it. My brother Nathan cannot stand London any longer ; he is too disgusted with the Spanish business. He wanted, even without having cleared up his accounts and put his affairs in order, for which he did not feel sufficiently calm, immediately to leave for Frankfort. James thereupon offered to help him to clear things up, and that is the real reason why James went to London. As soon as this business is settled my brother Nathan is going to Frankfort to spend a few months there.

“ This is the whole of our secret, and I am confiding it to you ; but kindly bear in mind that, if it were to come out, we might be in personal danger, for how many there must be who would gladly murder us for the misfortunes they have suffered ! We have already sent three couriers to recall my nephew Lionel from Madrid, as if anything were to leak out he would be in the most serious danger there.”

Count Apponyi was profoundly moved by this story. He felt the enormous power wielded by the House of Rothschild, and what a misfortune and a stupidity it would be to expose one's self to the risk of incurring its vengeance. There were certainly many more innocent than guilty amongst the victims, but Count Apponyi had grounds for satisfaction, since the fall in Spanish securities had naturally affected Count Toreno's prestige, and the Queen Regent, Marie Christine, and her system, which was so vigorously opposed by Apponyi's supreme chief, the all-powerful Metternich, had suffered a serious blow.

“ Is it possible for a banker,” Apponyi asked, “ to take vengeance in any other way, having regard to the numerous innocent victims of such an operation ; and are *we* justified in complaining of the effect produced by this operation upon one of the most important political questions of our time ? ”

Meanwhile, Metternich had also received reports from Hummelauer in England, and Esterházy had received, more particularly through the Austrian Ambassador in London, various items of information compromising the House of Rothschild with regard to their Spanish policy. Esterházy asked Nathan and James to come and see him, and questioned them on the matter. They naturally did their best to allay the Ambassador's fears. James wrote a letter from London on 23rd June, 1835, containing the following passage :—

“ We had a long conversation with Prince Esterházy, and it is clear that Pozzo does not love us. We told him that we are having *nothing whatever* to do with Spain, or with the payments to the troops in England ; for Pozzo spoke as though we were providing the money for raising the troops here. We told Prince Esterházy that he could write to the Prince that we had had absolutely nothing to do with the matter.”

Such was the position of the Rothschilds, that they naturally avoided expressing their inmost thoughts in letters which were destined to be communicated to Prince Metternich or Count Apponyi. One fact was clearly established, namely that the London Rothschild stood for the same Liberal views as the British Government, and that was the essence of the matter.

Hummelauer trusted Nathan no further than he could see him, “ For,” he wrote a little later, “ even if Nathan had entirely disposed of the Spanish affair, I should not regard this as any real guarantee for his conduct in the future. Last year, when he became a partner to all the intrigues of the Quadruple Alliance, he observed to me one day, in obvious embarrassment as to what he was to say : ‘ I must grant it (the loan of the moment) because if I don't, somebody else will.’ He has joined the ranks of the revolutionaries simply because he saw his profit in so doing. He has struck me ever since I have been

here as so completely disingenuous and so cheap in his motives that I am convinced that he will always plump for the side on which there is anything to gain, and that if offers should be made from the revolutionary party he would not hesitate to accept them."

On receiving these complaints from the London Embassy, Metternich protested to Wertheimstein, the Vienna Manager of the House of Rothschild, and he duly reported on this to Solomon in Paris and to the two brothers in London. Thereupon Nathan and James in London went to the Austrian Embassy, where they found Hummelauer again in charge, and naïvely asked him, of all people, to use his good offices with Prince Metternich so that he might no longer suffer from these misconceptions as to their "real attitude." Hummelauer did not disguise from them that he had been the actual cause of the alarm at Vienna. He said that he was bound to report the fact that Nathan had at one time spoken in favour of intervention in Spain, on the ground of news which he had received from James in Paris. Nathan was exceedingly embarrassed, for he was unable to deny this in front of his Paris brother.

"James's astonishment at my statement," Hummelauer reported, "was no less than my surprise when James emphatically gave me his word that he had written in a precisely contrary sense to his brother, that is to say, against intervention and not in favour of it. He had actually pointed to the possibility of Louis Philippe losing his throne as a consequence of intervening, and not of refraining from intervention. Everything leads me to the conclusion that *this* statement of James should be fully believed, since it entirely agrees with everything that one has heard from Paris, and accords with the general spirit and well-known public sense of the Head of the Paris branch, and with the fact of his exceptional relations with King Louis Philippe."

Solomon in Paris had also received Wertheimstein's letter regarding Metternich's dissatisfaction and his request for an explanation. As he was normally domiciled at Vienna, and completely dependent upon Metternich, he was naturally far more sensitive to the latter's reproaches than any of his brothers. Solomon, who was forced to live under the immediate eye of the Prince, was naturally particularly concerned to clear himself, as far as the Vienna Cabinet was concerned, even if this had to be done at the expense of his brother Nathan. He did not confine himself to explaining his position to Count Apponyi, but he also wrote at length to Wertheimstein, instructing him to communicate his remarks to Metternich. His faithful secretary had the letter copied and submitted it to Metternich.

"I duly received your valued communication," Solomon's letter ran, "regarding the affairs of my brother in London. Before I come to deal with the matter itself I must remind you, my dear Leopold, that, as you know, but H. H. the Prince cannot know, my brother Nathan Meyer is one of the ablest men as far as the Exchequer and price movements are concerned, but has no special aptitude in other matters. You know that I am a confirmed enemy of Spain, and that he is no less so, not for political reasons, of which he has little understanding, but on account of the fact of 1,300,000 francs which we had to sacrifice in order to recover our money, and even then we did not recover the whole amount, but were forced to accept 600,000 in Ardouin bonds. We brothers thereupon decided—this is between ourselves—to avenge ourselves on Spain and on Toreno, because he and his Council have caused us an actual loss of

1,680,000 francs. We decided to force Toreno into a position in which he should suffer for every penny that he had taken from our purse, to repay the robbery by ruining his schemes, and to indemnify ourselves for our loss. And that was done ! Nathan Meyer sold, in addition to £600,000 of stock, a further £1,500,000, on bear account, as shown by the enclosed copy of the statement, the original of which I showed to Count Apponyi. Now you know what happens in a bear operation ; when the time for delivery comes, if you have not got the stock you must borrow it, and that is what my brother did, but in the meantime the people from whom he had borrowed stock, and who were forced to take back the stock from him at the higher price, were not able to meet their obligations, owing to the *excess* of £1,500,000 stock which my brother had sold ; instead of the Ardouin Loan being £3,500,000 —£5,500,000 had been sold, and this flooded the market and ruined the value of Spanish paper. I have had Lionel's letters from Madrid copied to send to you ; he says in them that Ardouin and Mendizabal sent couriers to Madrid complaining that Nathan Meyer Rothschild was selling so alarmingly and depressing the stock. Lionel naturally denied this, and he is back from Spain now, and the robbers in Madrid have had their credit ruined. Prince de Talleyrand* is still alive, and, as His Highness may ascertain we have been to see him ten times, which between ourselves has also cost us a little money, and we asked him to remain a few days longer in Paris so that the King might adhere to his resolve not to intervene. I would have you know that we were with Broglie,¹⁹ and Guizot²¹ was there ; they are both at heart opposed to

intervention, so, when asked for our sincere opinion as to what was best, we replied that we were convinced that France's credit would go to the devil if they intervened, and that they would have to face a *second* and a *third* revolution. We have also seen the King and made him fear for his crown, and he told us that he would rather take on Manguin¹² than intervene. Thiers¹³ is now bitterly hostile to us ; it seems that the King told him what we had said, as also did Guizot and Broglie. As regards Nathan Meyer Rothschild, he is a child in politics. The fact that, as you write, he discussed the matter with Esterházy is an absolute proof that he believes that the Powers will be pleased by intervention. There is no other way of explaining it ; with regard to Spain itself, I guarantee you by the happiness of my family and my two only children, if he is handed *clean* money all he need do is to change it. He is so disgusted that he says he is going off and won't touch Spain again *if the money is put in his hands*. This I assure you. For the sake of his health, and to have a little rest, he is going to Frankfort when his son Lionel arrives in London ; he will take Lionel with him for a few months to the family at Frankfort. I am prepared to swear before God to the truth of what I am writing, which I want you to pass on to the Prince. I take my oath upon it that it is all absolutely true. However, unfortunately the Rothschilds have broad backs, and there are constant articles in the papers. In other matters that are not concerned with the Bourse, Nathan Meyer Rothschild is not particularly bright ; he is exceedingly competent in his office, but, apart from that, between ourselves, he can hardly spell his own name.

This brother of mine, however, is so disgusted with Spain that he can hardly bear himself, just like all of us, only perhaps he feels it more because he realises that he made the advance of 15,000,000 francs without asking any of his partners about it. You can, therefore, communicate my whole letter to the Prince, assuring him that there can be no thought of giving the Spanish Government a single farthing of credit. I myself do not yet know when we brothers will meet ; whether the affair of the Spanish Loan will cause a split we shall see. I am sixty, my brother at Frankfort is sixty-two ; I have only two children, and if I live very carefully I can live on the interest of my interest ; I have fortunately only got to provide for my son, as my Betty is as rich as her father." I do not mean that I intend to give up business, but only to see to it that I can sleep peacefully. The Spanish affair has completely ruined my nerves ; it is not the loss of money, for, even if the whole 15,000,000 francs had been lost, my share would have been only 3,000,000, but the unpleasantness which we have had with this business. Now Nathan Meyer Rothschild has four grown-up sons, and Carl has two younger boys, so they manage on the basis of a dozen heads. Because my father has so disposed we shall probably have to remain together, but I must confess that it has all very much tired and exhausted

“ Your

“S. M. v. ROTHSCHILD.”

“ I have sent your letter of 15th to London, as James is in London just now to deal with accounts. I must beg you to show the letter only to the

Prince, as we and N. M. R. (Nathan) are getting anonymous letters threatening our lives *for having so much depressed the Spanish bonds*, and I am afraid to go out at night."

This letter was characteristic in more than one respect ; it shows that the Spanish affair did really trouble Solomon exceedingly, and that the false position it placed him in with regard to Metternich was so painful to him that he had even thought for a moment of separating from his brothers and withdrawing from business. It is evidence of the conflict of conscience from which Solomon was suffering, and of the development of a crisis in his relations to his brothers in the West. This was, however, only a passing move. Fundamentally the maxim laid down by the old father, Meyer Amschel, still held : " All the brothers shall stand together in everything ; all shall be responsible for the actions of each one " ; and the desire for profit and constantly to increase the power of the House was greater than any misgivings or any consideration for Metternich. Solomon remembered Psalm cxxxiii, v. 1 : " Behold how good and how pleasant it is for brethren to dwell together in unity ! . . . For there the Lord commanded the blessing, even life for ever more."

Whilst the Rothschilds had at first been disappointed in Spain, they had succeeded in their principal object, the acquisition of the quicksilver mines, and the loan affair with Toreno had been dealt with adequately. By their bear operations in Spanish securities they had not merely recovered the amount spent in bribing Toreno, but had made a profit besides. The final result, therefore, had been, as Solomon himself had to admit, that his much-abused brother Nathan had achieved a financial gain to the general benefit of the House of Rothschild.

So far, so good ; but Solomon wanted to ascertain who

had spread the rumours which had made such an impression on the Imperial Court of Vienna, or, rather, on Metternich. It did not take him long to find out, for he had his confidential agents everywhere ; especially he had friends whose interest it was immediately to bring in any news that might be of value. Prominent amongst these was Count Carl Pozzo di Borgo, the old bitter enemy of Napoleon, whom he had hated since they were boys together in Corsica. The Count, who was seventy years of age, was at that period Russian Ambassador in London. Notoriously avaricious, this seventy-year-old diplomatist had amassed a large fortune in the course of his career, but his desire for money was insatiable. He had been connected with the Rothschilds when they had been engaged in the issue of the Austrian Metalliques. Two days after he had sent the above letter to Vienna, Solomon received a detailed letter from his brother Nathan, putting him in full possession of the facts regarding the part which Pozzo had played. He at once took the letter to Count Apponyi, and wrote another letter to Wertheimstein in Hebrew.

“ Paris,

“ *26th June, 1835.*

“ I enclose a copy of a letter from London, the original of which I showed to Count Apponyi, requesting him to write to Vienna confirming the fact that he had seen the original here. You see that Pozzo is the source of all these slanders. I may be permitted to explain to my real friends the origin of Pozzo's deep and bitter hatred of the House of Rothschild. You will remember that in connection with the Metalliques Loan, which immediately rose to a premium of five, and then of ten per cent., my brother James wrote to me at Vienna stating that Pozzo wanted to be given

1,000,000 gulden at the issue price. James added himself that he was counting on Pozzo getting at least half a million. You will remember that I had very few *Metalliques* left, and why should I make a present to Pozzo of forty to fifty thousand florins—to Pozzo, one of the world's worst misers, who has had so many profitable dealings in *Rentes* with our firm.

“Pozzo's suggestion was accordingly refused, James telling him that unfortunately I had none. He has since been our bitterest enemy, and makes a profitable business out of damaging us. I got my brother James to go to London to get all these accounts cleared up ; thereupon Pozzo springs the yarn that James went to London to pay the ruffians who were going from there to Spain. In the enclosed copy of a letter from Nathan regarding part of the account, the original of which has also been seen by Apponyi, you will find an item of about 1,600,000, of which we had to allow Toreno and his gang to rob us, in order to recover our money. I am also sending you a Madrid newspaper, which contains proof that we were against the intervention, as well as an extract from Lionel's letter, which the Count has also read.

“It is not interested motives that lead me to make such efforts to clear myself of suspicion in the eyes of the Austrian Cabinet. No, as God is my witness, I am actuated by love, respect and devotion. Were I dealing only with that miser Pozzo, who, because he did not get his 500,000 florins, has become our deadly enemy, he would see how little his lies worry me.”

Solomon's intention was that all his remarks should be duly conveyed to Metternich so as to re-establish himself

in Metternich's good graces, even if he did so at the expense of his brother Nathan. Nathan was far away and outside Metternich's range.

Meanwhile, the position in Spain had undergone a profound change, and this was attributable in no small degree to the influence of the Rothschilds. His overwhelming financial difficulties and the vicissitudes of the campaign against Don Carlos had forced Count Toreno to resign in favour of Mendizabal, who succeeded him. This man, who was a Jew by race and religion, had passed an adventurous life. Having a highly developed financial sense, he had been an army contractor early in his career, and had then entered the service of the rich Madrid banker, Don Vincente Bertram de Lys, who, as we know, came to be closely connected with the House of Rothschild. It was through him that the Rothschilds made the acquaintance of Mendizabal. Mendizabal succeeded in ingratiating himself with Don Pedro of Portugal, to whom he was able to render important financial services. In these transactions Mendizabal worked in close alliance with the House of Rothschild, which arranged a loan of £2,000,000 to Portugal in April 1835. Later on Mendizabal was compelled, for political reasons, to emigrate to London, where, through Nathan Rothschild, he was brought into touch with members of the British Government. He also speculated on his own account in Spanish securities, and made a great deal of money.

He was still heavily involved in these securities when the Rothschilds decided to bring about the great Spanish slump. Mendizabal would have been ruined had not Nathan given him previous warning of what was going to happen. This very man was now Prime Minister in Spain, a highly satisfactory circumstance for the Rothschilds, especially as James, as well as Nathan, was on the most friendly and personal terms with the new Minister. The financial situation in Spain was certainly extremely

bad, and the continuing military operations against the Carlists made it necessary to go on raising money. Mendizabal made the most generous promises on taking office, and substantially increased the public debt, in his efforts to carry them out. He was generally regarded as the agent of the most important bankers in the City of London.

The Duke of Wellington, who viewed with dissatisfaction the fact that the Liberal English Cabinet supported the appointment of Mendizabal, went as far as to say "that he regarded the man as nothing more than a tool of Herr von Rothschild, whose duty it was to further the interests of the speculators in Spanish securities. In this matter Wellington was of exactly the same mind as Herr von Hummelauer, because in the Spanish affair Nathan had supported the political opponents of the aged Field-Marshal.

"Is he still your Consul?" Wellington asked Hummelauer in 1836.

"Yes," replied Hummelauer, "but for many years all personal contact between me and Herr von Rothschild has ceased, so that relations between him and the Embassy are now entirely suspended."

Mendizabal's Government, however, satisfied neither the Spain of the Queen Regent nor the Rothschilds. He kept on piling up the debt, and increased the deficit to an enormous extent.

It was all very well for the Rothschilds to tell everyone that they were having nothing more to do with Spain. That was not the case as long as they were in possession of the rich quicksilver mines and to that extent dependent upon Madrid. Nathan did not wish to endanger the success of one of his most daring business strokes through excessive harshness in dealing with his friend Mendizabal's constant applications for loans. His brothers, however, took a different attitude, as they were dependent

upon Metternich, Louis Philippe, and other powerful persons.

Towards the end of 1835 the Spanish Queen's Government approached England for a loan, and England suggested to France that they should jointly guarantee £2,000,000. Nathan was asked to take a part in this loan. He saw that by doing so he would win favour at Madrid, while the guarantee of the two Powers made the loan a perfectly safe one, but, in view of the great dissatisfaction that had been caused by the previous loan issued behind Metternich's back, he decided on this occasion to put his cards on the table so far as his brothers and Metternich were concerned.

"In view of a statement that has been made to me by one of our most intimate friends in the Cabinet," he wrote to his brother James in Paris on 20th December, 1835," "I am hastening to send you this express letter to inform you that our Government has proposed to France that she should join in guaranteeing a loan to Spain of two million pounds sterling.

"Our Government's proposal is for a *joint guarantee*, and they have so far had no reply from the French Cabinet. If France will not agree to the proposal it is highly probable that England will give her guarantee alone, if not for the whole amount, at any rate for a part.

"Under such an arrangement, my dear brother, we should be running no risk at all, in my opinion, for if France and England give their guarantee it will be like the 'Greek Loan.' . . . Please forward this letter at once to our brother Solomon at Vienna, as I am very anxious to know what Uncle thinks of this matter."

By *Uncle* he meant Metternich. It is interesting to note that Nathan was kept informed by his "most intimate friend in the British Cabinet." He was certainly useful for such business.



COUNT TORENO

It was difficult for Solomon at Vienna to persuade Metternich to acquiesce again in the plan of granting a loan to the enemy of his protégé Don Carlos, a loan which, in any case, was bound to be fruitless. For Metternich would not change his opinion, especially in a matter involving the fundamental principles upon which his policy was based. Solomon represented the matter as though Nathan wished to ascertain Metternich's opinion, but he sent him the extract from the letter which has been given above. The result was, as might have been expected, one of the Chancellor's typical lecturing tirades. He wrote as follows in a private letter to Solomon Rothschild " :

“ Vienna,

“ 29th December, 1835.

“ I have considered the letter which you have sent me with the attention which the subject obviously deserves. You know me well enough to have learned that I never engage in speculative transactions, and it is therefore unnecessary for me to take cognisance of them. This case raises other considerations ; and your brother Nathan M. desires to know my views. These I shall express without beating about the bush, as an honourable man, who is well disposed to your House, should. The business under discussion has two sides, a financial and a *moral* one. The first is no concern of mine. A loan guaranteed by the two sea-Powers is undoubtedly a safe financial transaction. You will appreciate this better than I can. If your brother wishes to make money, this is an opportunity for doing so. From every moral point of view I consider the business to be one of the most damnable, as I shall have no difficulty in showing. Although neither I nor anybody else, who has

had experience of public affairs, would venture to prophesy the final outcome of the Spanish Revolution, the outcome on another field is painfully obvious, I mean the inevitability of Spanish bankruptcy. Whatever may happen in that unfortunate country, its public debt cannot be met, and anything that is done in England now with reference to the Peninsula is simply *putting off the evil day*, and also making the ultimate disaster more extensive. And who are the people who will be hit? They are unfortunate fathers of families, small capitalists, the value of whose Spanish securities will dwindle away to nothing; and, in order to put off the evil day, rivers of blood are being poured out in Spain, while at the head of the so-called Administration—for it administers nothing—is an agent of the British Stock Exchange, and the country is being systematically robbed of all the resources which might have improved its future!

“Such operations may bring blood money, but that money can bring no happiness! The loan in question can serve no other purpose but to meet obligations due in London for one term; Spain will receive not one farthing of the money. All that Spain can hope from the scheme is an extension of the deceptive appearance of there still being resources where there are no real resources at all, and this deception will cost much blood. I am speaking now of the national bankruptcy which God Himself could not prevent.

“If your honourable House were to take over the business it would earn the curses of those who will eventually be overwhelmed in bankruptcy. A House which has won its position by very different methods from these should not be a party to such a scheme.

“Nathan Meyer may say that such considerations cannot affect a business decision ; this may be true, where such decisions are admittedly uninfluenced by any moral considerations whatever. I am not that type of man, and I am sure that, on reflection, Nathan Meyer will feel that neither is he. However, he wished to know my opinion, and this I frankly express in the way with which you are familiar.”

Metternich's high moralising made but little impression on the members of the Rothschild family, except upon Solomon. They knew perfectly well that the Imperial Government had backed the absolutist Don Carlos, and that they were on their side giving him very considerable financial support. It was as yet by no means evident that Don Carlos would not triumph in the end. If he had only been somewhat more energetic and decisive he might on three occasions easily have succeeded in becoming master of Spain. But even if he were to succeed, how could one lose with the guarantee of France and England ? If things went wrong, well, those two States would suffer.

Solomon at Vienna could always take refuge in the fact that he had loyally told Metternich everything, pointing to the difficulty of opposing the majority of his brothers. In any case, he let them carry on with their profitable transactions. At least such was the view of Herr von Hummelauer, the enemy of the Rothschilds at the Austrian Embassy in London. He was constantly sending hostile reports about the Rothschilds to Vienna regarding their Spanish transactions, and keeping everybody in a state of alarm. Thus he reported on the 15th April, 1836, that the House of Rothschild was negotiating with the Government of the Queen Regent with regard to loans, the payment of interest on old loans,

etc., that they were planning all kinds of intrigues, and, more especially, had lately endeavoured to frustrate the Banker Ouvrard's efforts to arrange a loan for Don Carlos."

Metternich immediately asked Solomon Rothschild, who had returned to Vienna, to come and see him, and taxed him with Hummclauer's accusations. Thereupon father and son put in a detailed memorandum regarding the financial arrangements of their House with Spain. They described Metternich's information as false, and as obviously emanating from an unreliable source. It was true that Mendizabal had suggested that the House of Rothschild should grant further advances to an amount of £200,000 to £250,000 on the security of the royalties of the quicksilver mines, and a similar amount on the security of Spanish Rentes. The House of Rothschild had, however, refused to do so, although the mines in the south of the country were far from the scene of action in the civil war, and therefore offered adequate security for repayment. In spite of everything, this attractive suggestion had been turned down. Metternich should have confidence in Solomon's character and word, for anyone familiar with the methods of the House of Rothschild, and who had occasion to observe the principles which had for some time governed their transactions would inevitably come to the conclusion that they had no intention of extending the range of their operations, but wished, rather, gradually to narrow their scope, and above all, to hold aloof from such venturesome operations as could only result in unpleasantness and bad blood. Thus the London branch of the House of Rothschild had kept entirely aloof from industrial undertakings such as canals and railways, which in England, more than anywhere else, had been the subject of the most unrestrained speculation. No sensible man, therefore, could seriously believe that the House of Rothschild

would invest a large portion of its wealth in stocks which, in the view of even the most zealous partisans of Isabella, offered only a highly precarious security, and rested on no solid foundation. The position of the House of Rothschild was such that it could not absolutely stand apart from all transactions in Spanish funds ; its relations with the public and the nature of its business forced it to engage in them even against its inclination. Such operations, however, were essentially Stock Exchange transactions, and did not constitute real investments such as would bind the House of Rothschild to the interests of that country.

“ Finally I would take the liberty,” Solomon’s letter continued, “ to observe to Your Highness that all the rumours and *on dits*, current about the House of Rothschild and its relations with the Spanish Government, should be accepted only with the greatest reserve. They are generally the result of that slanderous malice to which anybody who exercises a certain influence is inevitably exposed. Persons interested in speculating on the Bourses—and the habit of speculating in negotiable securities is extending to all classes of society—frequently make play with the name of the House of Rothschild, and try to interpret its actions in the sense of their own operations, as this increases their confidence in making a profit.”

This memorandum, except for one inconsistency, was very cleverly drafted. The inconsistency lay in the fact that the opening paragraphs, which stated that Mendizabal’s offers had been refused, described them as being very attractive and fully guaranteed, whereas two pages later Spain’s guarantees were described as “ highly precarious and unsound.” The truth was that, in view of the fact that Spanish securities were falling away to nothing owing to the civil war and the maladministration, the Rothschilds were really not at all anxious to

invest too much money in that country, except under the guarantee of States such as France and England. But, having regard to their position in the quicksilver mines, which they did not wish to sacrifice at any price, they had to exercise a certain restraint in this matter, and were, therefore, compelled to engage in certain transactions.

Hummelauer in London continued to send Metternich in Vienna reports hostile to the Rothschilds. He went so far as to accuse the British Government also of intrigues, and of "capable connivence" with the Rothschilds.

"The Ministry," he reported on 26th April, 1836, "is to such an extent dependent upon the House of Rothschild that it will shrink from no sacrifice of honour or profit to induce that firm to pay the interest due on the Spanish Bonds on 1st May, in order thus to prevent the immediate collapse of Spain's finances, which the Government could not survive."

In spite of the pressure of the British Government, however, the Rothschilds were very much disinclined to commit themselves too deeply in Spain, especially as the possibility of intervention in that country was more remote than ever. Louis Philippe, in particular, declared that nothing would move him in the attitude he had taken up with regard to Spain. "Before France shall intervene in Spain," the King said, "it will be necessary to dethrone me. . . ."

"It is said that the Rothschilds want to negotiate a loan in the Peninsula. They will only bring loss and suffering on others, for they themselves will have sold the loan before it is issued, and, in any case, Spain cannot escape ultimate bankruptcy. If Don Carlos is to be suppressed, this must be done by the Spaniards themselves."

The Rothschilds did, in fact, grant no further loans to Spain, and this was due in no small degree to the fact

that the most powerful pillar of the five brothers suddenly collapsed. The marriage between Nathan's eldest son Lionel and his cousin Charlotte, the daughter of Carl at Naples, had been fixed to take place at Frankfort in June 1836. This further union between two blood relations was entirely in accordance with the scheme of old Meyer Amschel Rothschild, who, in order to maintain the family unity and to concentrate the family fortunes, had charged his children to admit as few foreign families as possible into the most intimate family circle. All the brothers met at the family home at Frankfort for the wedding, James being accompanied by his friend, the great Rossini. The wedding itself was celebrated with unparalleled splendour and magnificence; but shortly after the festivities the bridegroom's father fell sick. Nathan, the greatest financial genius of the five brothers, was at that time fifty-nine years old. His malady grew obviously worse, and the brothers finally called in Travers, the most eminent English doctor of the day. But medical skill was of no avail, and on 28th July, 1836, Nathan Rothschild, the greatest of five great brothers, died.

Solomon Rothschild, who had stayed at his brother's bedside throughout his illness, forgot all that he had ever said or written about his brother Nathan, in reporting the cruel loss to Metternich."

"Filled with immeasurable sorrow," he wrote, "and in the deepest despondency, I have to inform you that my most deeply loved brother, Nathan Meyer Rothschild, is no more. It has pleased Almighty God to call him in the best years of his life, and just at the moment when he should have been taking pleasure in the happiness of his eldest son--having but just pronounced his paternal blessing upon his marriage with the daughter of my brother Carl--and might have enjoyed the festival of our family reunion. He has died too soon for our love

and devotion, too soon to receive all those marks of respect and gratitude which were his due from his dependants, in return for the constant and tireless efforts, which he made throughout his whole life, to place their well-being on a firm and lasting foundation ; to make his house prosperous and happy ; and to assure the continued prosperity and honour of his family. . . . Heaven would have it so. In pious resignation to divine providence, we hope to find the comfort that we so sadly need. On the afternoon of 28th July my brother passed over to a better life, after he had solemnly conveyed, through us his brothers, his solemn charge to his sons, who were not all present when he died, loyally and firmly to hold together, and always to keep in view as their aim the example of unity and affection which we have set. The London House will continue to operate unchanged under the name of him, the founder ; it will be managed by his sons, and there will be no change of any kind. With regard to property and means, and in its principles and relations with us other four brothers, there will not be the slightest modification in previous practice.”

Solomon made the letter an occasion for the following request :

“ That Your Highness will transfer all those feelings of gracious and kindly goodwill which you entertained for their lamented father to his sons. How greatly it will strengthen and encourage them in the painful blow that they have suffered, if they may enjoy the gracious goodwill of a Prince of a dignity, magnificence, and renown beyond all words. May your Highness be graciously pleased to comfort your loyal and truly devoted servant with this hope, that it may cheer me in my sorrow, and sustain me in my suffering—if there were anything that could assist in bringing comfort in their

irreparable loss to the deeply sorrowing family in London, it would be to grant them some public distinction in the eyes of the world such as would show that, through the death of their father, the family had not lost a distinction which he was proud to possess so long as he breathed. I refer to his position as Consul-General in London of his I. and R. Apostolic Majesty. May your Highness be graciously pleased to use your all-powerful influence to the end that this office may pass to Baron Lionel Nathan von Rothschild, the eldest son of my late brother. He, no less than his other brothers, will certainly fulfil the behests of his late father, and will consider it his constant duty to emulate all his father's virtues.

“My brothers and I,” Solomon continued, “indeed the whole family of the departed, will raise to Your Excellency a monument of undying gratitude that after this inexpressibly sad event you should be the first to perform a public act, whereby the world shall learn that the honour and dignity that pertained to the father, having passed on to his son, still redounds to the honour and glory of the family. . . . Forgive me, Your Highness, that in the first violent rush of grief and sorrow I should approach you with a request ; but I count it as my most sacred duty to the memory of my late brother, whom I can never honour and lament enough, to do for his children and for his family all that can bring them any alleviation of their sorrow, and secure for them esteem and regard. And may Your Highness rest assured that, in all the circumstances of life, I shall never cease to cherish those feelings of deep, sincere, profound and unlimited admiration and regard, and of most unchangeable and loyal

devotion, with which I have the honour to subscribe myself,

“Your Highness’ most completely humble servant,

“S. M. VON ROTHSCHILD.

“Frankfort a. M.,

“*the 3rd August, 1836.*”

Solomon Rothschild had also reported his brother’s death to Count Kolowrat, and asked his secretary, Moritz Goldschmidt, “also to make a verbal request that “almost the last wish expressed by the dying man,” with regard to the Consulate-General, should be carried out.

Metternich sent a friendly and sympathetic reply, assuring Solomon that he would favourably consider the question of appointing Lionel. Solomon thanked him “for his gracious letter, assuring Metternich that he set the highest value on it as a proof of the latter’s sincere sympathy, and that it would be most carefully treasured as a sacred mark of his kindness and friendship.

“Your Highness,” Solomon continued, “may easily judge how deeply this sad death has especially affected me. Throughout the whole period of the illness I was almost always the person who was with my late brother; day and night (for I was living in the same house with my son Anselm) I would constantly come at his bidding to hear any wish that he had to express in his last moments; and I may say I enjoyed his complete confidence in all his affairs. Three days before his death he told me all his thoughts and wishes with regard to the will which he then drew up, and which I then had written out in accordance with his intentions. We brothers and the whole family have suffered an irreparable loss in his death. God alone can heal the wound that has been inflicted upon us. We must seek alleviation for our sorrows in the consolations of our religion. Your

Highness will graciously pardon me if, at this time of uncontrollable sorrow, I cannot refrain from expressing my feelings ; your kindness and humanity are guarantee that you will honour my just sorrow.

“ In view of the friendly advice Your Highness had given me I will not conceal from you that I consider it fortunate that I was able to be present here on this unhappy occasion, since I enjoyed the confidence, not only of my late brother, but also of my other brothers, in everything that was done, and they left everything to me. I may say with a clear conscience that they will have no cause to regret this, for I have acted with true disinterestedness as a brother and friend, and have carried through everything justly.

“ The agreements between us for a further period of three years had been drawn up, embodying every point, and they were ready for signature, for we still believed that our late brother would, with God’s help, recover. However, this was not to be, fate had decided otherwise. On his death-bed Nathau asked me to have the contract renewed with his surviving sons, with the provision that it should not be terminated within a period of five years, and this has been done, as Your Highness will see on perusing the contracts which I shall have the honour to lay before you on my return. The firm of N. M. Rothschild remains unaltered, the sons together acting as a unit with one vote in the partnership. The whole trading capital of the four brothers, and of the late N. M. R., cannot be touched for the next five years, and nobody can draw anything out of the working capital, while we have reduced the interest, that we draw individually, from four to three per cent., so that the partnership as a whole will, with God’s help, still further improve its position in the five years ; as the proportion of the funds which can be spent has been reduced ; and there is no necessity for the young men to be drawn into

speculative ventures. . . . My brother reckoned that he had given his children about £800,000 during his lifetime, and he has left an extraordinarily valuable business, so that, apart from their share in the business, each of his sons has about one hundred and fifty to two hundred thousand pounds of his own. On his death-bed my late brother charged his eldest son, and through him those who were not present, always to apply all their efforts to keep the business property intact, and not to participate in any risky ventures. He gave them much wise counsel, bade them avoid all evil company, and always to keep in the way of true virtue, religion, and righteousness. My late brother told them that the world would now try to make money out of us, so that it behoved them to be all the more careful, and he remarked that, whether any son had £50,000 more or less, was a matter of indifference to him. All that mattered was that they should hold together in unity.

“He died in the full possession of his faculties, and ten minutes before his death he said, as he received the last consolations of religion that are customary with us : ‘It is not necessary that I should pray so much, for, believe me, according to my convictions, I have not sinned.’ . . . To my daughter Betty, as she took leave of him, he said, in the truly British manner, ‘Good-night for ever.’ Thus peacefully and in full possession of his faculties our brother passed over into the better life.”

On his brother's death any resentment or difference of opinion that Solomon had ever felt with regard to Nathan's actions melted away like snow in the sun. Everything else was lost in an overwhelming sense of family unity, which is especially characteristic of the Jewish race, and in this case had been inculcated with particular emphasis by old Meyer Amschel, the founder of the bank. Nathan had left four sons, the eldest of whom, Lionel, became head of the London bank. Thus

the third generation since the foundation of the firm were coming into the saddle. In its patriarchal style, and in the tender concern that he showed for his children, Nathan's will was reminiscent of that of his father. It was very general in its terms, and particularly refrained from entering into precise details as to the value of the property left. It dealt especially with the method of carrying on the business, and the contractual relationship binding the partners for the periods of three or five years.

"It is my earnest wish," Nathan wrote in his will, "that my sons shall carry on my business in London, that the association with the other Houses, which my dear brothers direct, shall be maintained, that they shall continue to remain partners together, and that to this end the Articles of Association between my sons and my brothers shall be renewed for further periods of five years. At the same time I charge my sons always willingly to accept the advice of my experienced brothers, and to direct their tireless endeavours, through assiduous industry intelligently applied, to establish on an ever firmer foundation the welfare and reputation of the House. . . . I would request the executors of the will, as well as any relations in London and Frankfort unnamed, to confine their efforts simply and solely to the due execution of this my last will and testament, and—since it does not pertain to their office at all—not to ask for any further information, or for the production of any books of accounts."

It was thus possible again to avoid any unpleasant scrutiny or public discussion of the enormous Rothschild wealth which was spread over the whole of Europe. The Government also refrained from applying too close a measure in the case of a man who had rendered it such important services over a period of years, and, even in the last year of his life, had succeeded in raising a loan

of £15,000,000 to indemnify the slave-owners when slavery was abolished.

The death of Nathan was a very serious loss to the House. Heyden says of him very justly in his *Galerie berühmter und merkwürdiger Frankfurter* that, although Nathan was the third son, he was looked upon as the head of the family, and the other brothers generally took his advice. He was the controlling spirit in the application of the enormous fund which they jointly possessed.

Gutzkow said of him that he threw himself into all his undertakings with enormous vigour, and everything about him was on a large scale. Nathan was a splendid example of the traditions and wealth of the city. He was as much respected there as he was feared, and made upon all who knew him the impression of a man who had a positive genius for business. He himself had the greatest possible admiration for industry. He once said to a friend with reference to his children, "I wish that they may devote themselves mind, soul, heart, and body to their business; that is the way to attain happiness."

This remark was absolutely in accordance with his character, but it simply confirmed the old adage that work makes a man happy.

Nathan was a very well-known figure in the City of London. The pillar against which he was accustomed to lean is still pointed out on the Stock Exchange. Of massive build, his head set between thick shoulders, he would stand there with his hands deep in his trouser-pockets, apparently indifferent to what was going on about him, but in reality observing everything very closely. Nathan would always reply in monosyllables, giving short and definite instructions. He was fully conscious of his power and uninfluenced by the flattery which his riches called forth. He had gradually come to despise mankind, having been led to this conclusion

through observing the effect of the gold that flowed from his hand."

Nathan's body was brought from Frankfort to London, and lay at New Court, his house in St. Swithin's Lane. The funeral procession on 8th August, 1836, was an outward symbol of the enormous position which Nathan had achieved in the British Empire. The representatives of the great Powers, the Lord Mayor, the Sheriffs, and several Aldermen of the City of London followed the coffin, which was preceded by a procession of Jewish orphan children clothed in white. The whole of London had come to see the funeral procession; the crowds were enormous, and it was difficult to maintain order. Such was the funeral of the man who forty years before had emigrated to London as a small Jewish trader from Frankfort without name or position.

Solomon saw to it that the event was given proper publicity. James had arranged for an article of extravagant praise of Nathan to appear in the *Journal des Débats*, and Solomon arranged for it to be printed in other papers as well. He asked Gutzkow to help him in this, and Gutzkow wrote the following letter on 12th August, 1836, to Kolb, the Editor in Chief of the *Allgemeine Zeitung*."

"The Vienna Rothschild has approached me with a view to having the article on his brother, which appeared on 5th inst. in the *Journal des Débats*, reproduced in the *Allgemeine Zeitung*. I have had the article, which I enclose, translated, and would be glad if you could have it printed if possible. I need not remind you of Metternich's relations with Solomon."

Nathan's death naturally produced important changes in the management of the Rothschild business. The tacit leadership which he had held passed to James in Paris; in Spanish affairs the House of Rothschild henceforward paid less attention to British wishes, and confined its

concessions to the minimum that was necessary in order to retain their hold over the quicksilver mines, which they rightly regarded as a highly profitable business. It was the more desirable that they should cut down their Spanish commitments since Mendizabal proved a failure ; he lost all prestige, and Spain came threateningly near the verge of bankruptcy. To Metternich's great satisfaction the Rothschilds withdrew from financial transactions in Spain in view of the desperate condition of the country. Nathan's sons, who wished to stand as well as possible with Austria, in order to secure the Consulate, declared to Herr von Hummelauer "that they would have nothing further to do with the Spanish business. " All kinds of offers," they said to him, " have been made to induce us to take over the next payment of Spanish dividends, but we are determined not to do so, and," added one of the Rothschilds, "it was not we who paid the earlier dividends."

"The earlier dividends," Hummelauer commented on this, "were always paid out of the loans floated by the House of Rothschild ; debts were met by further borrowings without the House of Rothschild advancing its own cash. As it is now quite impossible to get any more money out of the public, the House of Rothschild would have to find future dividends out of their own resources, and without any possibility of seeing their money again."

Meanwhile, important changes were taking place in Spain, that only served to make the position more critical. Mendizabal had resigned in May 1836, and the summer brought further successes to Don Carlos ; indeed, there was a rising in the immediate neighbourhood of the castle of the Queen Regent. The Constitution of 1812 was accepted under duress, and the Queen at that time even meditated flight. The constituent Cortes met on 24th October, 1836, amidst circumstances of general confusion.

Don Carlos, however, had failed to turn these favourable circumstances to full account, and Espartero, the General of the Christinos, actually succeeded in December 1836 in inflicting a severe reverse upon him. In the first half of March however a concentrated attack by the Christinos failed.

Metternich was constantly watching the attitude of the Rothschilds to Spain with grave mistrust, and asked Apponyi to report on it. The latter, instead of referring to persons who had other sources of information, generally asked James Rothschild himself, or accepted the statements of a political charlatan and paid informer called Klindworth, whose reports were only too frequently untrue. In March 1837 Apponyi had another discussion with James Rothschild in which the latter said that the yield of the quicksilver mines had been enormously increased, and that the Rothschilds were being asked for an advance of 2,000,000 francs on account of royalties. He said that their Madrid agent was pressing for the acceptance of this proposal, and begging that James Rothschild, who paid the expenses of the Spanish Legation in Paris, amounting to 80,000 francs a month, out of his own pocket, without ever having any of them refunded, should not cease these payments.

Weisweiler, the Rothschild representative at Madrid, said that, if that were done, he would be hounded out of the town and the exceedingly profitable quicksilver business would be lost. Such statements necessarily indicated that the House of Rothschild still had schemes with Spain; but these were connected only with the quicksilver mines, for the prestige of Spain's finances had sunk so low that Rentes were quoted at about only 20 per cent. to 25 per cent.

June saw a further change in the fortunes of war, and for a time Don Carlos was actually planning to advance

on Madrid. In May and June 1837 he had substantial successes. This produced a panic in the Paris branch of Rothschilds, where it was feared that "these devils, the members of the Cortes" would make difficulties about the Almada mines. However, Rothschild thought he could come to an understanding with them, but that if Don Carlos were to be victorious everything would be lost. At the end of June the French Prime Minister was dining with the panic-stricken James Rothschild, and remarked on that occasion to Baron von Hügel, who was acting for Count Apponyi, "Rothschild is entirely preoccupied with the losses that he expects to incur, and he is particularly anxious about his quicksilver mines, which he says Don Carlos will take from him. These people are simply after money, and forget everything else when their interests are at stake."

A little later Molé reported, with reference to James, that since he had got involved in the Spanish affairs he had not been the "*Rothschild d'autrefois*." Solomon, who was then again staying in Paris, stated definitely that no one, and he least of all, would ever again lend the Government at Madrid a single sou.

Metternich's resentment against the Rothschilds kept increasing, although he still handled them with velvet gloves. His police intercepted a letter from Lionel in London to his Uncle. Lionel spoke of the highly unfavourable impression which had been created by the news that Don Carlos had crossed the Ebro, stating that British Consols and Spanish securities had both fallen sharply, and that the whole outlook was exceedingly gloomy. The bad news from Spain and Portugal was entirely to blame for the present panic. It was essential to be patient, only God could bring everything right. "I am too unhappy," wrote Lionel, "to write at length; the Peers have the upper hand, and political developments, as well as the stupid measures taken by the

Government here, favour their activities. The best thing is to remain calm in order to act when we see more clearly. To-day it was stated here too that Don Carlos had crossed the Ebro, and that disturbances would break out in Naples. The Belgian Chargé d'Affaires in fact said to us to-day, that Sir Bowring had left for Naples on a Government mission. I am afraid that if the Austrians enter Naples, Louis Philippe will be forced to intervene in Spain. Prices suddenly fell abruptly towards the close of the Bourse, and I fear that the carrier pigeon service will bring news of a still further decline. I believe that the English will gradually bring a lot of Rentes into the market, which is bound to have an influence. We will hope for the best."

On receiving the copy of this intercepted letter, Metternich immediately sent it forward to the Austrian Minister at Naples, telling him to watch the suspicious Liberal emissary and report as to the alleged revolution at Naples.

Thereupon the *Temps* published an article regarding possible intervention by Austria in Naples which very much annoyed Metternich. The Chancellor wrote the following letter to Hügel for Solomon's benefit.

"I request you," the letter ran, "to read this letter to Baron Solomon von Rothschild. I wish this to be done, since I know his honest nature and genuine principles.

"It is generally known that the Minister Montalivet and Baron James are on intimate terms, and that the Minister has a definite influence on the editorial policy of the *Temps*. Now that paper has a great deal to answer for, in the articles in which it has just published to the world the lie that Austria contemplates sending troops to Naples, with the result that political complications will arise between ourselves and France. Almost worse is the statement, which appeared very shortly

afterwards, to the effect that there was no further question of sending such troops, since Austria would think twice before exposing herself to the consequences of such a venture ! These two entirely imaginary statements contain the most dangerous matter for a newspaper, that is on confidential terms with the French Ministry, to give forth to the world. They encourage the spirit of faction and revolt, while they place a quiet and serious Government such as ours in the awkward position that we don't know whether to speak or to be silent. If the *Temps* were not closely associated with the French Ministry, there would be nothing in this matter ; I would pass it over as I pass over the daily pack of lies that issue from the revolutionary Press. But the case here is entirely different.

“ I want Baron Solomon confidentially to convey these considerations to his brother, and to request him, on my behalf, to use his influence to see that this kind of thing does not occur again. I want this to be done in the interests of the House of Rothschild itself, as remarks from several quarters abroad have reached me, attributing these articles to a speculation by the House in Neapolitan funds. There is nobody more inclined to regard this as a slander than I ; that is precisely why I am taking this step.

“ Baron Solomon knows my attitude too well for it to be necessary for me to say anything more. It will be enough for you to let him know my wishes and he will do what is right.”

Hügel read Metternich's letter to the two brothers and thought they had understood, and particularly that James was beginning to realise that, in intervening in pontical matters, he had played a sorry part. James was not as penitent as Hügel thought, but he pretended to be while the *Chargé d'Affaires* was talking to him.”

There were in fact no disturbances at Naples, and the

incident simply served to give a glimpse of the way in which the Rothschilds collaborated with some of the French Ministers, and to reveal their influence upon leading Paris papers.

Towards the end of 1837 Spain was again engaging the anxious attention of the brothers, as the Cortes, at the instigation of the Rothschilds' rivals, were questioning the validity of the quicksilver mines contract, and of the variations which had been made in it. Weisweiler, the Rothschild agent at Madrid, made every effort to maintain the legal validity of the contract. The firm of Zulueta, which had competed with the House of Rothschild for the contract, based its objection on the fact that the latter had at the time offered only 50, subject to the proviso that if anybody offered 54 they would pay 55. Such a procedure had, however, been irregular.

The Rothschild agent also called in the assistance of the English and French Ministers to the Spanish Government, who both made representations on behalf of the House of Rothschild. The Spanish Ministry also represented to the Cortes that the quicksilver contract was an important and useful one to the Spanish State.

"However that may be," Count Apponyi reported with reference to the effect of this contretemps on James Rothschild, "he appears to be in a state of the most extraordinary excitement at this attempt of the Cortes to deprive him of a business which at an approximate estimate must yield him an annual income of from one and a quarter to two million francs. He will no doubt in the end be guided by the direction in which his interests lie, and will find roundabout means, at the sacrifice of a certain amount of money, to secure a business which is a source of such considerable profit to his House."

It was also current gossip in Paris that the quicksilver agreement had not gone through without a certain amount of money having passed under the table, and

that the House of Rothschild were now threatening disclosures ; so that a friendly solution would appear to be in the interest of both parties. In the end an agreement was reached by increasing the amount payable to the Spanish Government in respect of each hundredweight of quicksilver raised, and by granting new advances on royalties.

Apart from this, after the death of Nathan the Rothschilds had practically nothing more to do with Spanish loans except under French and English guarantee, and in such cases Metternich was always advised.

In March 1838 the secret agent Klindworth, whom Count Apponyi was using to an increasing extent, again stated that the Rothschilds were negotiating for a further Spanish loan. Metternich again asked Solomon what this meant, with the result that James went to see Apponyi in a state of high indignation, asking him to inform his chief of the falsity of this rumour about the loan.

“Baron James von Rothschild,” Count Apponyi reported, “who has undoubtedly foreseen that rumours of financial transactions would come to my knowledge, has given me the most formal assurance that he has not only refused to take part in any loan in favour of the Spanish Government, but has also declined any financial operation, the object of which would be to raise money for Spain. He most positively denies all imputations of this nature, and asked me to inform Your Highness of this most formal declaration by him. Baron Rothschild has expressly and spontaneously instructed me to give Your Highness his word that he will never engage in a loan to the Spanish Government without first being authorised to do so by Your Highness.”

Thus Metternich felt that through his obstinate insistence he had at last succeeded in stopping further payments of money being made at any rate by the House of

Rothschild to the Government of the Queen Regent, whilst he himself was constantly supplying Don Carlos with money, and was also obtaining support for him from the States allied to Austria.

All his efforts, however, proved of no avail, for Don Carlos lacked the personality to establish his position. The changing vicissitudes of this War of the Spanish Succession ended by Don Carlos being finally driven out of the field by the Queen Regent's General, Espartero, the son of a workman. He was forced to flee from Spain and no longer menaced the Rothschilds in their possession of the quicksilver mines. Nathan was justified; the valuable quicksilver mines remained in the family's possession, and became a source of very considerable profit. The House owned them until the year 1863 when they were again taken over by the Spanish Government.

By that time richer mines had been discovered in the new world and the Rothschild monopoly had been broken down. This example of their business in Spain reveals particularly clearly how closely politics and business were interdependent at that time.

CHAPTER V

The Rothschilds' Peace Efforts in the Crisis of 1840

IN the midst of their activities in high politics the brothers Rothschild on the Continent continued to engage in great industrial and transport undertakings. They were inevitably driven to do so by the funds that kept accumulating in their coffers. After railways they turned their attention to steamships, and here again Solomon Rothschild profited by what could be learnt in England, and by the British example, calling into being in other countries such as Austria, the concerns that he found flourishing in Great Britain. This was indicated by the very name of the big Austrian Steamship Line in which Solomon interested himself financially. Lloyd was the name given to the shipping company by the shipowners and insurers of men and merchandise who met and did business in the London coffee-house owned by Mr. Lloyd. The new Austrian undertaking which came into being in 1835, largely with the assistance of Rothschild capital, was given the same name.

At that time the possibilities of steamships were hardly understood, and they were used only for passenger traffic. One of the first memoranda sent in by the Austrian Lloyd to the Government' contained the words, "steamers never can and never will become freight ships"; and this view was at that time also shared by Solomon Rothschild.

Every new undertaking of importance in which Solomon's money was a factor served to consolidate his position in Vienna. Even though he might be far away, as at the time of the cholera epidemic, Solomon contributed largely to the hospitals and to organisations for fighting the disease, and thereby, although personally out of danger, he won favour with the Austrian officials.

There was scarcely any undertaking of importance in

the monarchy in which the Rothschilds were not financially interested. The Vienna authorities, wishing to commemorate through some permanent memorial the new Emperor's accession to the throne, hit upon the idea of constructing a large aqueduct from the Danube to the upper suburbs of Vienna,* as the very dry summer had occasioned a great shortage of water. Rothschild and Sina were asked to help with this scheme too, the former contributing an amount of 25,000 florins.

As time passed, the Rothschilds' wealth became positively fabulous, and Vienna society, otherwise exclusive, was so dazzled by it that it began to fête Solomon, and admit him to its circles. Metternich and the next most powerful man in Austria, Count Kolowrat, were often to be seen dining with the banker. Kübeck relates that many people were annoyed with him on that account, and notes the following incident in his diary :

“ A few days ago Count Kolowrat was dining with Rothschild the banker. Some people of his own position in society told him that this was giving offence. ‘ What would you have had me do ? ’ he said. ‘ Rothschild attached such enormous importance to my coming that I had to sacrifice myself in the interests of the service, as the State needs him. Moreover, I have profited by so doing, in getting Rothschild to make a donation of one thousand florins Convention Currency to the poor, the Jew agreeing to this when I asked him, out of sheer pleasure at my having come.’

“ The actual facts are as follows : when the champagne was going round for the toast, Rothschild rose to make a speech to Count Kolowrat in which he said, ‘ Your Excellency has given me as much pleasure to-day as if I had been given a thousand florins C.C., or given them to a poor man.’ Thereupon Count Kolowrat replied, ‘ Very well, give me the thousand florins for a poor man who needs help, and has applied to me.’ Rothschild

promised to do so, and after dinner Count Kolowrat was given the thousand florins."

An extract from the diary of Metternich's wife also gives some idea of the impression which the Rothschild wealth made everywhere. "I was dining at 5 o'clock with our friend Solomon Rothschild. Count and Countess Saint Aulaire, the Maltzahn woman, the old Princess Marie Esterházy, the Princess —, Madame Chorinsky and Madame Sedlnitzky, Clemens and I were at the dinner, which was excellent. Rothschild has a famous French cook, and he, of course, had his own special dishes. His home in the Römische Kaiser is very pleasant and attractive. Wertheimstein and Goldschmidt helped in doing the honours. Rothschild has a magnificent collection of antiques, which he showed us, and which he means to leave to his son. We also saw Rothschild's safe, which is undoubtedly the most beautiful part of the house. It contains twelve lovely millions. It made me feel quite melancholy. How much good one could do with a quarter of this sum!"

The Princess Melanie was constantly in need of Paris frocks and such things, and got Betty Rothschild in Paris, and Carl's wife at Naples, to buy these things for her, naturally paying for them herself. They were then sent to Vienna by special courier. On such occasions both ladies would send little presents as a mark of friendship. The packages gradually grew so bulky that the courier sometimes refused to take them.

The Rothschilds had the very greatest interest in retaining the friendship of the Metternichs, for they were constantly having to come to the Chancellor on all kinds of matters. At one time he would be asked to bring diplomatic pressure to bear upon the State of Naples in connection with a financial claim of Carl Rothschild's on Sicily, at another to appoint members of the Rothschild family as Austrian Consuls-General.

Long before the death of his brother Nathan, Solomon wanted to obtain some official position for his son Anselm, who lived at Frankfort; and his idea was that Austria should create a Consulate-General at Frankfort, where none as yet existed. Solomon approached Metternich on the matter, emphasising that the office would be unpaid, naturally an important consideration. Metternich enquired of Baron von Handel, the Minister-Resident at Frankfort, whether it was desirable to create a Consulate-General there, and whether, in that case, Solomon's son would be a suitable person for the office. Handel answered both questions in the affirmative.

With regard to the candidate, he wrote: "Baron Anselm von Rothschild combines with the riches, credit and influence of the House to which he belongs, all the moral and intellectual qualities that make him a suitable person for filling this office. I venture to guarantee that no objection to such an appointment will be raised by the Senate of the Free City of Frankfort, especially since Baron Carl von Rothschild (Anselm's uncle) has been appointed His Sicilian Majesty's Consul-General here."

He added that "only such a person could be appointed to the position as possessed the intellectual qualities and the necessary means to carry out the office with due dignity, there being no emoluments of any kind connected with it," and, in view of this consideration, Anselm was duly appointed. The Senate of the Free City of Frankfort, on being officially informed of the appointment, expressed themselves satisfied with it, subject to the following limitations:

The Israelite citizen, Baron Anselm Solomon von Rothschild, is hereby recognised as Imperial and Royal Austrian Consul-General, subject to the reservation that this in no way affects his position as an Israelite citizen of this Free City, and that he will continue to be

in the future as he has been in the past, subject to the laws and jurisdiction of this Free City, and to the authorities here.”

Anselm wrote to Metternich in terms of most respectful gratitude, stating that he was well aware that he owed the appointment entirely “to Metternich’s gracious support, and to his powerful influence.”

Matters did not proceed so smoothly with regard to the appointment of Lionel in London, about which Nathan had expressed such heartfelt wishes on his death-bed. During the latter part of Nathan’s period of office various complaints had been received, more especially from the mercantile authorities at Trieste, accusing him of indifference in the performance of his duties, and suggesting that “Baron Rothschild finds it impossible to transact the business of the Austrian Consulate in addition to his other affairs, or else finds such business exceedingly irksome.”

Such objections were already being made when Nathan’s death made the problem of the Austrian Consulate-General a very real one. Solomon’s pathetic request, sent from his brother’s death-bed, had left Metternich comparatively cold, for the Chancellor had several grievances against Lionel Rothschild. It had been he who, acting under his father’s instructions, had remained at Madrid to carry through financial transactions with the Queen Regent, of whom Metternich so greatly disapproved, and he who had indeed been the active agent of the policy of the House of Rothschild in Spain, where they supported the Liberal Christinos instead of supporting Metternich’s protégé, Don Carlos. Metternich, therefore, delayed the appointment and asked for information regarding the “personal qualities of the said Lionel—as to his age, his knowledge, his capacity, his morals, his position in the London branch of the Rothschild Bank, and his future prospects.”

All that Metternich really wanted to do, however, was to cause Lionel a certain amount of uneasiness, and he had made up his mind to give the department concerned, which was considering the appointment of another person, instructions to favour Lionel.

“In view of the important position,” his note to the department ran,¹⁰ “which the House of Rothschild holds in the financial scheme of the civilised world, the application in question certainly seems to deserve favourable consideration, as otherwise that House might become indifferent, or even hostile, to Austria’s interests.”

Meanwhile, the report asked for from the London Embassy arrived, having again been drafted by Herr von Hummelauer, who was so ill-disposed to the Rothschild family.¹¹ “The said Baron Lionel Nathan von Rothschild,” the report ran, “seems to me to be rather old at thirty (he was actually twenty-eight). Nothing has ever come to my knowledge reflecting in any way upon his private character. As to the question *who* shall actually carry on the bank’s business, this point had apparently not been settled when I left London at the end of August.

“Such capacities as he may develop in the conduct of his firm’s business may, in the natural course of things, be expected to be determined by the school in which he has grown up. His business training has been such as is acquired through operating on the Stock Exchange, and the transactions of real international trade are therefore as foreign to him as they were to his late father. His connections will also be such as he has formed on the Stock Exchange. These general considerations . . . which I have already ventured to adumbrate in previous reports, tend to the conclusion that an Austrian Consulate-General in London in the hands of the House of Rothschild, or of any other firm of a similar nature,

could never adequately carry out the requirements of Austrian trade interests.

“The sons of the late Baron von Rothschild never held individual positions in the commercial world here during his lifetime. They shared in the respect which their father enjoyed on account of his riches, without, however, having yet given rise to the belief that they would also inherit his industry and ability.

“With regard to the delay and negligence which has repeatedly given our coasting trade authorities cause for complaint, such complaints would speedily cease if the Consul-General were to devote to these matters the attention which is due to them. Whether this is to be expected of a young person for whom the Consulate-General is only a side issue—a matter of personal vanity, and also to a certain extent a means of demonstrating to the public that his firm’s influence with the I. and R. court has continued unimpaired—is difficult to state with any certainty. If, however, the I. and R. State Department should be disposed to consider the application favourably, it seems to me that the only way of securing greater diligence in dealing with official correspondence would be to appoint Herr Kirchner as salaried Vice-Consul, or Consular Agent. I feel that it would be necessary to make him a salaried official in order to give him an official position, not only with reference to the outside world, but more particularly in his relations with his young principal.

“I am convinced that the chief motive for the application which has been put forward by the House of Rothschild is the one which I have mentioned last in the preceding paragraph. The House must be particularly concerned to convince the public that even its defection to the ranks of the revolutionary party has not been able to damage its position with regard to the I. and R. Government. The surest means for doing so

would be to secure again the office of Consul-General for a member of the family ; and would doubtless be regarded by every member of the public as a complete proof of what they wish to demonstrate.

“ When M. Mendizabal went to Madrid last year, the House of Rothschild sent Baron Lionel N. von Rothschild to that city, and he resided there for a considerable time as a go-between for carrying out that system of deception to which his House and the Spanish Government had pledged themselves. I am far from wishing to impute any personal blame to him in this matter. He was carrying out the instructions of his chief, and was not a free agent : nevertheless this fact stands against him and his House.

“ In the inevitable course of their development, the affairs of the Peninsula have reached a point where the State is on the verge of bankruptcy. Your Highness is aware of the speed with which Spanish and Portuguese public securities have been falling within the last few weeks. Mendizabal has just formed a Ministry to make one last infamous effort, which will certainly be fruitless. We are approaching the point when, through the fall in the public debt created by the combined intrigues of the English Ministry and MM. Mendizabal and Rothschild, thousands of families in England and on the Continent will find themselves plunged into poverty. The English Cabinet and M. Mendizabal must undoubtedly bear the responsibility for originating the general scheme, but the fact that it was possible to carry it into practice is attributable entirely to the House of Rothschild, to whose name, therefore, the deserved reproach will attach.”

Things were not to turn out as badly as all that ; Hummelauer had merely taken another opportunity of giving free vent to his rage and indignation against the House of Rothschild. If the appointment were to go

through after all, Kirchner, the watch-dog at the Consulate, should have a better position, lest the House of Rothschild should induce him to give up his rôle of reporter on Rothschild activities, through being drawn into their service by a better offer. Hummelauer, therefore, proposed that this man "should be permanently secured to Austria's interests."

A little later, Hummelauer sent in an addendum to his philippics against the Rothschilds. He had been making enquiries amongst several business men about Nathan's sons, and naturally did not get a particularly good account of the Rothschilds from their rivals. He now hastened to transmit these reports to Vienna. "The young people's conduct," he wrote, "is such that Nathan's heirs have created an exceedingly unfavourable impression. They are so blatantly purse-proud as to have offended the old business friends of their father by their rudeness, and I have heard many of them express themselves very strongly on this matter. The reputation of these young people in commercial circles here is, therefore, just now very much to their disadvantage."

Hummelauer, therefore, proposed that, if it was desired to appoint a Rothschild as Consul-General in London, another Consulate should be created at Liverpool, to be independent of London. "British commercial circles," the chargé d'affaires stated, "would regard the London Consulate as a matter of form, and thus the unfavourable impression which would undoubtedly be created through conferring the Consulate on one of the Rothschild's sons would be modified."

This caused the authorities at Vienna to defer the appointment, and the Departments consulted as to what should be done. The position was rendered more difficult by the fact that Metternich had often encouraged Solomon Rothschild to believe that Lionel would be appointed. When time passed and nothing was done,

Wertheimstein wrote to Metternich on Solomon's behalf, reminding him of his promise, and suggesting that all that was necessary was to appoint a consular official to assist the Consul.

"Baron Lionel von Rothschild," Solomon's secretary wrote, "would be delighted to pay such a clerk an annual allowance suitable to the higher cost of living in London, thereby proving the value which he attaches to inheriting the confidence which the Austrian Government showed in his late father, and which was always a source of pride to the Rothschild family."

The matter was finally dealt with by a compromise. Lionel was appointed acting unpaid Consul-General, after he had given a verbal assurance to the *chargé d'affaires* in London that he would use his best endeavours to support the consular official, who was appointed simultaneously. For the Rothschilds the important thing was that from the point of view of the public this solution conveyed the impression that their bank still enjoyed the confidence of Austria.

The Rothschilds were just at this time endeavouring to improve the position of Jews in general, and therefore of themselves in particular. In 1833 the Jews had, at the suggestion of the House of Rothschild, sent in another petition, asking for the free right of domicile, and to be allowed to engage in the sciences, arts, and trades, as well as to acquire and own real property. As the years passed without anything being done, a petition was sent to Metternich on the 17th July, 1835, asking him to use his influence in favour of this petition. The Rothschilds felt they must assist in the endeavour to secure this general extension of Jewish rights, as special exceptions to the laws had often been made in their favour. Thus they had received a special mining concession for the coal-mines in Dalmatia and Istria, as well as for the Istrian quicksilver mines, although for nearly three

hundred years Jews had been excluded from such activities.

The authorities continued to delay taking any action to alleviate the lot of the Jews, and Solomon Rothschild accordingly sent Metternich a further emphatic request for assistance.

“Your Highness,” he wrote from Paris, on the 9th January, 1837, “will forgive my taking the liberty of making a special appeal to you on a matter which is of the very deepest concern to me.

“This matter, my dear Prince, is one that concerns the destiny of my co-religionists. It concerns the hopes of so many fathers of families and the highest aspirations of thousands of human beings. I would commend it with all my heart, in complete trust and confidence, to the favourable consideration of my most gracious Prince. I cherish no more sacred desire than to see the destiny of my co-religionists improved.

“I shall not weary Your Highness with many words, and rely confidently on the gracious assurances that Your Highness has so often given, that you wish to be a benevolent protector and a kind helper to my co-religionists. Knowing Your Highness’s wise and paternal sentiments, I hope with full confidence that all our wishes will be granted by a Prince to whom the welfare of all classes of humanity is sacred, and to whom the helpless have never appealed in vain.”

On receipt of this letter, Metternich arranged for a conference of Ministers to be summoned to discuss the Jewish problem. The Conference registered the following opinion: “Under the prevailing conditions of the time, it is undoubtedly in the interests of the Government that the Jews should be accorded some improvement in their condition, and some extension of their rights. But we feel that it is absolutely essential that due regard should be had to the general circumstances of the present day,

and even for prevailing prejudices, so that the public may not suddenly draw the conclusion that full emancipation of the Jews is contemplated and that the Government intends to put them on an equality with Christians." It was accordingly decided that the "toleration" tax should be maintained, but that the Emperor should have discretion to grant Jews permission to own houses in Vienna, but that this discretion should apply to houses only, and not to any other kind of real property. Thus the Rothschilds, who were still living as tenants in the hotel Zum Römischen Kaiser, were enabled to acquire a house of their own.

But Solomon also used his influence with the Chancellor to secure better conditions for the Jews outside the boundaries of Austria, more particularly in Italy, where Metternich was powerful. Modena was a case in point, where the Duke had, on the 22nd March, 1831, in consequence of certain disturbances that had occurred, imposed upon the Jews a contribution of 600,000 lire, and restrictions on their liberty. Solomon's manager, Goldschmidt, took advantage of one of the Duke's visits to Vienna to ask him, "on behalf of Solomon, to rescind these oppressive and unjust decrees. Even in the year 1833 the Papal States again attempted to apply the idea of completely shutting off the Jews from the Christian inhabitants in cities; they were again to live within walls separated from other inhabitants. At Solomon's request Metternich intervened in this connection, and it was due to him that this humiliating regulation, as Solomon called it, was not generally applied.

"Thousands whom you have thereby made happier," Solomon wrote to Metternich, "are praying to Heaven to bless you for your action."

In 1838 Solomon again heard from Jewish firms in Ferrara that further measures of oppression had been planned there.

“The lament that has gone up from those who are threatened by such a regulation,” Solomon wrote to Metternich,¹⁰ “and my natural sympathy for the oppressed, especially when they are my helpless co-religionists, has led me on this occasion again to venture most urgently to appeal to Your Highness’s clemency and magnanimity, that you may be graciously pleased, as you were in 1833, to use your powerful influence, through the Austrian Embassy at Rome, to induce the Holy Father to countermand the publication of this threatened decree against my unfortunate co-religionists, and induce the Papal Government to adopt a milder and more tolerant attitude. I hope that I may succeed with my weak words in touching the heart of Your Highness, which is so sensitive to the welfare of humanity.”

Such requests were particularly difficult to refuse, when Solomon had just spent large sums on public and beneficent objects, and this was the case now, for in March 1838 the towns of Ofen and Pesth had been visited by a terrible flood. On that occasion Solomon Rothschild wrote as follows : “Actuated by human, and, I would venture to say, entirely patriotic feelings for Austria, I offer to place the services of my House absolutely at your disposal, in case Your Majesty should be pleased to command that somewhat more extensive financial measures should be taken to ameliorate the lot of the victims.”

In his petition to the Emperor,¹⁰ Solomon asked him to accept his loyal offer, “as bearing some slight testimony to the unshakable loyalty and unchangeable devotion which I and all my House feel for the sacred person of Your Majesty, and the whole of the Imperial Family.”

Amschel Meyer at Frankfort also arranged a concert in favour of the victims, at Solomon’s suggestion, at which solos were sung by Carl Rothschild’s brilliant and charming wife, as well as by the Countess Rossi.

The position of the Rothschilds in the countries of their adoption was by now such that they were absolutely bound up with each country's weal or woe. Their political influence was greater in France even than in Austria. The result of this was naturally that they made enemies. Amongst their foes in Paris was that arch-spy Klindworth, who sent Count Apponyi regular reports regarding the situation in Paris, in return for which he duly received regular payment.

"A proof," this man reported on the 20th January, 1838, "of the extent to which the Rothschild influence in this country goes, may be found in the fact that last week, when one of my French friends went to Rothschild's office, he found General Rumigny there, the King's adjutant in matters to do with the Bourse. Rothschild has his own system. Lacking intelligence and understanding of affairs, he uses the compelling power of money. In all the Ministries and in all the Departments he has his creatures of all ranks to bring him every kind of information."

Klindworth denied that James had any political judgment, and expressed the opinion that he was very friendly to Austria, but very unfriendly to Prussia. In contrast to his position in Paris, he had never shone in Berlin society, while some of the members of his family had actually been insulted there.

We know to-day that these opinions were frequently erroneous, and, like thousands of later reports from the same man, they showed how little credit is to be given to such venal informers. Nevertheless, this man's reports were enthusiastically accepted at the time, and until late in the seventies a high price was paid for them and they were often believed.

Klindworth, who was very avaricious, may have been ill-disposed to the Rothschilds through having had a request refused, or they may have failed to invite him



BILLET D'ENTRÉE

au jardin du

Baron R. de Rothschild

A ROTHSCHILD BILLET D'ENTRÉE

to their magnificent parties. Invitations to the hotel in the Rue Laffitte were eagerly sought after, where everything was done on a scale of unparalleled magnificence, which was intended to make up for any lack of birth and breeding. After the death of Nathan, to whom great display was not congenial, these magnificent parties became usual with the London Rothschilds too. They were given in the beautiful park at Gunnersbury, and over five hundred invitations would be issued. The Duke of Sussex, Prince George of Cambridge, the Duke of Somerset, Wellington, foreign princes and diplomats, and the most exclusive members of London society were to be found there. The most famous artistes, such as the Opera singer, Giulia Grisi, and the world-famous basses, Antonio Tamburini and Lablacha, would sing, and Rossini often came over from Paris to give excerpts from his operas, as he did at James's house in Paris. Supper would be laid out in special tents in the huge park, illuminated by about six thousand multi-coloured lamps, where the choicest dishes from all over the world were served.¹¹

The sons were cast in a different mould from the serious and calculating Nathan, who thought of nothing but his business, which he extended with such far-seeing genius. Nathan had attached no value to externals, and had never during his life used the title conferred on him by the Emperor, since it was a foreign one. Lionel, on the other hand, immediately took steps to obtain the King's permission to use the title, which permission he received in June 1838.

Moreover, times had changed, and the advertisement which the House of Rothschild had shunned in the past was now very useful. The banquets, etc., had their value from this point of view, and, in addition, illustrations, propaganda, articles, etc., were brought into play. One of the cleverest ideas was a handkerchief manufactured

in enormous numbers, with Nathan's portrait printed in colours, and bearing the following inscription in four languages :—" He was distinguished both for his business capacity and enterprise, and also for his generosity and love of humanity." On the handkerchief were also set out the loans made by the House of Rothschild to the various States, giving the amount in each case. The handkerchiefs were made by a manufacturing firm in London and sent to the Vienna wholesale merchants, Josef Boschan, who applied to the Chancery and to Solomon for permission to sell them in Austria.

In the midst of their commercial and social activities, the Rothschilds did not forget to direct their particular attention to the advances in applied science. The exploitation of new discoveries before they were generally known gave opportunities for profit quite as important as in the case of loans and of financial transactions.

There was, for instance, a M. Fourneyron, " discoverer of the turbine, a hydraulic machine," who succeeded in getting James interested in his invention. James not only supported the inventor in France, but also gave him a letter of recommendation to his brother Solomon in Vienna, who succeeded in interesting Prince Metternich, James having written to him that the machine in question could be most usefully employed in foundries and factories of all kinds."

Nathan's sons in England also observed the development of steam traffic with the closest attention. " The steamship," Lionel wrote on the 31st May, 1838, " will be of enormous advantage to the commerce between this country and the United States of America. . . . Two attempts have already been made to cross the Atlantic Ocean in steamboats, namely the *Sirius* and *Great Western* of London and Bristol. These attempts have proved so successful that any doubts which may have

been entertained as to the possibility of a regular service between here and New York, have been dissipated. The *Sirius* met bad weather and contrary winds on her voyage, but in spite of this only took nineteen days from Cork to New York. The journey is 3,800 miles, and was accomplished at an average speed of $8\frac{1}{2}$ miles an hour. The *Sirius* carries 700 tons and her engines have a horse-power of 320 ; 421 tons of coal and 43 barrels of tar were consumed on the journey. The *Great Western* took fifteen days and five hours from Bristol to New York, covering a distance of 3,220 miles, thus accomplishing the journey at an average speed of about 9 miles an hour. The latter vessel carries 1,340 tons, and her engines develop 450 horse-power ; 450 tons of coal were consumed on the voyage. The success of these experiments has led to the idea of establishing a regular steamboat service between England and America ; and the same company that sent out the *Sirius* has fitted out an extraordinarily big ship called the *British Queen*, with a tonnage of 1,840 and a horse-power of 500, with a view to her making a similar voyage. Quite a new company has also been formed with the object of building six to eight large steamers for this service. Undoubtedly, within a very short time the principal traffic between America and England will be carried out entirely by steamers, and sailing boats will certainly be gradually superseded."

Lionel followed with equal interest the enormous development of railways, which at the time were already beginning to carry mails, as he reported with enthusiasm. "Since the Liverpool-Manchester Railway was opened in September 1830," he added in his report, "up to December 1837, 48,716 journeys have been made, and about three million passengers have been carried, there having been only two fatal accidents. . . . The engineer of the Birmingham Railway is of the opinion that most

railways will yield a profit of eight to ten per cent. per annum."

This last consideration was naturally the most important.

While the development of steamship traffic in England was making the most prodigious strides, the Lloyd-Triestino, the Austrian Company, was in great difficulties. The House of Rothschild had invested large sums in this undertaking, and they wanted to minimise their risk. Solomon accordingly endeavoured to induce the Austrian Government to subsidise the undertaking, and addressed a skilful letter to the Head of the Treasury on this point. "I have, on several previous occasions," he wrote, "ventured to draw Your Excellency's attention to this undertaking, which may truly be called a national one. But in view of the extent to which my House is interested in the venture, I can readily believe that what I have said may appear to have been prompted by self-interest, and I may, therefore, have failed to strike entirely the right note. And perhaps my personal position made me an unsuitable advocate, since it is a well-known fact that it is in dealing with one's own affairs that one often is least effective.

"Any weakness in my presentation of the facts will, however, be more than compensated for by the strength of the actual facts and figures themselves. The present position of the Austrian Steamship Company is such that there can be no doubt as to its future fate.

"If the Lloyd is to continue on the path on which it began so auspiciously, proving itself of real service to the most varied interests, this will only be possible if this institution is immediately granted the pecuniary, material, and moral support which the high authorities in the State have been earnestly begged to render it.

"If such assistance should not be forthcoming, or should be granted too late, the failure of the Lloyd will

be inevitable, and the public auction of the ships will mark the sad finish of an undertaking which the authorities in the State themselves desired, and which would have certainly been an ornament to the Austrian monarchy, and would have been a source of great benefit to the State itself, and to its commerce and industry.

“Permit me to take this opportunity of reminding Your Excellency of the fact that before my House became associated with the undertaking, the Government had indicated that they were favourably considering the idea of themselves acquiring an interest in it as shareholders. I may perhaps be allowed to confess to Your Highness that it was especially the hope of their so doing which gave my House confidence in the venture, and led us to invest such considerable capital in it.

“I would ask Your Excellency to accede to that which at that time you may have had the benevolent intention of doing, for it is not possible that the Lloyd should continue with private resources and unaided, to accomplish all that France has succeeded in achieving with an enormous expenditure of State moneys, and is concerned, at considerable expenditure, to maintain. The task is, at any rate during the early period of development, too difficult and onerous, but the undertaking contains the most excellent promises of ultimate prosperity, if it can be allowed the time necessary to bring them gradually to fruition.

“His I. and R. Majesty was himself graciously pleased to state that the maintenance of the Lloyd could not be a matter of indifference to the country. Your Excellency has always been good enough to show the greatest interest in it. For this reason I venture again to-day to raise my voice in supplication on behalf of this truly national undertaking. It is not in my own personal interest that I am speaking; I assure Your Excellency

that my mind is made up and the House is reconciled to the loss that it may suffer if things go amiss, but it cannot go any further than it has done, for in this matter, as in all transactions, the principles which it so consistently follows prescribe certain limits that it may not pass.

“The fate of the undertaking lies in Your Excellency’s hands. You are accustomed to look at things not from the narrow and purely financial point of view, but also as a statesman and Minister to consider them in their higher significance and, with exceptional insight, to grasp their important relations to the life of the country as a whole.

“I would most emphatically beg Your Excellency quickly to pronounce your verdict upon the Lloyd; its days are numbered, and if the Board of Directors may not hope that His Majesty, our most gracious Emperor will, before he leaves Venice, deign to grant that financial support which is absolutely essential, the whole structure will inevitably collapse, after being maintained at enormous effort and sacrifice for the few weeks during which we may be continuing to hope for a favourable decision.”

At the same time Solomon wrote to Metternich in similar terms.”

Von Rothschild proposed to advance the Lloyd 500,000 florins, on condition that the State should guarantee this loan.” Count Kolowrat opposed this proposal, and made the following comment on the memorandum: “Baron von Rothschild’s proposals are most skilfully drafted and capable of the most varied interpretations; they are, in any case, calculated to ensure that Baron von Rothschild shall be guaranteed against any possibility of loss, and that this shall be transferred to the State. The burden of raising the capital would fall upon the Treasury, as well as the invidious and tiresome task of levying execution if the Company should be forced to go into liquidation, whereas Baron von Rothschild

would, nominally at any rate, stand before the world as the disinterested provider of the capital.”“

The problem was finally solved by granting the House of Rothschild a mortgage on the Company's ships, putting them in a prior position to all other creditors, in return for their granting the loan. The Lloyd survived the crisis, and became a great and prosperous company.

While they were acquiring all these interests in transport concerns, the Rothschilds did not omit to cultivate their highly profitable loans to Governments. And they were more and more acquiring the habit of attaching definite political conditions to such loans.

The self-assurance with which the House of Rothschild laid down its conditions, especially when dealing with the smaller States, was particularly apparent just at this time in the case of Belgium. During the first years of his rule, King Leopold had governed his country with intelligence and success. He recognised the value of railways, which he decided to develop on a large scale, and also brought the most varied undertakings into existence. Although such undertakings were ultimately profitable, they required the investment of great sums of money at the start, which Belgium had to endeavour to obtain in the Paris market.

This was made difficult by the fact that the Belgo-Dutch dispute, arising out of the separation of the two countries, was still not finally settled. The two provinces, Luxemburg and Limburg, which were meant to be partitioned between the two States, remained during the whole eight years of the dispute under Belgian administration. Their delegates came to Brussels, and, whereas it had formerly been the King of Holland who opposed the decisions of the Powers, it was now Belgium that refused to accept a partition of the two provinces with Holland. Feeling ran so high in Belgium that the question of war with Holland was again on everybody's lips.

James was staying in Rome at the time, where, in connection with a loan granted to the Pope in 1837, he was bringing his influence to bear in favour of his co-religionists, while Solomon was representing him in Paris. At this time the Belgian Government approached the Paris House of Rothschild with a request for an advance of four million francs on the security of Treasury bills. The money seemed to be intended for use in Belgium's military adventure. The House of Rothschild remained true to the policy which it had now followed over a long period of years; there were a thousand reasons why it had no use for war. It perceived that, as on the occasion of the separation of Belgium from Holland, the danger of a world conflagration might arise, and for this reason Solomon replied to Belgium with a categorical refusal. "This disappointment," Count Apponyi reported, "has greatly embarrassed the Belgium Government by depriving it of the financial resources which are essential if it wished to pursue its provocative policy."

The representative of the House of Rothschild in Brussels informed Solomon that the Belgian Government was annoyed. "We do not in the least resent the fact," Solomon replied, "that the Government is somewhat angry at our refusal with regard to the Treasury bills. It is not at all a bad thing that these gentlemen should realise that they may count on us only as long as they mean to follow a policy of wisdom and moderation. We have certainly given sufficient proof of our intention to support and help the Belgian Government, but our goodwill necessarily stops short of the point of providing the rod with which we are to be beaten, that is to say, providing the money wanted to make a war, which would destroy the credit that we are applying all our energies and resources to maintain. You may tell these gentlemen what I have written freely and frankly and without mincing words."

Solomon simultaneously sent a copy of the above extract from his letter to Count Apponyi, so that Metternich should see how he had acted; for Metternich had always had a prejudice against Belgium, and Solomon wished him to see how strongly he was supporting his policy on this occasion. Apponyi speedily reported the whole affair to Metternich, enclosing the extract, and adding that the House of Rothschild had thereby rendered a new and remarkable service to the cause of peace and order, a service which he was pleased to recognise and appreciate at its true value."

Meanwhile, the Rothschilds' agent, who was called Richtenberger, was going from one Minister to another. He went first to the Finance Minister, M. de Mérode, who, however, belonged to the war party. He did not conceal from the agent that the State was most urgently in need of money, but he made it apparent that he too did not approve of the partition of the provinces. Richtenberger next went to see Count de Theux, Minister for Foreign Affairs, who favoured the peace party, and told him of his conversation with the Finance Minister. Thereupon de Theux quite definitely asked him not to give the Finance Minister any money, and just to leave him in his difficulties, whereat his warlike ardour, and that of the opposition party, would be considerably damped. Towards the close of the conversation de Theux added that the agent should ask his House for advance authority immediately to provide cash if the Chamber should come to terms, and accept the twenty-four articles of the Conference of London, and thereby agree to the partition of the provinces. He said that he hoped to be able to induce the Chamber to do this.

The agent was told by a friend of his who knew the position that the Belgian Treasury was, in point of fact, at a very low ebb indeed, there being only about 400,000 francs available."

Solomon immediately sent a copy of the letter containing this information to his House at Vienna."

"I send you herewith," he wrote, "for Prince Metternich's information, the exact letter which I have received from my agent in Brussels; it will show the Prince just what the Minister for Foreign Affairs and Count Mérode think. They won't get a farthing from me until they give way, and before I go away I shall leave similar instructions for my brother James."

Solomon wrote to his secretary and manager to the same effect: "I hope that Belgium will now sign the twenty-four articles, especially as they lack the *nervus rerum*, and as long as the articles are not accepted, the Belgian Government will not get a halfpenny from us, although they have been begging for money for months. Difficult though I found it to keep on refusing, I shall feel compensated if Belgium yields and peace is restored, by the reflection that I shall have done my best to contribute to such a result."

Even the King of Holland realised that the lengthy dispute should be ended. He gave London to understand that he was prepared to accept the twenty-four articles. This time Palmerston's Government in England, and even King Leopold's father-in-law in Paris, were determined to end the business and no longer to encourage Belgium in her resistance. The Western and Eastern Powers were, therefore, in agreement, so that the Belgian Chamber, after having delivered itself of passionate speeches, had no option but to agree to the treaties with Holland that had been settled in London. This constituted a complete victory for the Rothschild policy; peace had been maintained and the way was now clear for safe financial transactions with Belgium.

King Leopold at once approached the Rothschilds for the considerable loan of 37,000,000 francs, for the purpose of railway construction on a large scale. This

loan was granted by the House of Rothschild, but, as Rothschild told Count Apponyi, subject to three remarkable conditions." In the event of the outbreak of war all further payments by the House of Rothschild should cease ; the Belgian Government would undertake to suppress possible revolutionary movement in Luxemburg ; and the 37,000,000 advanced should actually be spent on railway construction.

The House of Rothschild intended thereby to ensure against a revival of those ambitions which had just been renounced.

Metternich was kept fully informed of all these Belgian matters, not only by the Ambassador and the Minister concerned, but also by Amschel Meyer at Frankfort, who sent the Chancellor a copy of any news he received at Frankfort. Metternich had asked him also to send copies to von Rechberg, the former chargé d'affaires, who had been temporarily recalled from Brussels, so that the latter might compare them with his own sources of information, and thus arrive at as accurate a picture as possible of the position in Belgium.

After the satisfactory conclusion of the Belgian difficulties, the four brothers on the Continent, and Nathan's eldest son, met at Frankfort to discuss the general situation, take stock of their present business transactions, and consider their action with regard to the future. This was in September 1839, just when Metternich and his wife, the Princess Melanie, were staying at Schloss Johannisberg, whence they paid a visit to Frankfort. The three brothers, "our Solomon," as Princess Melanie called him, Anselm, and James immediately called on them. The manager, Goldschmidt, accompanied the Princess, and helped her with her shopping. Two of the Rothschilds, Solomon and Carl, also accompanied her, the latter having just arrived from Naples."

Metternich invited Solomon and his wife to *Johannisberg*, and they promptly accepted the invitation. All kinds of business was discussed during the visit, concessions were asked for, and the question of intervention was sounded. Metternich promised, amongst other things, to use his influence to secure rights of citizenship in *Frankfort* for Solomon's manager, *Moritz Goldschmidt*. On his return, Solomon wrote to thank the Prince, expressing his delight with their "most gracious reception at lovely *Johannisberg*,"

Meanwhile, the world situation had not become any rosier. No sooner had danger of war been banished in the West than ominous signs of trouble began to appear in the East. *Mehemet Ali*, the Sultan's Viceroy in *Egypt*, had usurped enormous power at the expense of his sovereign. While still formally subject to the Sultan, he paid little attention in practice to his authority. Being at enmity with the Pasha of *Akkon*, he invaded *Syria*, which had been allotted to his sphere of influence in May 1833. *Mehemet Ali* next turned his attention to *Arabia*, but this did not please *England* at all. *Russia* and *Austria*, in their endeavours to protect the Legitimist principle, had espoused the cause of the Sultan as against his insubordinate Viceroy; their sympathies were, therefore, on the same side as those of *England*. Encouraged by this fact, the Sultan *Mahmud* endeavoured, in 1839, to suppress the insubordinate *Mehemet Ali*. But the Sultan's troops were beaten by the Egyptian, *France* alone among the Powers viewing this victory with satisfaction, for *Mehemet Ali* was friendly to the French, and, as *France* was in possession of *Algiers*, it was to her interest to be on good terms with the powerful Pasha of *Egypt*. The other Powers, however—*England*, *Russia*, *Austria*, and *Prussia*—wished to help the Sultan in his difficulties, and signed a treaty on the 15th July, 1840—the *Quadruple Alliance*—providing that the

Sultan should be assisted if necessary, but that Mehemet Ali should be allowed to keep Egypt and Southern Syria only, as a hereditary kingdom under the overlordship of the Sultan.

That being the position, the Alliance necessarily appeared in Paris to be directed against France, who found herself isolated from the whole of the rest of Europe. The Chambers, the Press, society, and the Palace all felt keen indignation at this slight to France, and felt that her honour was at stake. Thiers, the Prime Minister, breathed forth fire and slaughter in his newspapers against Palmerston, the British Secretary of State for Foreign Affairs, and against the Treaty in general. He took up a particularly aggressive attitude, but even Louis Philippe, who in his heart wished to maintain good relations with the Powers, was profoundly displeased with the Treaty, although at the same time he stated that he would do everything possible to maintain peace. In any case, intensive military preparations were decided upon.

Apponyi wrote in alarm⁷ that the Treaty had been taken very seriously in Paris, and that it was regarded as a matter affecting the national honour. He said that the King was sincerely anxious to maintain peace, but that the heir to the throne, the Duke of Orléans, was enormously excited, and in favour of war, and that he would support Thiers. "The position is exceedingly serious," the Ambassador reported. "If people will play with fire, as it seems they mean to do here, a general world conflagration may easily result."

The King of Belgium was also deeply concerned at the state of affairs. He already had visions of his country, which was achieving prosperity after much hard work, becoming a theatre of war over which French and Prussian armies would fight."

"He is the more alarmed," Apponyi ironically

reported, "since Baron Anselm Rothschild has informed him that the new loan, which was just ready for signature, cannot be carried into effect. His Majesty intends to travel to England on the day after to-morrow, where his presence, as he said to Herr von Rothschild, will be of great service at the present time."

It was, therefore, to be expected that in this quarter everything would be done to ensure the maintenance of peace; and this had been what Anselm had wished to convey. Anselm also wrote to his father, Solomon, who was staying at Frankfort, saying, "It is hoped that Prince Metternich will modify the agreement of the 15th July in such a way as to save the face of France."

At that time James, who was still away, was being represented in Paris by Anselm, and Solomon feared that his young son might not be equal to a situation which was constantly growing more acute and critical. He therefore urgently asked James to return, and decided to go to Paris himself and wait there until James came back. Meanwhile, James had set out for Paris post-haste, and arrived in the French capital on the 3rd August, 1840. This made it unnecessary for Solomon to make the journey, as James at once sent him the following letter ":

"MY DEAR BROTHER, I arrived safe and well this morning, after spending some nights travelling, because I did not wish to leave Anselm alone.

"I do not believe there will be war, and am convinced that Thiers merely wants to show how sensitive he is for the honour of France, in order to strengthen his position. The public here are strongly in favour of war, and the people will be perfectly content to fight. But it is all only words, although the alliance between England and

France which has always existed, is finished, and I regard this as a misfortune for the future.”

This communication revealed the calm business sense and strong character of James, who was not to be affected by any panic. Anselm was also much relieved that he had no longer to bear the whole responsibility alone. “Uncle James,” he wrote home, “arrived back here safely this morning, the fall in securities having hastened his return. He is, however, hale and hearty and looks very well. Matters are, thank God, somewhat better. The tone of the newspapers is more moderate. The English papers are indifferent, and Thiers is trying to climb down. Meanwhile, the matter is not at an end and may drag on for some time.”

The next day he added : “The liquidation is over, but the brokers have been very much involved, and have lost a lot of money. Belgian securities were unsaleable. There is little news, but people are less alarmed and believe that peace will be maintained. . . . Everything depends on Prince Metternich remaining calm.”

The London Rothschilds were also on their guard. They reported that prices there were fairly firm, but that little business was being done, as everybody was anxiously awaiting news. London was talking of a resolution to be moved in the House of Commons, that the navy and army should be strengthened. Lionel had immediately gone to Lord Clarendon, Lord Privy Seal, who told him that he did not believe it, as England saw no reason why there should be war.”

When James’s reassuring news reached London his nephews realised with satisfaction that the “wave of war fever in Paris” had somewhat abated. “The British public,” they reported, “has no fear at all of a war, as is very clearly shown by the heavy purchases of securities that are being made by private persons.”

The atmosphere in Paris, however, was far from being as peaceful and quiet as might have been expected in view of this news. When news was received on the 5th August that Prussia and Austria had just ratified the hateful Treaty on the 15th July, national sentiment was again aroused. "Our poor Rentes," Anselm reported, "have again shown a marked decline to-day; there is panic on the Bourse, news having been received that Prussia's and Austria's ratifications of the Treaty have been sent in. I believe, however, that it will all come right, for I can assure you that the Government here is no longer so aggressive, and has decided for the present to cease military preparations. Reports from London are also much more pacific. Uncle James is going to see the King this evening.""

The King did, in fact, receive James on the evening of the 5th August in an audience which lasted more than two hours. He complained bitterly of the Powers, saying that not only he, but his son too, the Duke of Orléans, had been much irritated. Austria should not join with Russia. Why should everything be done to irritate France. He still hoped that in the end, "Austria will deal with this complication as the *deus ex machina*, and, through the wisdom and influence of Prince von Metternich, not merely will peace be maintained, but France will be placed in a position in which she can come out of the affair with honour."

"Whatever may now happen," James concluded his report on the audience, "I do not believe there will be war."

This strained situation was still further complicated by a perfectly unexpected event. Louis Napoleon, the eternal pretender to the throne of France, had embarked, with fifty-five followers, in a boat from England, and had landed on the night of the 6th August in the neighbourhood of Boulogne, where a few of his supporters were

awaiting him. He had, no doubt, imagined that as, when his great-uncle returned to France from Elba, so the King's troops would go over to his side now, and bring him in triumph to the capital. However, nothing of the kind occurred. The King's troops marched against him ; the occasional cries of "*Vive l'Empereur*" were soon heard no more ; the Prince and his trusty followers were forced to take to the sea, where, after a short swim, they were all captured. The tragi-comic adventure was over in a few hours, but it served to increase the general nervous tension in France.

Nathan's sons in London strongly condemned this attempt. "The affair of Louis Buonaparte's landing," they wrote, "is regarded here with general disgust, as being a senseless and rather distasteful adventure. It is said to have been a Stock Exchange plot, and that there were brokers on board the steamer."

The London Rothschilds had received the latest news from Paris before this event, and they reported that the Stock Exchange atmosphere was quite uncanny, since those who had a carrier pigeon service, and thereby received early news of Paris quotations, had spread all sorts of bad rumours. They said that Palmerston had just delivered a moderate speech on the foreign situation, and Lionel observed that Lord Palmerston's quiet and emphatic speech had dissipated any idea of war in London, and that he hoped it would show to the French public the game that MM. Thiers and Guizot had been playing.

Every word that any of the Rothschilds wrote revealed how anxiously they were constantly endeavouring to do everything possible to maintain peace, as they were always anxious about their great undertakings and financial commitments. They watched the political situation as they would a barometer, reporting to one another every oscillation of the needle. Palmerston's speech was followed by a speech from the

throne by Queen Victoria, which, as Lionel reported, "was entirely typical of such speeches, that is, had not much in it." Nevertheless, Lionel and his brothers found that their "friends," as they called the Ministers and persons who had influence, were somewhat worried, as everybody was wondering how it would be possible to allay French passion, after the French had been so terribly excited by Thiers and the public Press over the Eastern question. The Queen's speech, as James reported, caused great dissatisfaction in Paris, as it made no reference to France.

"Everyone here," he wrote, "is very indignant, and in a most belligerent mood, so that Rentes have fallen to 80.20. . . . This has frightened people, and we must hope that to-morrow they will be in a quieter frame of mind."

James did not fail to frequent the salons and audience chambers of influential and high personages. Having heard that the Duke of Orléans was so strongly in favour of war, he obtained an audience of him, with a view to bringing him to his own political point of view. The Duke actually said to him: "We do not want a war, but if others aim at undermining the King's honour and popularity, and weakening him at home, then——"

James saw to it that Metternich heard all this at once, and he was careful so to phrase his letters to Solomon, knowing they would be shown to Metternich, in such a way that the Chancellor would be influenced to adopt the Rothschild point of view. The Duke also told James that new proposals for the solution of the Eastern crisis had been sent to England, the King of Belgium acting as mediator. Both James and Nathaniel, Nathan's third son, who was still in Paris, had in their letters to Solomon of late been constantly lamenting the fact that Prince Esterházy was not in London,



THIERS

since his representative, the *Chargé d'Affaires* von Neumann, was a regular war-monger."

Nathaniel actually wrote to his uncle saying: "I hear that Baron Neumann is in a great state of excitement, and preaching war." Solomon saw to it that such statements were not omitted from the copies of letters that he laid before Metternich.

The guiding principle of the Rothschilds at critical times such as these was to go about as much as possible in society and to seek out every opportunity of meeting leading statesmen, royalties, and influential society women, never missing a chance of collecting news. This is characteristically shown in a letter from Lionel to his Uncle James and his brother Nathaniel. "We had the pleasure yesterday," he wrote on the 22nd August, 1840, "of getting your mail, and we are very grateful to you for it, since, as I can assure you, we were distinctly uneasy. Consols opened at 89 $\frac{3}{8}$, it is said that the owners of carrier pigeons were buying; they closed at 89 $\frac{1}{8}$."

"We saw all our friends, to get news, and heard that everybody was particularly pleased with King Leopold, who had contributed a great deal to reconciling England and France. We then spoke to another person of importance, and she told us that everything was completely changed, including France's tone, which was quite different from what it had been. . . . Everyone is of opinion that Mehemet Ali, if he does not completely give way, will, at any rate, make fresh proposals. Bülow and all the others are dining with us to-morrow, and we mean to go to Windsor too and try to see King Leopold. If there is anything of interest to report we shall send you a courier to-morrow night. We have heard that M. Guizot (the French Ambassador in London) dined alone with Lord Palmerston and Princess Lieven yesterday; H. Neumann was there, and says that

Guizot was exceedingly cheerful, and this is a much better sign, especially as we were told that Guizot and Lord Palmerston were so furious with one another when they met at Windsor that they would scarcely speak."

King Louis Philippe was at that time undergoing a sharp mental conflict. On the one hand, it was obvious to him that he could not fight for Mehemet Ali against the whole of Europe. Such action would have been fraught with disaster for himself and his dynasty. On the other hand, he did not wish to offend his proud and sensitive people, or to make himself unpopular by a public humiliation. On one occasion he gave free rein to his feelings, to the Austrian Ambassador, fulminating against the Powers who had placed him in such an awkward position. Count Apponyi was quite affected by the rage with which the King spoke. He reported that he had never seen him so violent or resentful, and that he was particularly incensed against the Tsar. "The Tsar Nicholas," he had exclaimed, "has always aimed at destroying the Franco-British Alliance, and at last he has succeeded in doing so. All the rest of you crawl and shiver before him. . . . I am, I must admit, deeply hurt. To be left out in the cold, to be treated as a pariah and a revolutionary King, as you all treat me—can I be expected to bear that. Do you think that I have no blood in my veins? You have upset the whole of Europe, and spoilt the whole position, which I have finally managed to achieve after ten years of extraordinary effort."

The King went on to say that to have isolated France through the new Quadruple Alliance was an act of unparalleled frivolity, from the point of view of maintaining peace. He then endeavoured to persuade Apponyi to urge his Prince to get rid of the unfortunate treaty of 15th July. When the Ambassador declared that he

could not possibly take action, the King, having calmed down somewhat, assured him that he would do everything to maintain peace as long as peace was consonant with the dignity of France. The monarch pointed out, however, that circumstances might occur in which he would be forced, even against his will, to go to war.

This display of feeling by the King was, no doubt, not entirely unpremeditated, as he hoped there might be a chance of breaking up the Quadruple Alliance. At the same time he exploited the prevailing militaristic spirit, materially to strengthen his neglected Army, which it may well have seemed highly desirable for him to do, quite apart from the danger of war. Fundamentally, however, he was really anxious to maintain peace, and in this desire he was entirely at one with James Rothschild. During this critical period the monarch relied a great deal on the wise old financier. He looked to James for sound advice, and relied on him as an intermediary and a person who could skilfully bring the right influences into play; and, as their aims were identical, the monarch and the Jewish banker were often in one another's company. Their conversations were immediately reported to the brothers in the other capitals, who would do their best to turn them to good account, both politically and financially.

"Yesterday evening," Nathaniel reported from Paris on the 6th September, 1840, "Uncle James was with the King, who, as usual, was exceedingly cordial to him, and said that he felt so friendly towards him that he would warn him to be on his guard, as Ibrahim Pasha would very probably march across the Taurus, which would produce such complications that it would be impossible to say how the matter would end. It seems, my dear Uncle, that matters are now coming to a head, and, although it is certain that there won't be a war,

we shall, as an important person in the British Embassy here said, get so near to war that the world will be terrified and securities will, of course, fall. Rentes closed dull, at 79.10, there being very little business."

The next day the outlook was still worse. "Rentes have fallen to 76.20," Nathaniel wrote that day, "there having been an *émeute* here in Paris in the Faubourg St. Antoine, where there are a mass of working people and ten times as many troops. There will probably be a little fighting, but it is generally believed that the affair will soon be over. The *émeute* is unfortunately not the principal cause of the fall in Rentes, the political news being very bad. Fighting has begun in the East. . . . A well-informed friend has just been to see me, and he said that they had had a mail from Vienna yesterday, from which it is clear that there is considerable indignation against the French there. . . . Thiers is also supposed to be much excited, and God knows how it will all end. The news from Spain also seems to be unsatisfactory."

The Powers had, indeed, begun to take military action in the East against Mehemet Ali. A joint Anglo-Turkish-Austrian squadron had been ordered to the coast of Syria. This caused great excitement in Paris. "The prospects on the Bourse here," Nathaniel reported on the 9th September, "are not at all good. All securities have fallen very heavily, and Rentes closed at 73.60, the 5 per cents. at 105.60. . . . We naturally don't believe everything we hear, but there is considerable panic, for it is a fact that Admiral Napier has taken several Egyptian ships with troops and munitions on board. I have seen Thiers, who, in spite of all this, speaks in a pacific tone, and both he and the King hope that Mehemet Ali will have recourse to the French as mediators to settle this question."

It seemed to be a favourable moment for carrying out

a plan which had long been cherished, namely, to fortify Paris. This was interpreted as indicating warlike intentions, but the Rothschilds immediately learnt that such a belief was unfounded.

“MY DEAR BROTHERS,” James wrote with his usual quiet confidence, with reference to the Government’s decision, “Rentes fell when the Bourse opened, because it became known that the newspapers will to-morrow publish the fact that Paris is to be fortified. The idea of *fortes détachés* has been under consideration for several years, and the King is taking advantage of the present situation to carry it into effect, as he regards it as a most important measure, not only to ensure security against foreign enemies, but also to safeguard the position at home. In point of fact, both the King and Thiers are more pacifically inclined than ever. The former has had a most friendly conversation with Count Apponyi, in which he told him that he should not be misled by this measure, as they would have had to carry it out in any case.

“Princess Lieven has had letters from England to-day that strike the same friendly note, and all the Ministers that I meet here are of the same mind. The fall in Rentes has been caused by some wretched journalists who speculate on the Bourse, and the public believe they are in the know.”

The London Rothschilds kept besieging the French Ambassador Guizot and all the other representatives of foreign Powers, in order to get news; at parties they always tried to get into conversation with a Cabinet Minister. One of them succeeded in discovering a friend who had just spoken to an important personage who

had returned from Syria, having been sent there by Palmerston. They heard from a reliable source that the Prime Minister, Lord Melbourne, and Palmerston had had a quarrel, and that relations between them were strained. They also ascertained that everybody in London complained of the way Louis Philippe talked about English Ministers, as he was alleged to have stated on several occasions that Lord Palmerston had received a large sum of money from Russia.

Meanwhile, the Syrian campaign proceeded. The position of Mehemet's stepson, Ibrahim, became more and more dangerous. The city and fortress of Beyrout, which were still held by the Egyptian, were bombarded by the Allied Powers. Nerves in Paris became more and more strained. It was now being definitely stated that Thiers supported the dangerous war policy. That being so, he was bound to forfeit completely the sympathy of the Rothschilds. Nathaniel, who was by now also alarmed and angry with Thiers, wrote on the 22nd September, 1840," saying, "The position is still confused and uncertain. God knows how these important questions will be solved, and how M. Thiers will get us out of the awkward situation into which his irresponsibility and his nationalistic peasant obstinacy have brought us. Our position is made worse by the fact that Thiers's political standing rests upon such a complicated structure, built up of so many various elements, that it is almost impossible, and would indeed be dangerous and altogether unwise, to overthrow him; so that we must look on quietly while this most arrogant of all parvenus plunges this country more and more deeply into difficulties, and us all with him, through his irresponsibility and pseudo-liberalism. We must hope that things will happen otherwise and that we may look forward to a happier future."

The position grew more and more complicated, and

even James, who was generally so wise and calm, did not know what to make of things.

“MY DEAR BROTHERS,” he wrote on the 25th September, “I really don’t know what to write without misleading you. I was with the King yesterday evening, and spoke to him for over two hours, and you cannot imagine how excited the good man was. He said to me . . . : ‘Prince Metternich acts slowly, but events take their course, and in the end war will be inevitable. The Prince is absolutely led by Russia, and believes that Russia will bring peace, but England and Russia are in agreement. Palmerston wants to rob France of her honour, and reduce her to the status of a minor Power. Meanwhile, we are arming as intensively as possible, and peace depends on that country to which I am attached heart and soul ; if only Mehemet Ali’s last proposals would be accepted !’ In short, I found that the King was as indignant as on the previous occasion. Count Apponyi, however, to whom I always tell everything, still believes in peace, and thinks that the King is only play-acting to frighten them. Meanwhile, Rentes have gone up because it is said that a telegram has arrived reporting that Mehemet Ali has yielded.

“I really don’t know what to think.

“Palmerston’s private secretary has just been here. He told me definitely that a conference of all Ministers would be held in London on Monday, to consider whether the proposals should be accepted. He said that Palmerston was absolutely opposed to accepting them, but that we should come as near to war as possible. I am writing you all this in detail, my dear brothers, that you may

be in a position to judge the situation. The King was very angry, too, about a note from England asking why he was having a chapel built at Tunis."

"Rentes closed at 73.60."

News came from Syria that Said had been taken by storm by the Austrians and British on the 26th September. This naturally increased the indignation against England in Paris, as far as this was possible. James became more and more uneasy, and already believed that in the end war would be inevitable. He wrote emphatically to his brother Solomon to say that he should urge Metternich again to induce Austria to be more moderate, and to use his influence with England in the same direction.

"Do tell the Prince, my dear brother," he wrote to him on the 5th October, "not to let Palmerston's hot temper run away with the situation. Neumann is not pacific, and, although the Prince certainly only wishes peace, we must be very careful, for public opinion here is becoming so strongly in favour of war that in the end no King and no Minister will be able to control the situation. I beg you, my dear brother, to bring these considerations home to the Prince."

Resentment in Paris became more and more passionate. The newspapers inflamed the passions of the people, declaring that the national honour had been gravely insulted. Thiers added fuel to the flames, and advised the King to take further military measures, to make a demonstration at sea, and to other actions, most dangerous in their consequences. The heir to the throne, who was filled with martial ardour, urged his father in the same direction. Thiers had for some time noted with displeasure the influence which the House of Rothschild exercised upon the King. It was difficult for him actively

to oppose the bank because he had debts, and, according to Count Apponyi, he owed the House of Rothschild, too, at least 40,000 francs; but the interference of the Rothschilds had now gone further than he could stand.

This German Jew from Frankfort had the effrontery to bamboozle the King into the belief that the honour of France was really not involved in this distant affair of Mehemet Ali. Thiers expressed his irritation at this state of affairs. Immediately the rumour went round Paris that Baron Rothschild and other rich bankers had threatened the Ministry with formidable opposition, if it pronounced in favour of war. *The Times* commented on this in a Paris Letter. The matter was quite simple, it said. Rothschild was a financier, and therefore did not want war; so far so good: but Baron Rothschild was an Austrian subject, and Austria's Consul-General in Paris, and a question affecting France's honour was therefore of precious little concern to him. The *Constitutionnel*, Thiers's paper, commented on this letter on the 12th October, 1840, "observing that the position was perfectly intelligible, but asking what Herr von Rothschild, the financier, and Herr von Rothschild, Metternich's agent, had to do with the French Chamber, and its majority.

"With what right," the paper asked, "and under what pretext, does this king of finance intermeddle with our affairs? What concern of his are the decisions which France will take? Is he the arbiter of our honour? Are his money interests to be allowed to outweigh our national interests?"

The *Constitutionnel* emphasised the fact that it was publishing these rumours in order that, if they were true, the public might frustrate these intrigues. If they were false, Rothschild would have the opportunity of publicly denying them and of letting the country know that it was not his intention to dispose of majorities and Ministries.

James replied on the 12th October, 1840 :

“ SIR,—In spite of my reluctance to bring my name before the public, I cannot leave unanswered the article in your current number, wherein my name figures in a most unfavourable light. The nature of these attacks imposes a duty on me to break that silence which I am generally content to observe. How, sir, should I proceed to refute such aspersions? I can but wonder that men who have serious matters to attend to will lend their ears to such assertions. I have never at any time encouraged opposition to the Government, for the simple reason that I have never wished to play a political rôle. I am, as you state, a financier. If I desire peace, I desire it honourably, not only for France, but for the whole of Europe, and in all circumstances. Financiers have the opportunity of rendering services to the country, and I think I may say that in this respect I have never been behindhand. If France is not my native country, it is the country of my children. I have lived in France for thirty years ; my family, my friends, and all my interests are in that country.”

The *Constitutionnel* published this reply, and that ended the incident. Thiers, however, felt that, without having come forward himself, he had given an adequate warning to Rothschild not to work up an opposition to the policy of the Ministry.

Nevertheless, events were to show that it was Rothschild's, and not Thiers's, point of view that had come to be firmly adopted by the King. In his heart the King heartily disliked Thiers as a revolutionary. Louis Philippe withstood the warlike proposals of his son and

his Minister. He also declared himself opposed to any naval demonstration. The warlike Minister and the peaceful King finally agreed upon a kind of ultimatum to the Powers, which was, however, essentially accommodating, as it gave up all claims to Syria, and only asked that the deposition of Mehemet Ali should be revoked.

England, too, did not wish to accentuate the crisis, and replied in a more conciliatory spirit. The popular feeling which had been aroused by Thiers was, however, not to be so quickly pacified, even if the Minister had wished to do so. An unsuccessful attempt on the King's life suddenly brought home to him the dangers near at hand, which would necessarily be much accentuated by extensive complications abroad. Its effect upon the King was to attach him definitely to the Conservative Party, which favoured peace. This party had lately increased in numbers, especially amongst the property-owning classes who feared for their lives and their possessions. The *Journal des Débats*, which was friendly to the Rothschilds, became more emphatic in its warnings. But it was not so easy for Thiers to reverse his policy. The Speech from the Throne provided the occasion for clearing up the situation between the King and his Ministers. Thiers proposed that in his speech he should condemn the Treaty of London, and discuss the deposition of Mehemet Ali, and the calling up in advance of the 1841 recruits. Louis Philippe refused to make any references of this kind.

"I want peace," he exclaimed, "and not war. I want to promote tranquillity, and not to provoke and excite the whole of Europe. My military measures are precautionary and not aggressive."

"In that case," Thiers replied, "we cannot possibly agree, and there is nothing for me to do but to resign."

“Very well,” replied the monarch, “I shall accept your resignation.”

Thiers acted in accordance with this hint, and the King dismissed the Ministry.

After this conversation, which took place on the 20th October, 1840, he observed to Count Apponyi with some relief, “I think I have taken quite the best moment to rid myself of M. Thiers ; it was a relief to me that he himself gave me the opportunity of doing so. He was the only, or, at any rate, the principal, obstacle in the way of the maintenance of peace.”

Paris and the whole world regarded this change—and the appointment of the new Ministry, which was nominally presided over by Marshal Soult, but in practice by the former Ambassador in London, Guizot, who became Minister for Foreign Affairs—as a most fortunate solution.

In high enthusiasm the Rothschilds reported from Paris²² that, as a result of the appointment of the new Ministry, and particularly of the confidence inspired on the Bourse by the new Finance Minister, M. Humann, Rentes had appreciated considerably. It was high time for a change of policy, for Mehemet Ali's stepson had just lost the powerful Syrian fortress Akka, to the Allies, being forced to retire on Suez, after losing all his artillery. The English Admiral appeared with his fleet before Mehemet's residence at Alexandria. The Admiral and the Egyptian Viceroy soon came to an understanding. The whole of Syria was to be evacuated, but Mehemet Ali's position in Egypt was to be confirmed. Solomon, who received the news at Frankfort, reported these satisfactory events with great enthusiasm, as indicating that the questions in dispute in the East might be considered as settled. It says much for Solomon's far-seeing judgment that he immediately directed his efforts to making the path for France, who had, after all, already

reversed her policy, as easy and honourable as possible. It was still being stated that France was arming, and wanted to increase her military forces to five hundred thousand men.

“Although I do not believe,” Solomon wrote to Vienna on the 10th December, 1840, “that France has any desire to bring war about through an emphatic demonstration of this kind, war being entirely opposed to her interests, yet in my humble opinion I consider it to be highly desirable, by satisfying French national vanity, to find some way of persuading her Cabinet to cease all further military preparations, and thus to bring the tension and differences with foreign Governments to a speedy conclusion. Would not such a solution be found by inviting France to attend the Conference in order to settle the Eastern problem jointly with the other Powers? . . . If France is an integral part of the Conference, and it seems to me that those in power in that country are merely concerned to convince the noisy element that she has again been received with honour into the European comity of nations, all reasons for further military preparations automatically cease, and general peace will be more lastingly and firmly established.”

“Have the goodness,” Solomon bade Wertheimstein and Goldschmidt in Vienna, “to give His Highness the Prince a hint to this effect, when an opportunity occurs; if he approves my suggestion, and is inclined to act on it, I have no doubt that it will produce satisfactory results.”

The advice was most timely, for Prince Metternich had just suggested that France should be asked, through diplomatic channels, to reduce her considerable armaments.

James proceeded to advance arguments against so doing. He wrote a letter—which, as usual, was meant for Metternich’s perusal—in which he endeavoured cleverly

to persuade him out of his intention to demand a reduction in French armaments.

“MY DEAR BROTHERS,” he wrote, “don’t think there is any question of a war. The Prince is too clever not to understand the position here. If the Minister here were to say anything about reducing the Army of five hundred thousand men, which is regarded as a peace army, he would not remain in power for one moment ; but this will happen automatically as soon as the Chambers begin to discuss expenditure. Proof of this is to be found in the fact that a considerable party is already being formed in the Chambers who are opposed to the fortifications, and that the Ministry have to-day decided not to make this a Government question, and to let the matter drop. People here do not want war, and they do not want expenditure, but, if Germany brings pressure to bear, the populace here will regard it as intentional, and this would make a bad impression. I am convinced that they will demobilise a hundred thousand infantry, but this must not appear to have been forced upon them, for, after all that has happened in the Chamber, the Ministry is as unable as the King to send the Army away at once, as unable as they would have been to take part in coercive measures against the Pasha of Egypt.

“Be easy, therefore, as to the position here, and assure the Prince that I see too many people here to have occasion to fear that anything should occur which I could not, and would not, tell him of, as it is my duty to do.”

As James and his brothers had hoped, no further complications arose in the Eastern problem. The Sultan and

Mehemet Ali were reconciled ; the Powers of the Quadruple Alliance declared that the Treaty of the 15th July had expired, having achieved the object for which it was formed. And they made the way as smooth as possible for France to take her place again amongst them.

The previous ten years had seen three highly critical problems arise, each of which brought Europe to the verge of a devastating war. On each occasion the House of Rothschild had seen the policy of peace triumph, that policy which was so absolutely essential to the maintenance and preservation of their enormous wealth. It was not surprising that their self-confidence, as well as their property, continued to increase to a prodigious degree.

CHAPTER VI

The Rothschilds Before and During the Revolution of 1848

WHILE the Rothschilds were engaged in these great financial and political questions, their command of money and their increasing social prestige brought them into touch with the great men of the day in painting, literature, and music. This was especially so in Paris, whither the most remarkable spirits of the time were attracted from abroad by the relative freedom of the Press and the censorship.

The great Italian, Rossini, had given up his home in Italy and then left Vienna for the city on the Seine. He had made the acquaintance of the Rothschilds as early as the Congress of Verona, and he was a frequent visitor at James's house, being invited to the intimate family circle as well as to the banker's splendid receptions. If an artist, in addition to being famous, was also of Jewish origin, he was particularly welcome at the House of Rothschild in Paris. Meyerbeer was amongst those who were actively assisted and cordially welcomed.

After the July Revolution, and the severe measures which Metternich thereupon applied in Germany and Prussia against all "liberal" tendencies, a number of refugees from political oppression and the censorship came to Paris; amongst them was Heinrich Heine, whose great ambition at the time was to become a protagonist of popular rights, and to rise against the "censors of thought and the oppressors of the most sacred rights of humanity." He felt himself to be a son of the revolution, broke all links with Germany, and took up his permanent residence in Paris, on the 1st May, 1831. Ludwig Börne, a relation of Heine of similar views, but who later became bitterly hostile to him, left Germany for Paris at the same time. Heine soon succeeded in arousing great interest in Paris, a portion of his *Harzreise* appearing

in the *Revue des deux Mondes*, and two other books of his being published in French translations. His fame grew until he was treated on equal terms, as a poet of the first rank, by the most famous of the great men in Paris. As a character he was less admired, owing to his eccentric, paradoxical, and unbalanced nature. The diplomats in Metternich's service, were constantly engaged in smelling out revolutionaries, regarded him as a complete outcast. A report written from this prejudiced point of view calls Heine, on account of his unreliability, "a moral and political chameleon," saying that he had no opinions of his own, and might affect constitutional opinions to-day, "whereas to-morrow he will, with equal skill, plead the cause of absolutism or of radicalism." "He is of a cowardly nature," this bitter report continued, "a liar and a man who would be disloyal to his best friend. Changeable as a cocotte, he is utterly unsteadfast; spiteful as a serpent, he has all the beauty and glitter of that creature, and all its poison; without any really noble or genuine instincts, he is incapable of a sincere emotion. His vanity is such that he would like to play a conspicuous rôle, but he has played out his part, he is no longer taken seriously though his talents remain."

It was only natural that Heine should soon make the acquaintance of James Rothschild, especially as Heine's father had known the Rothschilds well, the latter being constantly associated with the House in financial matters. It was, therefore, easy for Heine to establish relations with the House, whereas Börne remained aloof, having always been in opposition to the Rothschilds. In his seventy-second letter, sent from Paris on the 22nd January, 1832, Börne expressed himself in no measured terms about the banking firm. In that letter he made play with the relations between Rothschild and the Pope, saying that Louis Philippe would be



HEINE

crowned in Paris, in Notre Dame de la Bourse, with Rothschild functioning as archbishop. He imagined a turtle-dove flying to St. Helena, perching on Napoleon's grave, and laughingly narrating that it had yesterday seen his successor crowned, not by the Pope, but by a Jew. With biting irony Börne suggested that it might be to the greatest benefit of the world if the kings were got rid of and the Rothschild family were set upon the throne. Such a dynasty would never have recourse to a loan, for they would have the best reason to know how dearly such loans would have to be paid for. Moreover, peace would be assured, since the Rothschilds would be on the most excellent terms with the House of Hapsburg. Börne next proceeded to show how dearly Austria had had to pay for their friendship. True, no Rothschild yet occupied a throne, but when a throne became vacant they were asked to advise as to who should occupy it. It was more bitter that all the crowns should be at the feet of the Rothschilds than that they should be wearing them on their heads, for in the latter case they would at any rate have to shoulder the responsibility of kingship. The majority of the European peoples, Börne suggested, would long ago have attained their freedom, had not the Rothschilds and other financiers applied their wealth to the support of absolutism. Bitterly Börne described the loan operations of the Rothschilds, showing how they would depress Rentes just before underwriting a loan, and then artificially raise the price, immediately after the agreement for the new loan had been signed. Such was the "game" that the Rothschilds always played, to enrich themselves at the expense of the country that they exploited.

In such circumstances there was naturally no room for Börne in James's house. Heine, too, occasionally turned his biting satire on the House of Rothschild. But he would also often write favourably about them,

although not without having occasion to be grateful to James for services of a financial nature. The "great baron" not only frequently invited him to a family meal in the private rooms of his office, but also, as Heine himself tells us, invited him to take part in "almost all of his more important transactions, often quite spontaneously."⁴

Nevertheless, Heine was invariably short of money, which always melted through his fingers, and, against Rothschild's advice, he embarked on other speculations which involved him in serious loss. He did not receive regular remittances from Rothschild, but would often give him to understand that he was in need of this or that, whereupon James, who admired his genius and feared his pen, would send him something under the ingenious pretext that Heine had made a profit in a share transaction; sometimes he would deliberately ignore the disguised request, and this would produce ill feeling. When the money was not forthcoming, Heine would ponder more deeply on the part played in the world by Rothschild; he would come to see him as one of the greatest revolutionaries—a founder of modern democracy. Richelieu had undermined the sovereignty of the feudal nobility; when it had become lazy and degenerate, Robespierre had completed its destruction; but the private ownership of land had survived, and property-owners had merely usurped the pretensions of the old nobility, under a new guise. Thereupon the Rothschilds had arrived, having abolished the dominion of land-ownership by creating the system of state bonds as the greatest power, and investing money which anyone could possess at any place, with the prerogatives that land had previously enjoyed.*

Heine evolved these ideas after a conversation with James, "that Nero of finance who has built himself a golden palace in the Rue Laffitte," as he strolled with

him arm-in-arm, through the streets of Paris, "in a quite famillionary way," as Karl Kraus' wittily remarked.

Heine held that James was the man in whom, "since the death of his distinguished brother in England, all the political significance of the House of Rothschild" was concentrated. Heine particularly admired James's ability in discovering any persons of talent, even in provinces quite foreign to him where he was not qualified to form a judgment. "For his gifts in this direction," Heine wrote, "he has been compared with Louis XIV, and he certainly in contrast to his colleagues here, who like to surround themselves with a general staff of mediocrity. James von Rothschild may always be seen in intimate association with the notabilities of every walk of life. He might be entirely unversed in a subject, but he always knew who was the best man in it. He probably does not understand a single note of music, but Rossini has always been an intimate family friend. Ary Scheffer is his court painter; Carème was his cook. Herr von Rothschild certainly knows as little Greek as Demoiselle Rachel, but Letronne is the scholar whom he most values. The brilliant Dupuytren was his physician, and between the two there was the most brotherly affection. Herr von Rothschild was one of the first to perceive the worth of Cremieux, the great and noble-hearted lawyer, who became his loyal advocate. Similarly, he at once appreciated Louis Philippe's political capacity, and he was always on the most confidential terms with that great master of statecraft. Herr von Rothschild alone discovered Emil Percire, the Pontifex Maximus of railways, and he immediately made him his chief engineer, entrusting to him the construction of the railway to Versailles on the right bank of the Seine, on which there has never been an accident. Poetry alone, that of France as well as of Germany, is represented by

no living genius in the favour of Herr von Rothschild ; he loves only Shakespeare, Racine, Goethe, dead poets all, and disembodied spirits, remote from all earthly financial cares.”

This was a gentle hint that Rothschild might do more for living German poets, including Heine. Heine gave recognition where it was due, although he was frequently ironical at James's expense, and reproached him for his meanness and avarice.

The outbreak of cholera in Paris in 1832 produced a real panic. There was a rumour current in the capital that the disease was produced by certain mixers of poisons, who poisoned the people with a white powder. Two hapless persons who had bought a white cough powder at a chemist's, and were quietly walking out of the shop with it, were torn in pieces by a crowd which collected in an instant, on an old woman shouting, "There are the murderers and poisoners!" Their bloody remains were carried in triumph through the streets, the crowd shouting, "*Voilà le cholera morbus!*" People died in tens of thousands, and Paris was anything but gay. Those who could, and who had the money, fled the city. Heine tells us that 120,000 passports were issued at the Mairie. "The people complained bitterly," he states, "when they saw rich folk fleeing the city and making for the healthier districts, accompanied by doctors and bottles. The poor man noticed that money was a protection even against death. The majority of the *Justemilieu* and of high finance have also left, and are living in their country houses. The representatives of wealth *par excellence*, the Herren von Rothschild, have, however, remained quietly in Paris, thereby demonstrating that it is not only in finance that they are courageous and magnificent."

According to Heine's mood and finances, such praise would alternate with ironical remarks referring to

Rothschild's meanness. Heine can scarcely have been thinking of himself when he wrote in *Gedanken und Einfällen*, "The main army of Rothschild's enemies is made up of the have-nots; they all say to themselves, 'What we have not, Rothschild has.' As soon as a man's money is gone, he becomes Rothschild's enemy." This was certainly true of Heine himself. He was, however, impressed by the splendour and wealth of the envied bankers. "For the *beau monde* of Paris," he wrote on the 1st March, 1836, "yesterday was a remarkable day: we had the first performance of Meyerbeer's long-awaited *Huguenots* at the Opera, followed by Rothschild's first ball in his new house. As I did not leave until four o'clock this morning, and have not been asleep yet, I am too tired to give you an account of the scene of this festival, and of the magnificent new palace built entirely in the style of the Renaissance, in which the guests wander, expressing their admiration and astonishment. As at all Rothschild's receptions, the guests were chosen strictly for their social rank, the men being distinguished for their great aristocratic names or position, the women for their beauty and elegance. As for the palace itself and its decorations, it unites everything which the spirit of the sixteenth century could conceive and the money of the nineteenth century can pay for. In it the genius of art competes with the genius of Rothschild. Two years have been spent in constant work on this palace and its decorations, and the sums that have been expended are said to be enormous. Herr von Rothschild smiles when he is asked. It is the Versailles of a financial potentate. One is forced to admire the taste no less than the lavishness of the execution. M. Duponchel has been responsible for the decorations, and everything bears witness to his good taste. The whole, and each individual part also, is expressive of the fine artistic sense of the lady of the

house, who is not merely one of the prettiest women in Paris, but is also distinguished for intelligence and knowledge, and practises painting with much success."

This last remark was not a mere phrase, but expressed Heine's sincere feelings, for, although he had little use for James Rothschild as a human being, he was very much under the influence of his charming and accomplished wife, the daughter of Solomon at Vienna. She showed intelligent appreciation of Heine's poetry, which did not make the same appeal to her husband. She constantly expressed her admiration for Heine's work, and by flattering the poet's vanity, increased his devotion to her, and she was not entirely displeased when Heine ventured to suggest that such a rare soul should not be married to a dull calculating machine. The poet constantly, indeed regularly, sent her his works, not excepting those which made fun of her husband, and counted on obliterating any unfavourable impression by a casual expression of apology. Heine well knew what he was about when he emphasised the contrast in the characters of the husband and wife. Baroness Betty constantly invited him, and on such occasions he was able to put forward requests and to ask for favours for friends, such as Ludwig Marcus, who was living at that time in dire poverty. Baroness Betty would plead Heine's cause with her husband, and would also help personally, and Heine would express his gratitude in one of his next writings, in which he would speak of "the angelic help of a beautiful woman, the wife of one of the richest bankers in the world, who is justly famous for her wit and her knowledge."¹⁰ Later, when he lay ill in his attic, he actually wrote to Frau Betty: "As I lie cut off from the world, the picture of you often comforts and cheers me. It is one of the most treasured works in the gallery of my memory."

Since his first meeting with the Baroness at Boulogne-sur-Mer in September 1833, Heine had always felt in complete sympathy with her. His gratitude for many a kindness, and his admiration for Betty as a woman and a lady, found poetical expression in the poem to which he gave the name "The Angel."¹¹

It was in the years 1835 and 1836 that Heine spent most time at Rothschild's house. Grillparzer met him there when, during a short visit to Paris, he was dining at James Rothschild's, Rossini being also present. "Much as I had liked Heine, when I was alone with him," Grillparzer wrote,¹² "I did not like him at all a few days later when we were dining at the Rothschild's. It was apparent that his hosts were afraid of Heine, and he exploited their fear by slyly poking fun at them at every opportunity. But it is not admissible to dine with people whom you don't care for. If you despise a person you should not dine with him. In point of fact, our acquaintance did not progress after this."

About this time Heine was actually considering the question of dealing with the history of the origin and development of the House of Rothschild, but the recurrent tension in his relations with the House since 1837 probably caused him to give up the idea. In spite of such occasional help as he received, Heine's financial affairs were in constant confusion, and James Rothschild refused to intervene in Heine's pecuniary wrangles with his rich uncle, Solomon Heine. James had for a long time had intimate financial dealings with that banker, and may well have suffered a rebuff on trying to say a good word for Heine. He did not feel inclined to introduce an unpleasant element into his relations with a business friend by unduly pressing the point. Various lucrative dealings, including a participation in profits on the issue of capital for the Northern Railway of France, seem to have assisted in producing a more

genial atmosphere between Heine and James ; and at this time Heine quite unexpectedly found an opportunity of making himself useful to the House of Rothschild.

In 1843, Heine's publisher, Campe, had received from a certain Friedrich Steinmann of Münster, a manuscript entitled *The House of Rothschild ; its History and its Transactions*. The book dealt with the House in a spiteful and hostile way. Campe paid the author the fee which he asked, and happened to mention the matter to Heine. Heine asked to see the manuscript, and Campe postponed printing it, giving it to Heine to take to Paris in order that he might discuss the matter with Rothschild.¹¹

In a letter dated 29th December, 1843, Heine wrote to Campe saying, " I confess I should be glad of an opportunity of requiting the great kindness that Rothschild has shown me for twelve years [i.e. ever since he came to Paris], if I have an opportunity for doing so in an honest manner."

The pamphlet remained for the time being at Heine's house, and was not published until 1858—that is, fifteen years later—by V. Kober at Prague.

By this action Heine had certainly earned the gratitude of the House of Rothschild, and it may fairly be assumed that it was not bad business for Campe.

In April 1840 an incident occurred at Damascus which caused the most intense excitement in the Christian and the Jewish world. A Jesuit priest and his servant had been murdered in that city, and the Jews were accused of having perpetrated a ritual murder upon these victims. The suspected persons were arrested, and, as torture was at that time applied in examining such persons the whole of Jewry throughout the world declared that the admissions had been wrung by force, and that the accused were guiltless. The Christians were even more passionate in their assertion that the Jews were guilty. The incident, therefore, acquired a significance that far

transcended any similar local murders. Innumerable Jews sent their petitions to members of the House of Rothschild, whose influence with the various Governments of the great Powers was well known, asking them to intervene on behalf of their co-religionists. In the case of James and Solomon these prayers fell upon fruitful ground. James took up the matter with the French Government, and Solomon tried to induce Metternich to take action.

Solomon was in so far successful with the Austrian officials that the Austrian Consul, von Laurin, did actually take steps on behalf of the arrested persons. This man also persuaded Mehmet Ali to order that torture should be discarded in the further course of the case against the Jews at Damascus, and Laurin wrote direct to Solomon to inform him of this, as well as keeping James, in Paris, informed of the course of the whole affair.

The French Consul at Damascus, on the other hand, had taken up an attitude hostile to the Jews. The Vienna Rothschild asked his brother James to use his influence in Paris, but just at this time the Austro-French difference in the Eastern question was most acute, and Louis Philippe's Government feared that the people would regard any action in the sense desired by James as a humiliation of France before Austria, and as unwarranted support of Jewish as opposed to Christian interests. For these reasons any action in favour of the accused Jews was delayed.

"My efforts," James wrote to Solomon, "have unfortunately not yet produced the desired result. The Government are acting very slowly in this matter; in spite of the praiseworthy action of the Austrian Consul, they do not wish immediately to recall our Consul, because the matter is too remote, so that public interest has not been sufficiently roused about it. All that I have

so far succeeded in doing has been as briefly stated in the *Moniteur* to-day, to arrange that the Vice-Consul at Alexandria should be instructed to investigate the conduct of the Consul at Damascus ; this is, however, only a temporising measure, since the Vice-Consul is under the Consul, so that he has no authority to call the latter to account for his actions. In such circumstances, the only means we have left is the all-powerful method here of calling in the newspapers to our assistance, and we have accordingly to-day had a detailed account, based on the report of the Austrian Consul, sent in to the *Débats* and other papers, and have also arranged that this account shall appear in similar detail in the *Allgemeine Zeitung* of Augsburg. We should certainly have published Herr von Laurin's letters to me on this matter had we not felt that this should only be done after previously obtaining the permission of His Highness Prince von Metternich.

“For this reason, my dear brother, convinced as I am that you will gladly do your utmost in defence of the just cause, I would beg you to request the Prince in his kindness to authorise the publication of these letters. The gracious sentiments of human feeling which the Prince has expressed with regard to this sad episode causes us confidently to entertain the hope that this request will not be refused. When you have received the desired permission I would beg you, my dear Solomon, not immediately to publish the letters in the *Österreichische Beobachter* alone, but also to be so good as to send them at once, with a short covering letter, to the *Augsburger Zeitung*, so that they may reach the public through that medium also.”

The Rothschilds' intervention on behalf of their afflicted fellows in a distant country soon became generally known in Jewish circles, and led to Heine's commenting on the fact in *Lutetia*. “We must give the

Chief Rabbi of the *Rive Droite*," Heine wrote, with a playful reference to the Versailles railway on the right bank of the Seine, "the credit of having shown a nobler spirit in his sympathies for the House of Israel than his learned rival, the Chief Rabbi of the *Rive Gauche*, M. Benoit Fould, who, while his co-religionists were being tortured in Syria at the instigation of a French Consul, delivered some excellent speeches in the Chamber of Deputies on the subject of the conversion of Rentes and the bank rate, with the imperturbable calm of a Hillel." "

For Austria, however, in spite of Metternich's intervention on behalf of the Jews, Heine had not a good word to say, for he regarded that State as a hotbed of reaction, where the written word was subject to restrictions to an extent unknown elsewhere. The financial problems of the Imperial State had at that time again grown acute, as the war rumours of 1840 had resulted in further considerable military expenditure. There were many hard cases in private business too. Towards the middle of the year 1841, one of the four banks with which the Government had constant financial dealings was actually in difficulties. This was the bank of Geymüller. Metternich wanted at any price to prevent the firm from going bankrupt, and carried on prolonged negotiations to this end with the House of Rothschild and the other bankers, but they either could not or would not support that bank. On the 10th July it was forced to suspend payment. There were now only three banks, Rothschild, Sina, and Arnstein and Eskeles, that did business with the State. Although the State's need of money was great, its credit stood high, and on the 14th July, 1841, the three banks actually underwrote 38,500,000 florins of 5 per cent. bonds at 104 per cent., Rothschild's taking over 14,000,000.

Immediately after the conclusion of this agreement (the connection between the events can hardly be

doubted), Solomon Rothschild sent in another petition asking for a dispensation from one of the numerous regulations limiting the rights of the Jews.

The ironworks at Witkowitz had originally belonged to the Archduke Rudolph, and had later been inherited by the Archduke Reiner. As the latter had not attained his majority, it was intended to lease the ironworks to Solomon Rothschild. The petition necessary to effect this had been submitted in September 1833, but at the last moment Witkowitz was purchased by the Archbishop of Olmütz, Count Chotek. When the construction of the Nordbahn began, and Rothschild wanted to make himself independent of foreign iron, the Archbishop leased the ironworks in equal shares to Rothschild and Baron von Geymüller. In the meantime the ironworks had developed enormously, and, as Solomon said in his petition to the court, it had by 1841 "grown into one of the most splendid and productive establishments in the monarchy," and one that provided employment for fifteen hundred men.

When Geymüller got into difficulties, and the Archbishop was also in need of capital, Rothschild sought to take advantage of the favourable opportunity for bringing the whole concern into his own possession. The difficulty was that Jews in Austria were not permitted to build factories, or to acquire the real property necessary for the purpose,¹⁷ or even to engage in mining. Rothschild therefore requested that an exception should be made¹⁸ in his favour with regard to these regulations. In view of the fact that they had just received a loan, the authorities at Vienna could not but accede to his request, and Solomon was accordingly permitted to purchase Witkowitz, lock, stock, and barrel, and to proceed with coal-mining and ironworks.¹⁹

The moment had been happily chosen. The Rothschilds were exceedingly clever at making Governments

feel under an obligation to them, and had a genius for striking while the iron was hot. They sometimes made it almost morally impossible for a Government to refuse their requests, and not to give them the monopoly of banking business.

Within his own sphere, Amschel Meyer, at Frankfort, acted on precisely similar lines. The Bethmann bank had long been overshadowed. As Schwemer says,²⁰ Amschel had his finger in every pie; he dealt with the business of the Federation as well as with that of the individual German Governments, and supplied the money for the railways that were being constructed everywhere at that time. He continued in close relations with the Court of Hesse, to which his House had owed its rise.

When, in 1831, the son of the old Elector Wilhelm II had left the capital on account of his mistress, the heir to the throne, who was later to be the Elector Friedrich Wilhelm I, had been appointed joint regent at Cassel. He wasmorganatically married to Gertrud Falkenstein, the divorced wife of a Prussian lieutenant, Lehmann; in 1831 he raised her to the rank of Countess von Schaumburg, and later created her Princess of Hanau. In 1846 the Elector already had five children by this marriage. Amschel Meyer gave the Elector financial assistance in starting them in life, and the Prince and his countess would often "take their midday meal quite *en famille* with their business friend."²¹

Not only the Elector, but most of the other German Princes, would apply to Rothschild for money. Rothschild would often make the conclusion of other agreements with banks subject to the condition that the bank should take over a portion of the liabilities of these numerous loans to petty German Rulers. Just as he thoroughly understood how to keep up the price of such securities as he felt inclined to favour, he also knew how to depress a loan.

In a report of Baron von Mensshengen we read: "Baron Rothschild has given a proof of his power in the case of the Russo-Polish Lottery loan of the year 1835. He persistently depreciated this very safe and profitable security because the principal underwriter, the banker Frankl of Warsaw, refused to allow him to participate in it, and because the Russian Government, being annoyed with the London Rothschild about the loan which he had granted, suddenly broke off relations with his House, and has since dealt with Hope of Amsterdam.

"In these circumstances it is not surprising that many of the smaller German Governments, and more particularly that of Nassau, should have recourse exclusively to the House of Rothschild, and should refuse to be influenced by the dissatisfaction frequently expressed by their subjects, especially in the Grand Duchy of Hesse."

Metternich had for a long time fully appreciated the power of the House of Rothschild, but he would not tolerate an obvious divergence between himself and the Rothschilds in matters affecting foreign policy. When, during the discussions on the loan of 1841, Solomon wanted to put in a clause providing for the possible outbreak of war, Metternich replied that as Minister for Foreign Affairs he would feel compelled to protest against any such clause being admitted, "since I could never concur in allowing a decision affecting the question of war or peace to be influenced by the attitude of the banks." Solomon replied that he fully appreciated Metternich's point, and nothing further was heard of this suggestion. Fundamentally the Rothschilds were the only House in which the Chancellor had real confidence, the following circumstance being a remarkable instance of this fact.

Several businesses in Vienna and Trieste being in

difficulties in August 1841, the Government decided that the three big banks should be allowed to apply 4,000,000 for their relief in Vienna, and 1,000,000 in Trieste. Strangely enough, the three banks were allowed to decide to whom such assistance should be granted. This provision soon resulted in considerable discontent, and complaints were made to the Treasury as to the manner in which the money was allotted. Two banks, that of Sina and that of Arnstein and Eskeles, were more particularly accused of having favoured those persons with whom they had close business relations in the allocation of the Government moneys."

Metternich carefully went into this complaint, and decided that the best way of dealing with the complaint would be for the State secretly to give Solomon Rothschild the control in this matter, over the heads of the other two banks.

"In view of the conduct of the three firms," he wrote, "in allocating the commercial subsidies, the question naturally suggests itself whether the Government [which is providing the means] has the right to control the operations of the three firms. By control I mean that the three firms should be required to render a regular account of the moneys expended by them. Solomon is bound to feel himself crippled in dealing with this matter, because he dreads arousing the hostility of his environment, and has the most profound contempt for the banking community of Vienna; moreover, as a business man, he regards his position as that of a foreigner in Vienna, and so he will only deal with the Governments. As, however, he is one of the persons entrusted with the disposal of the moneys of the reserve fund, he must be retained here, and I advise Baron Kübeck to tell Solomon frankly that he relies on him, but to tell him as a confidential friend. This is the line which is most effective in influencing him."

This was a great mark of the confidence which Metternich reposed in Solomon ; it being entirely in accordance with their personal relations. Solomon surpassed himself in attentions to the Metternich family. " Our friend Solomon's devotion always touches me," the Princess wrote just after he had paid her a visit. " During the summer, when the Metternichs were at their estate near Frankfort, they received constant attentions, such as American deer for their park," and members of the banker's family often came to call on them ; " amongst others," the Princess Melanie noted in her diary " on the 5th September, 1841, " were the Rothschilds, five in number. There were Solomon and James, their nephew Anthony, Solomon's son, and finally Amschel, who made a great point of our coming to dine with him at Frankfort next Tuesday. James brought me a pretty mother-of-pearl and bronze box from Paris, filled with sweets, which was all to the good."

When, as in 1843, the Metternichs stayed at Ischl, Solomon was there, and not unnaturally, for Marie Louise of Parma and her suite were there too. At Christmas Rothschild would send " lovely things to the Metternich children, such as tempted their mother to play with them herself."

For his part, Solomon Rothschild had no occasion to complain that such friendly turns were not reciprocated, there being plenty of occasion for doing so, in view of the strict régime to which the Jews were still subject in Austria.

The question of the Jews' right to hold real property had not yet been settled. In order to get over this difficulty, Solomon, having prepared the way by numerous benefactions, applied to be granted the rights and privileges of a citizen of Vienna ; for as a Viennese citizen he would automatically acquire the right to own real property. In order, however, to achieve his purpose, he

had to apply to the Emperor for a dispensation with regard to this concession." The Emperor granted the dispensation, and the town accordingly admitted him as a citizen. Solomon thereupon proceeded to purchase the house of the Römische Kaiser, which was situated within the Ring at Vienna, in the Renngasse, together with the house immediately adjoining, which he pulled down, building another house specially adapted to his purpose on the site.

For this favour Solomon expressed his gratitude whenever opportunity offered. A terrible fire having broken out in Hamburg in 1842, which destroyed a large proportion of the town, Solomon not only offered Metternich a large personal subscription, but also offered to transmit any sums to Hamburg free of charge.

"I shall avail myself," he wrote to Metternich, "of the services of my old business friend, Herr Solomon Heine, who is well known for his philanthropic feelings, knowing that I may assume that he will dispense with any bank charges, and remit to the civil authorities at Hamburg the exact equivalent of the sums paid in here."

Such actions as these always made a good impression, and served to consolidate Solomon's position at Vienna. The State was in constant need of further loans. In 1843 the three banks offered a 40,000,000 loan in return for bonds to the amount of 43,000,000 florins, Rothschild taking up one third.

In addition to these State loans, numerous private loans were contracted with the most distinguished members of the Austrian and Hungarian nobility. Prince Esterházy, for instance, who had not even repaid his loan of 1829, was, in 1844, negotiating a loan of no less than 6,400,000 florins with Rothschild and Sina.

The activities of the House of Rothschild were, however, by no means confined to financial transactions. Any opportunity of doing business in other directions

was eagerly seized. Austrian smokers at that time were suffering acutely from the fact that the State tobacco monopoly had forbidden the import of genuine Havana cigars, in order to protect the home industry. The House of Rothschild, who fully realised how many cigars were smuggled into the country, made a contract with a firm in Havana to supply 10,000,000 cigars at 33 gulden per thousand, delivered free in Vienna, Rothschild undertaking to obtain the necessary permission to import them from Kübeck, the Minister concerned. Kübeck immediately agreed, since, when the cigars were retailed to the public at 70 gulden per thousand, the State made a profit of 112 per cent., as Count Hartig pointed out." Kübeck did not even wait for the Emperor's assent, although the papers came to him in due course for signature, the Emperor being regarded simply as a signing machine." The cigars sold like hot cakes ; a repeat order for 17,500,000 was sent off almost at once, and all concerned made a very good business out of it, the smokers themselves gladly paying the heavy price for a pleasure that they had been so long denied." The smokers, indeed, were exceedingly grateful to Solomon Rothschild, and this import of Havana cigars, besides being good business, increased Solomon's popularity.

Having succeeded in establishing himself in Vienna, Solomon also felt the desire to acquire landed property, to invest his spare cash in real estate, and to create an entailed estate for his family, in the manner of the great nobles of the country. For this purpose he had to petition the Emperor, since foreign Jews were also not permitted to acquire landed property. Solomon set out in his petition" that he had long ago come to regard Austria as his second fatherland. He recited all the services he had rendered to the State of Austria : " It has always been my constant endeavour to improve and consolidate Austria's credit, which is now so splendidly

established ; and in these honourable efforts I have always enjoyed the active support of all our Houses on the Continent. I have always welcomed every opportunity, and done anything in my power to promote the interests of industry and undertakings of public utility in Austria.

“ The great railway through Moravia, which will soon connect Austria with the Eastern and Northern Seas, could have been achieved only through the expenditure of large sums of money, and by dint of patient waiting ; sacrifices that I was called upon to make, to the amount of several hundred thousand, at a time of acute financial crisis, when confidence was at a very low ebb.”

Solomon mentioned his expenditure of 500,000 florins on the purchase and installations at Witkowitz, as well as his annual expenditure of 400,000 to 500,000 florins in wages, and, finally, the 700,000 florins expended on the coal-mines in Dalmatia, as though all this money had been expended simply in order to provide a means of livelihood to “ many thousands of persons who would otherwise be entirely poor and destitute,” pointing out that up to the present he had derived no profit for himself.

“ Your most humble petitioner,” Solomon continued, “ has always been an active and zealous supporter of all other kinds of public institutions as well, and in this connection he feels that he can confidently rely upon the witness of the higher authorities, as well as upon the recognition of public opinion, since he does not wish to appear to blow his own trumpet, or to weary Your Majesty with a narration of individual examples.

“ The most humble undersigned believes that these acts, and his general conduct during his stay of nearly a quarter of a century in your capital city, have furnished adequate proof of his unshakable devotion to the Austrian monarchy, and it is therefore natural that he should most ardently desire to own property in a country

whose rulers have shown him so many signal marks of their favour, a country which has so many dear relations for him, and to which your humble and loyal petitioner's posterity, living entirely in accordance with his example, desires to be bound with similar bonds of love and loyalty. This desire would be satisfied by the possession of a demesne in Moravia ; for that is the province which should, in the future, most especially yield the fruits of the well-intentioned efforts which your loyal and humble petitioner has made, and will not fail to continue to make, in order to secure its advantage and prosperity. That is also the province in which a substantial part of his wealth has already been invested, in the coal-mines of Witkowitz."

Solomon wound up this memorial by saying that he confined himself to the most humble request : " That Your I. and R. Majesty may be graciously pleased to confer upon your most humble and loyal petitioner, the right for him and his descendants to own one or other of the demesnes in the province of Moravia, if your humble petitioner should find an opportunity for acquiring such demesne."

The petition was first transmitted to Count Ugarte, the provincial Governor of Moravia and Silesia, for his observations. He emphasised the fact * that the concession with regard to Witkowitz in no way implied that the subject-matter of the petition should be granted, " since it is essentially distinct from the actual ownership of landed property, carrying rights of jurisdiction which, in these provinces at any rate, have never been granted to a person of the Jewish persuasion ; moreover, it is necessary to call attention to the fact that if in the case of Baron von Rothschild the right to own real estate were to pass to his heirs, he would be placed in a more favourable position even than Christian landed proprietors who are not domiciled in these provinces."

Count Ugarte went on to state that, in view of these considerations, it was clear that to accede to Baron Rothschild's petition would be to confer a quite exceptional favour upon an individual, such as had never been granted in his part of the country, being contrary to the constitution and to the law. Such a remarkable act of grace on the part of the Emperor could be justified only by the most important services and the most highly exceptional personal qualities.

As to the services rendered by Baron von Rothschild to the State in general, the Governor observed that it was not within his province to comment upon them, and that such comment must be reserved for higher authority. The fact of their importance could not be doubted, since the Emperor had seen fit to raise Rothschild to the dignity of an Austrian baron, to confer upon him the freedom of the capital, and to grant him the necessary dispensation for engaging in mining operations. As to the question how far the province of Moravia was specially associated with the services in return for which Baron Rothschild had received these signal honours, Count Ugarte felt that he was merely doing his duty in stating his complete conviction that, through exercising his determining influence in favour of the construction of the Kaiser-Ferdinands-Nordbahn, the petitioner had particularly earned the gratitude of the province of Moravia.

Ugarte further suggested that the large-minded enterprise which Rothschild had shown in establishing the ironworks at Witkowitz seemed to indicate that he intended to make them a model and a blessing for the whole country—a second Seraing, indeed—and that these works would constitute an enormously important element in the further industrial development of the province.

Further, Rothschild was particularly to be commended for the fact that, immediately after taking over

these important works, he had instituted schools for the children of the workpeople, thereby showing a concern for the moral and intellectual welfare of the workers that was rare in the world of industry, and constituted a notable example for others to follow.

After observing that the concessions for mining and establishing ironworks which had been granted to Rothschild were of the greatest importance to the province, Count Ugarte concluded his report with the following general remarks : " As to Baron Rothschild's personal qualities, his position in Society is so exceptional that he has been entirely removed from the ordinary circumstances of his co-religionists ; his remarkable qualities and rare intelligence make it entirely inappropriate to apply strictly in his case the regulations in force with regard to other Israelites."

While leaving it to the judgment of higher authority to decide whether the very exceptional circumstances which he had enumerated justified or did not justify the granting of the petition, Count Ugarte expressed the view that if, in spite of all objections, an exception to the general rule were at all permissible, the case of Baron von Rothschild would certainly, and perhaps exclusively, justify such an exception being made.

The head of the Treasury, Count Inzaghy, minuted on this opinion that, " in view of the very exceptional position held by the House of Rothschild in European commerce," he felt bound to recommend the granting of the petition. The fact that no Jew owned landed property in Moravia did not matter, since in Lower Austria, where Jews are actually forbidden to stay in the country at all, a Jew had purchased a demesne, and the Emperor had actually allowed the estate to pass to his son. It was certainly a fact that it was usual to grant such a right to own land to the petitioner only, without allowing the right to become heritable ; " but," the count continued,

“ it seems to me that in this particular case we should have regard to the special circumstances of the petitioner, Baron Rothschild ; at his advanced age of seventy years it would be almost insulting for the Emperor to grant the right to own land to him alone, and such a privilege would be practically useless if it were not made to cover, at any rate his two children, the I. and R. Consul-General at Frankfort, Anselm, Baron Rothschild, and his daughter, who is married to his younger brother, James, Baron Rothschild, the I. and R. Consul-General in Paris.

“ The services rendered by Baron von Rothschild are so well known, he is so famous for his philanthropy and public spirit, that it would be redundant for me to enumerate his many individual good deeds.

“ Having regard to the further consideration that it is highly desirable that Baron Rothschild should be more closely bound to the Imperial State of Austria by the investment of his money in real property in this country ; and in view of the fact that it would create a very strange impression abroad if his particular wish to settle permanently in that country, where he has been so actively engaged for a long period of years, and has been associated with the Government in more extensive and important transactions than has ever been the case before with a private individual, were to be refused after the special distinctions that have been conferred upon him, I feel it to be my duty to support the petition which has been graciously sent to me by my colleague for my observations.”

The Emperor gave his decision, acceding to all the requests put forward in Solomon Rothschild's petition. By way of showing his gratitude, Rothschild gave a sum of 40,000 florins for erecting a building in the town of Brünn for the purpose of scientific research.

Although, as has been shown, the higher authorities

in the State fully supported Rothschild, the Moravian Estates were of a wholly contrary opinion. As the Emperor's decision had already been promulgated, it was impossible for them, in the circumstances of the time, openly to resist it," but they determined at any rate to address "the most humble request to His Majesty that no extension of any kind whatever to the exception in question should be accorded, and that the concession graciously granted to Baron von Rothschild should be strictly limited in application to *a single demesne*."

This petition was duly sent forward to the Emperor, but Count Inzaghy made the observation thereon that "this petition of the Moravian Estates does not appear to be entirely consonant with their proper attitude to Your Majesty."

The papers were finally presented to the Emperor, to be disposed of by the following sentence": "I concur in your opinion, and it is my wish that this uncalled-for suggestion by the Moravian Estates should be put by without reply"; and the Emperor duly signed.

Although Baron Rothschild had obtained His Imperial Majesty's blessing, at an expenditure of 40,000 florins for public benefit in the province of Moravia, the Moravian Estates decided as a protest not to accept his offer. Rothschild, however, determined that the 40,000 florins should be applied to the purpose he had intended, leaving it "entirely to the decision of His Majesty as to how the money should be applied, my wish being that the province of Moravia should benefit."

Baron von Pillersdorf, of the Emperor's secretariat, recommended that "the Emperor should note with approval Baron Rothschild's renewed offer, and should grant that he should be informed of the manner in which the money should be spent. This would appear to be in accordance with the dignity of the Imperial Government, and would also convey a hint to the Moravian Estates that

their conduct in the matter has not been quite seemly, or shown that consideration for the decisions of their Sovereign which was his due."

Count Kolowrat was of the same opinion, and the matter was disposed of by the following minute, which the Emperor signed, as usual, on its being laid before him :

"I am pleased to accept Baron von Rothschild's proposal, and leave it to the President of the Chancery to indicate some way of applying the gift in some manner approximating to the purpose originally indicated by the donor."

This ended the matter, and Solomon Rothschild was free to purchase estates and demesnes. During 1844 he bought the estate of Oderberg from Count Henckel, as well as the property of Ludzierzowitz in Prussia; and in 1845 he bought the Hültschin estate. Since 1843 Solomon had owned the Schillersdorf demesne in Prussia, near the Austrian frontier. In one direction this estate consisted of a magnificent castle, complete with fountains, moats, waterfalls, swans, grottos, kennels, and game preserves. In the other direction, there was a foundry and other industrial works. Solomon Rothschild had now suddenly become one of the largest landed proprietors in the country.

The resentment aroused by the growing power of the House of Rothschild, which had manifested itself in their purchase of real estate, became especially evident in connection with the preliminary discussions regarding the construction of a central railway through Hungary, in which Solomon Rothschild meant to play a leading part. Sina's rivalry was also a factor in this matter, and he had succeeded in securing the support of Count Széchény, the great Hungarian.

And, indeed, the magnificent display in which Solomon

Rothschild had latterly indulged, as, for instance, when on a journey, was such as could not fail to arouse resentment. His progress from place to place was almost regal. A meeting of the Central Hungarian Railway Company had been called to be held at Pressburg on the 28th June, 1844. Solomon Rothschild arrived by steamer the evening before, and an unpleasant sensation was caused by the fact that the boat on his account stopped at the Königsplatz, instead of at the usual landing-stage. The occupants of some of the rooms at the Hotel zur Sonne, where the Baron stayed, had been forced to vacate them, so that they might be placed at his disposal. It leaked out that two coaches and four, with outriders, had been ordered for the baron's return to Vienna on the evening of the 29th. Rothschild's co-religionists also wished to give him a special welcome. "A large number of Jews here," the police report stated, "waited for him on the banks of the Danube; Count Esterházy frustrated their intention of according the Baron a special welcome, as he would not allow the Jews to carry out their scheme of letting off forty rockets. They were restrained even from shouting their welcome, which in view of the ill feeling between the citizens and the Jews here, might easily have led to a breach of the peace; as it was, people were complaining because the ship landed at the Königsplatz on account of Rothschild, instead of at the usual landing-place. When he disembarked, a carriage and four that had been waiting for him took him to his hotel. Soon after his arrival he went to the Hollinger Café, where he had an ice. As he left, some young people shouted at him from the upper story. Rothschild is lunching to-day with His Excellency Herr Perzonale, and the commissioners of the opposition party will be there too. At four o'clock, when they break up, Rothschild will immediately proceed home. It was originally intended to hold the meeting of the Central Railway

Company in the Council Hall ; but when it was heard that some of the young people of the Diet were excited, and that Count Stephan Széchény, who is in league with Sina, had also taken part in the agitation against the Central Railway, the meeting was called in the shooting gallery.””

At the Mayor's banquet, the vice-Palatine, Counts Carl Esterházy and Andrassy, the military commander at Pressburg, and numerous county magnates, members of the most important families in the country, such as Gabriel, Lónyay, Hertelendy, Ráday, etc., were present. These people were particularly friendly and agreeable to Rothschild, and one of them proposed his health in the most flattering terms, expressing the hope that the Baron and his brothers resident in the various capitals of Europe would come to Hungary and devote their wealth and their moral resources exclusively to that country. Rothschild thanked him very pleasantly, saying that, flattering as the suggestion was, it was not practicable, since fate and circumstances decided the matter, but that he would always devote his special attention to the beautiful country of Hungary. This remark was received with great applause. As he left, Solomon observed that he would have to follow the example of the schoolmaster who, as he went away, said to his pupils : “ I am going, but I am leaving my cloak behind, and it will tell me what everybody has done, and how they have behaved in my absence.” This remark was taken very good humouredly by those present, although it was variously commented upon afterwards.

The priesthood were frequently displeased to observe the growing power of the Jewish banker, and they sought, wherever possible, to put difficulties in the way of the House of Rothschild. Thus, in connection with his coal and asphalt works in Dalmatia, Solomon was compelled, on the 6th February, 1845, to request the

Emperor that steps might be taken to induce the Archbishop of Zara to instruct the priests, who were putting all kinds of obstacles in the way of the undertaking, to cease doing so." His requests were almost always granted, for Solomon had succeeded in making himself indispensable. He was just considering another highly important business with the State, namely a contract regarding the setting up of a saltworks for producing salt in the Venice lagoon, with a view to supplying the needs of almost the whole of Lombardy."

When, as frequently occurred, Solomon was away from Vienna, and staying at Frankfort, the authorities in the monarchy who were responsible for its finances felt quite uncomfortable. This was especially the case when there was a sudden slump in railway securities, and a crisis on the Bourse in Vienna in October 1845, there having been much speculation in these stocks there, as everywhere else in Europe. Alarmist rumours regarding disturbances in Italy so far accentuated the crisis that the three State bankers, Sina, Eskeles, and the manager for Rothschild, who was absent, requested the State to come to their immediate assistance with a loan of two million florins on their joint security, that a calamity might be averted. Metternich instructed the Austrian Minister at Frankfort to request Solomon, in view of the state of the money market, either to come to Vienna himself, or to send another member of his House. He stated that he felt it to be essential in the interests of the State's finances that one member of the Rothschild family should reside permanently in Vienna."

Solomon replied evasively, as he had urgent business in Frankfort, where there were also financial difficulties; but the incident served to show how, as soon as Austria was financially embarrassed, Metternich cried out for Rothschild.

In France, too, the direction of the State's finances

was to a large extent dependent upon the House of Rothschild. In 1841, when James Rothschild was taking the cure at Gastein, the French Finance Minister, Humann, asked him to be in Paris without fail by the 7th or 9th September, as he was anxious that the conclusion of a loan should not be postponed beyond that date." In point of fact, a loan of 150,000,000 francs 3 per cent. Rentes was underwritten in October 1841 at 78.52, by a company of which James Rothschild was chairman, without anyone else having been asked to bid for it. There was great dissatisfaction over the loan in Paris; it was not considered to have done justice to the country's credit, and the feeling was that Humann had been cheated. There were, in fact, dealings on the Bourse in the loan, directly after it had been underwritten by the House of Rothschild, at 81 per cent."

The House of Rothschild was constantly employed by Louis Philippe's Government in diplomatic as well as in financial matters. When General Espartero, after defeating Don Carlos, had forced the Queen Mother to flee the country, and had made himself Regent of Spain, Guizot decided that it was desirable to establish better terms with him. As the French Government was in general in favour of Marie Christine, France's diplomatic representative at Madrid would have nothing to do with Espartero. It was decided to make advances to him through the House of Rothschild, and Guizot asked James to convey the wishes of the French Government in a letter to his representative Weisweiler, through whom General Espartero had invested his private money, so that through this channel the general might be informed of them. Weisweiler demurred at the suggestion, because he feared thereby to endanger the financial and commercial interests of the House of Rothschild in Spain. However, the messages were ultimately conveyed, although further events in Spain, ending with

the fall of Espartero, brought the affair to a negative conclusion."

Although he had been unable to prevent the ultimate defeat of his protégé, Don Carlos, Metternich still hoped partly to modify its results. His idea was to marry the young queen, Isabella, daughter of Marie Christine, who was fourteen in 1844, to Don Carlos's son, in order thus indirectly to place the heir of his protégé upon the throne of Spain. The London Rothschilds had written to Solomon in Vienna on the 29th March telling him that the British Ministry would do everything possible to promote the success of this plan. Solomon immediately passed this on to Metternich, who expressed the opinion that the consummation of such a marriage would be a really happy event for the whole of Europe, and would serve to bring the policy of isolation, pursued by France and England with regard to Spanish affairs, into line with the policies of the other three Governments. For the sake of his own personal prestige, apart from other considerations, Metternich did attach great importance to this, for he had personally made every possible effort at the Courts of Berlin and Petersburg on behalf of the cause of Don Carlos. Solomon Rothschild also perceived that such an event would provide all kinds of possibilities for his House.

"If this event, so fraught with benefit for the future of Spain, should come to pass," he wrote to the Rothschild Houses in Paris, London, and Frankfort, "the moment would have arrived for our House to render effective financial aid to the consolidated Government of that country. Our honoured Prince would himself advise us confidently to come forward and demonstrate our willingness to set about putting into operation an extensive financial arrangement for Spain, in which endeavours we should be able to count upon the fullest support from His Highness in every possible way.

“ Having been authorised by His Highness, my dear brothers, to inform you of his sentiments exactly as they were communicated to me, remembering that they are the views of him whom we are accustomed to regard as our oracle, I need not request you to make them the guiding principle of your actions, as soon as events take such a course that we may give up the attitude of mere contemplation and embark on a course of action suitable to these highly important circumstances.”

Events, however, were to fall out otherwise. Isabella was married to her cousin, and not to the son of Don Carlos, and Metternich's whole dream of establishing his policy in Spain as well was brought to naught. Metternich was exceedingly indignant about this, and, although generally so lenient in his attitude to the House of Rothschild, in the case of the Spanish affair he was inclined to lay all the blame upon the Paris and the London Houses.

In Paris, too, there was a strong party that was much inclined to look askance at the position of special confidence enjoyed by the House of Rothschild. This was especially the case with those whom the Rothschilds had not associated with themselves in the Northern Railway undertaking. To have brought in all those who wanted to make money would of course have been impossible, and those who were left out said to anybody they could get to listen to them that Louis Philippe had simply resigned in favour of the Jews. Metternich, in a moment of ill temper, once expressed himself rather strongly with regard to the position of the Rothschilds in France. After emphasising the difference between conditions in Austria and France, he said : “ By reason of natural causes which I cannot regard as good or as moral, the House of Rothschild is a much more important influence in French affairs than the Foreign Office of any country, except perhaps England. The great

motive force is their money. People who hope for philanthropy, and who have to suppress all criticism under the weight of gold, need a great deal of it. The fact of corruption—that practical element, in the fullest sense of the word—in the modern representative system, is recognised quite openly.” “

Von Arnim, the German Minister in Paris, described the House of Rothschild as one of the great powers of the day, and suggested that few Governments were in a position to say that they did not bear the golden chains of that House.“

This was, naturally, more likely to be the case in a country where the fever of speculation had laid hold of all classes of the population, and where even the employces of the Government speculated shamelessly on the Bourse. James Rothschild did not perceive the dissatisfaction that this state of affairs was arousing in the country. He imagined that just because everybody was now engaged in speculation and money-making, there would be no desire to overthrow the existing Government, for fear of losing money. “The Départements,” James Rothschild said to Count Apponyi at this time, “that have got railways, want to keep them, in order to make as much profit out of them as possible. Those which have not yet got them, hope and wish to have them in the near future. As both these aims can be realised only by the maintenance of peace and order, everybody is now declaring themselves to be conservative and pro-Government.” James’s judgment was too much affected by the attitude of those circles with whom he had most to do. He left the fourth estate—that of the workmen and peasants—out of the account, because he came so little into touch with them. His attention was principally engaged by the enormous work of railway construction. In order to silence such opposition as invariably arises in Parliament and in the Press

in connection with any important undertaking, he did his utmost to give opposing elements a financial interest in the concern. The only organ that refused to accept shares was the opposition paper, *National*, which continued actively to oppose the Northern Railway. On the 15th June, 1846, sections of the Northern Railway were opened with great festivities. On the 8th July of that year there was a railway accident. This produced a sudden storm of pamphlets and attacks in the Press. The accident was, indeed, a very serious one. Near Fampoux, close to Arras, the train had run off the lines on to an embankment which curved sharply, running into a stretch of water at the foot of the embankment. Thirty-seven people were killed, and the accident produced violent attacks upon the builders of the railway, and especially upon the most important factor, the House of Rothschild. The *National* started a positive campaign against them, and James Rothschild was attacked in pamphlets on all sides. There had been similar attacks before in Germany, where a certain Alexander Weil, who was known as a Socialist and Communist, had launched malicious attacks, in a pamphlet called *Rothschild and the European States*, against the financial despotism and egotism of the House of Rothschild.* He endeavoured to show that there was only one power in Europe, namely Rothschild; his officers were a dozen other banking firms, his men were all honourable tradesmen and workpeople, and his sword was speculation.

This effusion was extraordinarily tame compared to the storm that now broke out in France. The outstanding attack was contained in a pamphlet called *Histoire édifiante et curieuse de Rothschild I, roi des juifs*, which contained a description of the railway accident of the 8th July. This most unsavoury production, which laid all the blame on James and his House, was anonymously

circulated in large quantities. There were, on the other hand, people who endeavoured to spread the impression abroad that they had been authorised by James to issue a counter-pamphlet in reply to this.

A man who had not the faintest connection with James Rothschild published a pamphlet under the title : *Baron James von Rothschild's official reply to the pamphlet entitled " Histoire édifiante,"* etc. Another person produced a pamphlet entitled *Reply by Rothschild, the First King of the Jews, to Satan the Last King of Slanderers.*

Such persons then tried to extract a cash reward from James, but they were not successful in this, for James meant to ignore all pamphleteers equally, whether they were for or against him. He found it impossible, however, to adhere to this, for, poor though their composition was, the pamphlets were circulated in tens of thousands, and Amschel Meyer, at Frankfort, did not remain as calm as his brother James when these scurrilous attacks began to appear in Prussia, in German translations. It was therefore decided to take active steps, and Solomon's son Amschel applied direct to the Prussian Government. " Your Excellency," he wrote, " will, I am sure, forgive me, with your usual kindness, for asking for your attention, although the most important matters of the State have such a claim upon it, to my letter in which I deal with a matter of great concern to our family. Your Excellency is no doubt aware that after the unfortunate accident on the Northern Railway of France, several scurrilous attacks were published against my uncle, Baron James, as representing the Paris House ; the pamphleteers did not merely attribute the responsibility for the accident to my uncle, but also did not scruple to make the foulest and entirely unfounded imputations upon the character and morality of our business with an impudence such as I have never before experienced. We felt that it was beneath our dignity to

defend ourselves against such vulgar abuse, especially as it emanated principally from a despicable person, to whom our Paris House had quite rightly refused a loan. Our view was that the rabble, which is more inclined to listen to abuse than to truth and right, is difficult to convince, but that the impartial, thoughtful section of the public, which has had an opportunity of observing our manner of acting over a period of years, does not need to be convinced.

“ It is true that shortly afterwards several counter-pamphlets appeared, defending our House against these scurrilous attacks, but this was done entirely without our collaboration, and, indeed, without our knowledge. As long as our enemies confined their activities to French soil, we did not feel that any useful purpose would be served by taking any action to prevent them, as France is the hunting-ground of the most unrestrained Press, and nobody who occupies any prominent position is spared its poisonous attacks. In Germany, however, and especially in Prussia, this is not, or should not be, the case. All the more painful, therefore, was the impression made when we found that similar scurrilous pamphlets were being published in Berlin and Breslau.

“ I will not disguise from Your Excellency that at their advanced time of life my father and my uncle have felt these attacks very keenly, and perceive with regret that under the rule of one of the justest of monarchs, and in spite of the control of the strict censorship, it should be possible, in a country to which they have rendered such important services over such a long period of years, for these foul abortions to see the light of day.

“ For and on behalf of all the members of our House, I therefore apply with confidence to Your Excellency, with the request that you will allow the attached petition, which humbly sets out our just complaint, to reach

the hands of His Majesty the King. My family believe that they have a special claim upon the influential co-operation of Your Excellency on this occasion, and that you will see that steps are speedily and effectively taken to prevent any recurrence of this nuisance, since what has occurred cannot now be undone. By granting this our request Your Excellency would, if possible, still further increase our sincere feelings of gratitude, especially in the case of my father and my uncle, who are so completely devoted to you, and who would be put under an everlasting debt of gratitude." "

The House of Rothschild set particular hopes on this petition, because Anselm had been in close negotiation in the summer of that year with the Prussian Finance Minister regarding the general reorganisation of Prussia's public finances. The attacks, however, affected the House of Rothschild to an extraordinarily small degree; the financial requirements of the great States with whom the Rothschilds were in touch were so pressing, and the Rothschild monopoly in finance was so marked, that it was impossible to dispense with them, and all these unpleasant attacks were ignored.

Amschel Meyer was the Treasurer of the German Federation; Austria and Prussia had repaid the money for the fortress construction into the Federal Treasury; and when, in February 1846, Rothschild rendered a statement, it appeared that the Federation had an amount of 7,000,000 to 8,000,000 lying at interest in that account.

Even the Pope again entered into negotiations with the House of Rothschild, through the intermediary of Metternich, in order to obtain money for constructing railways. Since June 1846 the liberal-minded Pius IX had occupied the Papal Chair, and he immediately assented to the construction of the railways, which had not been allowed under his predecessor. In this connection



PIUS IX

the Chancellor forwarded, on the 13th August, 1846, a report of a conversation between Anselm and the Papal Nuncio at Franzensbad."

Austria required a further loan in 1847, and the three banks, including Rothschild's, undertook, in return for 80,000,000 florins of bonds, to pay 84,000,000 florins cash in sixty-five monthly instalments, commencing on the 1st June, 1847. This condition was to prove of vital importance, in view of what occurred in the following year. The loan had scarcely been agreed when a further request was sent into the Chancellor's office asking that a dispensation should be granted," so that his faith should not be a bar to Solomon's son Anselm receiving the expected grant of the freedom of the City of Vienna. Count Kolowrat minuted on this that, quite apart from the fact that Anselm, who was no less public-spirited than his father, might be expected to contribute generously to philanthropic institutions in matters of public interest to the City of Vienna, it must also be noted that

it is in the interests of the State that this dispensation should be granted, since it would be an unpleasant position if the principal banks at Vienna, to which recourse was had for loans and other financial operations, were to be reduced by one on the death of Solomon, Baron von Rothschild, so that we should be practically confined to dealing with the House of Sina."

Anselm was, in point of fact, entered in the Golden Book of the City of Vienna. A further petition was sent in not long after the first—on the 11th June, 1847. In it, Solomon requested that his estate at Koritschau, in Moravia, and three town houses in Vienna, might be amalgamated into an entailed estate, to the value of 2,000,000 florins. He asked that the value of 2,000,000 florins should be specially considered, as the law did not contemplate such an arrangement in the case of estates exceeding in value the maximum amount of 400,000

florins, His Majesty alone having power to authorise any exception to this regulation."

The Emperor referred this petition to the departments for their observation, and important events which occurred shortly afterwards prevented Solomon's request from being speedily granted.

In England, too, the position of the House was unimpaired. Lionel, Nathan's eldest son, was exceptionally active and industrious. The younger brothers, Anthony and Nathaniel and Meyer Nathan, became famous sportsmen and owners of racehorses. Nathaniel lived in Paris. He was an invalid, but he took an interest in art and science and in the political events that were taking place around him. The third generation of the House was already producing persons that did not devote themselves to financial work, but attached greater value to their social position, to art and sport. Lionel achieved a particularly honoured position in the financial life of Great Britain when, in March 1847, he offered to the English Parliament, which was endeavouring to deal with the unfortunate condition of Ireland, his financial assistance for carrying the reforms that had been planned for that country. The Chancellor of the Exchequer actually arranged a loan of £8,000,000 through Rothschild and Baring, a loan which later became famous under the name of the Irish Famine Loan.

Whereas Nathan had always sought to avoid any political dignity or position under the Government, Lionel wanted to get into the House of Commons. Now, according to established custom, no Jew could hold civil or military office in England. He was not elected to Parliament, and he could not vote at elections. The Jews in England lived in a kind of political and social Ghetto, and nobody excepting the Rothschilds and a few families who had succeeded in achieving a very special position would have thought of attempting to

escape from it. Only the two Houses of Parliament would have been able to make exceptions or alter these conditions. Lionel, however, thought that his House had rendered such considerable services to England in financial matters that he ought to be able to get over these difficulties. In August 1847 Lionel Rothschild stood as Liberal candidate for the City of London, and he was actually elected, together with Lord John Russell. Now each member of the House of Commons, before taking his seat, had to take an oath containing the words "on the true faith of a Christian." Naturally this oath was not one that Lionel could take. It was proposed in the House of Commons that the form of oath should be changed, but the Upper House rejected this motion. Lionel therefore could not take his seat; however, he stood again as a candidate, and was always re-elected by the City, although he never exercised his functions as a Member of Parliament.

As in the critical year 1830, so on the eve of 1848, the Rothschilds were engaged in enormous loan operations. In addition to the Irish Famine Loan, they were handling a French 3 per cent. loan of 250,000,000 francs, which the Rothschilds had underwritten at 72.48, having, as in the case of the Austrian loan, taken the precaution of arranging that it should be paid only in monthly instalments. Austria had also indicated a wish to arrange an issue of certain bonds which was to be kept most strictly secret, and which was to be in addition to the ordinary loans, this issue being required to provide the funds necessary to strengthen the military forces in the kingdom of Venice and Lombardy, ominous signs of trouble having appeared there in December 1847. In this connection, Count Kolowrat expressed his opinion generally on the position at the time, showing considerable foresight with regard to future developments.

"The money market," he wrote, "is very depressed,

and there is no reason to hope for any early improvement. Indeed, political developments generally give reason to fear a turn for the worse. After careful consideration of the money market, Baron Kübeck feels that he can confidently count on the securities in question, if not wholly, at any rate to a great extent, being kept by Rothschild in his own safe, and that he will be content with interest at the rate of 4½ per cent.—a very moderate rate of interest for commercial capital, especially as it has to cover all the risks of the present unsettled conditions.

“Baron Kübeck therefore brings forward the House of Rothschild’s proposal, with the urgent request that Your Majesty will accept it and that your authorisation may be phrased in such a manner as to permit the matter to be kept strictly secret.

“The most important consideration lies in the urgent necessity of giving the financial administration the widest possible scope in its efforts to extricate itself from the embarrassments consequent upon heavy and unforeseen military expenditure. The reserve fund to which I have referred is the last sheet-anchor to which the Head of Treasury, who spares himself no efforts, can cling. Unfortunately, when this sum is spent there will be nothing left to deal with any new misfortune that may arise. Yet States must necessarily reckon with the possibility of such misfortune, even if they take the form of events that lie beyond the control of humanity, such as the death of the head of a State, the outbreak of an epidemic, the failure of a harvest, etc. I feel it to be my duty at the present moment to put forward these considerations without reserve, and as emphatically as I can, while it is still possible to place a limit to the excessive military preparations in Italy, and to the expenditure of our last resources; and to call attention to the fact, which will otherwise be made evident by the

complete breakdown of our finances, that the Austrian Government has sacrificed too much to its position abroad, and has paid too little heed to conditions at home.

“ I feel it my duty to make the grave statement that we are on the verge of an abyss, and the increasing demands on the Treasury arising out of the measures necessary to combat foreign revolutionary elements have led to increased disturbances within the country, as is indicated by the attitude of the provincial Estates, and by the literary outbursts in the Press of our neighbours.

“ Baron Kübeck’s proposal cannot well sustain criticism of a strictly economic kind. According to his own account, it has arisen out of the hard necessities of the case, and it only remains for me to add that Rothschild’s offer seems to me to be a fairly reasonable one, although to-day, the 13th of February, 4 per cent. Bonds were sold on the Bourse at 93 per cent.

“ Baron Rothschild himself makes the condition that the arrangement shall be kept secret, although, of course, this is even more important for the financial administration, which must avoid anything that might arouse any uneasiness with regard to Austria’s credit.”

Kolowrat’s remarks were certainly justified; there was marked dissatisfaction in the country with the régime of the aged Chancellor Metternich, who was now in his seventy-seventh year, and with his paladins, especially the inexorable Minister of Police, Count Sedlnitzky. In Italy the measures directed against the movements towards national unity were particularly oppressive, and Metternich’s influence made itself felt with especial severity, so that the other blessings conferred by the Austrian Government on the Kingdom of Venice and Lombardy were entirely forgotten. During the middle forties further troubles had broken out in the neighbouring country of Switzerland, where the population

had divided into two camps of Radicals and Conservatives. The seven Catholic cantons had united to form a separate federation, and had declared open hostilities upon the Radicals.

In November 1847 the Moderates were forced to retire by the federal army. Austria, France, and Prussia, whose sympathies were naturally with the Conservative federation, regarded the events in Switzerland as a personal defeat. Metternich considered that what had happened constituted a direct menace to Austria's position in Lombardy.

Solomon Rothschild, too, who followed the Chancellor's policy through thick and thin, was deeply affected by these events; he hastened to Metternich in consternation on 20th November, 1847, to ask for information regarding the general position of affairs."

Metternich briefly outlined the situation, and then asked Solomon whether he believed "that it would be better for the Emperor to sacrifice his Italian States to the revolution, and concentrate his forces on this side of the Alps, or whether he should assert his position in the Kingdom of Venice and Lombardy."

"Not that!" exclaimed Rothschild; "in that case all would be lost."

"That is also my view," Metternich replied, "and that must be the view of all sensible people. Between thought and action, however, there is a great difference."

Action, however, called for means to action, and the means had to be estimated. Metternich went on to say to Rothschild that he would suggest to the Emperor that he should command reinforcements for the Italian army. This would require money, and it was essential that the money should be raised without disturbing the regular course of the State's finances. They had just got over one crisis successfully; a further crisis would be very dangerous, and must at all costs be avoided.

The Chancellor declared that an exceptional situation required exceptional methods for dealing with it, and asked Solomon whether such exceptional assistance would be forthcoming.

“As much as you want,” Solomon promptly replied, “is at your service. And it shall not damage your credit; indeed, it shall improve it. Tell me what you want and I’ll pay it over at once.”

Metternich replied that he did not want anything; if the Head of the Treasury needed money, he would know where to go for it. All that he needed was to know that, if Baron Kübeck should need to get money without upsetting his plans, he could come to Rothschild for it. Beyond this, the matter did not concern him.

“As much as Baron Kübeck wants,” Rothschild exclaimed. “I will go to him at once, and he can leave the money market to me. I have just sent prices up, and do you know how? I sent them up 2 per cent. by buying Metalliques on the Bourse to the amount of 30,000,000 florins!”

“I forbid you,” Metternich concluded, “to make any proposal to Baron Kübeck. If he needs you he will be able to apply to you; and if he does apply to you do what he tells you!”

The Bourse was keenly sensitive to the situation. Unrest was in the air, and waves of excitement passed over Italy, in which country the series of the 1848 revolutions began with a rising in Sicily, in January of that year. The Vienna Bourse reacted with extreme nervousness to this news, and the Liberals of all countries assiduously exaggerated the bad state of the public finances in that Empire, which was regarded as the stronghold of reaction. The populace were already beginning to go to the banks in order to change their paper into coin, and Metternich became seriously concerned.

He was not dissatisfied with the general situation in the second half of January 1848, for Milan was still completely tranquil, though anxious about the financial position. When Solomon visited the Chancellor on the 23rd January, the latter, as he himself says, spoke to him very seriously, and "took a very firm line."

"Politically," he said to Solomon, "things are going well, but the Bourse is in a bad way; I am doing my duty, but you are not doing yours. If the devil fetches me, he will fetch you too; I am looking hell in the face; you are sleeping instead of fighting; your fate is therefore sealed!"

To this attack Rothschild replied with the most passionate apologies, and said, "I shall buy to-morrow. I have already settled that with Baron Kübeck; he and you may count on me!"

"I," Metternich replied, "judge by actions. You may buy to-morrow, but I shall not know why you did not buy yesterday. If it was in order to buy more cheaply, I have no occasion to be grateful to you."

This conversation shows particularly clearly how closely Metternich and Solomon were bound together for weal or woe. The critical events of the year 1848 were to furnish remarkable proof of this fact.

The revolution in Sicily rapidly extended to Naples, where Carl Rothschild was staying, but, as the Liberal Ministry in power there made concessions, it did not assume dangerous proportions there. The Grand Duke of Tuscany, and King Carl Albert of Piedmont, whose dearest dream it was to unite Italy under one sceptre, followed this example.

The sparks of these troubles were carried from the Apennine Peninsula to France, where they started a gigantic conflagration, the flames of which were to spread over the whole of Europe. Louis Philippe's rule had become more and more oppressive; he had ended by

refusing essential reforms, with the result that a powerful opposition was formed in the capital against Guizot's Ministry. The first disturbances that brought out the workmen and students occurred on the 22nd February, 1848. As even the National Guard wished the Ministry to be dismissed, the King, who had become uneasy, accepted the resignation of Guizot. The troops that had been called up came into conflict with the rebels, and the first shots produced terrible excitement.

On the 24th February, barricades were erected in all the main streets of the city ; the National Guard and line regiments went over to the rebels, and it was soon obvious that things stood very ill with the King's cause. Louis Philippe was becoming an old man ; in his seventy-fifth year he was scarcely equal to dealing with this sudden and unexpected storm. According to Count Apponyi, he showed a lack of decision at the moment of danger, and completely lost his head. As early as the 24th February he fled, leaving his capital and his country to the rebels. The dear old Austrian Ambassador himself had no idea of what was really happening ; he had sent out nine hundred invitations to a ball for the 23rd February, and on that very morning he made enquiries of the Municipal Authorities as to whether he should cancel the arrangements.

To James Rothschild, who during the last few years had achieved a position of perfectly unique influence, both with the King and his Ministers, this event was like lightning out of a clear sky. He could not credit the fact that overnight changes had occurred that suddenly drew away from under his feet the whole basis upon which his business and his House rested. The banker, who had been perhaps more intimately associated with the régime that had been overthrown than anybody else, was bound to feel that, in the way things were shaping, his position was exceedingly dangerous. His

first thought was to quit Paris, and Prosper Menière tells us that he was actually seen at the Nord station, on the point of taking a train to the frontier. At the last moment, however, he appears to have been advised not to leave Paris, as this would permanently undermine his position and his honour.

He therefore remained, while his wife and daughter, in a state of great panic and excitement, fled to their relations in London, arriving at Lionel's house unexpected and unannounced. With the terror of their experiences still vivid in their minds, they gave a heartrending account of how they had suddenly fallen from the heights of human happiness into the depths of woe and horror."

James Rothschild's principal reason for deciding to remain in the capital was that Lamartine and Arago had gone to the Jewish banker, Michel Goudchaux, who was also financial editor of the opposition paper, the *National*, and had asked him to take the portfolio for Finance. Michel Goudchaux, who was a friend of Rothschild, agreed, and this so far calmed James that he decided to remain in Paris. Meanwhile Caussidière, the new Prefect of Police who had been thrown out by the Revolution, having been a journalist on *La Réforme*, and having fought on the barricades, heard that Rothschild was meditating flight. Now the new provisional Government had an interest in trying to prevent the great financiers and bankers from leaving the city, for, like the Kings before them, they needed money and the services of financiers. It was also generally said in Paris that Rothschild was smuggling his bullion out of the country in dung-carts, intending afterwards to go formally bankrupt. Caussidière accordingly had James watched by a detective, and, when the rumours regarding his intended flight grew more persistent, he ordered the banker to appear at the Prefecture of Police. James was

then informed why he had been placed under surveillance, and was told that he was suspected of intending flight. "James replied: "Sir, I am believed to be buried in gold, whereas, in point of fact, I have nothing but paper. My wealth and capital consist of securities which at this moment are of no value. I have no intention of going bankrupt, and if I must die I shall resign myself, but I would regard flight as cowardly. I have written to my family to send me cash so that I may meet my obligations. To-morrow I shall introduce my nephew to you, who has just come from London for this purpose."

Caussidière replied that he was happy to be able to assist in reassuring Rothschild's family, and he assured him that he had nothing to fear from the people of Paris. They were poor, but they were honest, and, even if the workman's blouse was sometimes worn by criminals, the new Government would know how to deal with such people.

"*Tout en causant*," as Caussidière observes in his Memoirs, he "then asked Rothschild for a loan to be applied," as he said, "to printing works and other institutions." On the following day James Rothschild again appeared at the Prefecture, bringing with him his nephew, who had arrived from England, and he deposited a sum of money, which was divided between the families of the February combatants who had protected the Prefecture without receiving any regular pay. James left in a very much calmer state of mind, and hoping to be able successfully to get through this difficult period too.

The general financial situation was certainly desperate. As had been the case in 1830, the House of Rothschild was saddled with an enormous number of loan securities of every kind. The 250,000,000-franc loan, in respect of which the Rothschilds had made a preliminary payment of 82,000,000 francs, had to be given up in view of

recent events at the sacrifice of the guarantee sum. James declared that the revolution constituted *force majeure*, relieving him of the obligation to find the remaining 168,000,000 francs.

Rothschild also held an enormous quantity of Nord Railway shares, which, owing to the panic on the Bourse, had fallen enormously, like all the other securities.

In spite of the extensive support given by the London House, which was entirely unaffected by these events, James had to make the most prodigious efforts in order to meet his most pressing obligations, being forced to sell large holdings of 3 per cent. Rentes at the ridiculous price of 33 francs, and there was worse to come.

The Republic was proclaimed; and the destruction wrought in the Tuileries and the Palais Royal, which the mob plundered, throwing the most valuable furniture into the streets, where it was burnt, gave reason to fear that further outrages would occur. The National Guard and other troops succeeded with difficulty in restoring order in the centre of the town, whereupon the rabble proceeded to attack the unprotected buildings in the outskirts. The mob's rage now vented itself upon all railway works, such as stations, bridges, etc., these being completely destroyed and burnt down within a radius of thirty miles of Paris. The people regarded these structures as a means by which they were speculatively exploited. Coachmen, and such persons as feared the competition of the railways, played a prominent part in these episodes.

On this occasion the Royal Castle at Neuilly was also destroyed, and the Rothschild villa at Suresnes was completely looted and then set on fire. The revolutionary Prefect of Police had promised more than he could do with regard to James Rothschild.

Count Apponyi was quite unable to recover his equanimity. On 10th March when comparative quiet

had supervened, he wrote: " We still feel that we are dreaming. It is impossible to believe in the reality of what has been going on around us. There is no question of any lack of foresight, or of a concerted attack, or of a carefully prepared conspiracy. There has been nothing of the kind. A sudden thunder-clap, a tempest, in which everything has been torn down; it is Providence, God has willed it so."

James did not get off at all cheaply. Caussidière had taken money from him, and Suresnes was destroyed, while his hopes of the Jewish Finance Minister, Goudchaux, were to prove vain. Ledru-Rollin, Minister of the Interior in the provisional Government, who was setting up national workshops, kept sending in fresh demands for money to the Finance Minister under every conceivable pretext, until the latter resigned in disgust after holding office for a few days.

According to the statements of a Russian secret agent, who was an eye-witness of the revolution in Paris, Ledru-Rollin, firmly determined to stop at nothing in order to get money, went to James Rothschild. He told the banker that if he did not give him 250,000 francs, required for patriotic purposes, he would send 10,000 workmen into the Rue Laffitte the next day to destroy the Palais Rothschild and take vengeance on him. James is stated in his panic to have paid the money, which was thus practically extorted at the point of the pistol. The Russian related that a few days later Ledru-Rollin repeated the experiment, and succeeded under further threats in extorting an additional 500,000 francs.

Whatever may be the actual truth of this story, there is no doubt that James had to pay heavily in order to secure his personal safety.

The revolution soon affected the whole of Europe. With the fall of Louis Philippe, the Rothschilds had lost one of the most essential supports on which their power

in Europe was based. Their Paris House, which had lately been so flourishing and powerful, overshadowing all the others, had overnight been plunged into the most serious embarrassments; it had to proceed to reconstruct its position from the start with the new Powers, making use of such connections as it might already have formed with any of those who had now seized power. It was only a matter of days, however, before a still more powerful and important support of the gigantic structure erected by the five brothers gave way.

The news from Paris produced the greatest consternation in the Austrian Empire. Metternich received the first news of Guizot's fall from Solomon Rothschild who had had a telegram from his brother. He would not believe it, and when, shortly afterwards, the Russian Chargé d'Affaires called "and confirmed it, he exclaimed in dismay, "*Eh bien, mon cher, tout est fini.*" He still hoped that the monarchy would survive; but when he received from Solomon the further dismal news that the Republic had been proclaimed in France, the aged Chancellor is said to have collapsed in his armchair in despair.

The populace in Vienna and Austria generally became wildly excited. The Imperial Government was inundated on all sides with petitions, programmes of reform, and urgent appeals of every kind. There were instances of paper money not being accepted. Trade and industry were at a standstill, and everybody had the feeling that a terrible storm was about to burst. Nothing had as yet occurred when news was received abroad that Prince Metternich had retired. It is interesting to note that it was some members of the Rothschild family who spread the news, at a reception given by Lady Palmerston on 4th March, 1848, that they had heard from Vienna that Prince Metternich had made up his mind to resign his office. The Austrian representative, who was present,

was overwhelmed with questions, but he gave it as his opinion that it was a mere Stock Exchange manœuvre. " Yet when the Chargé d'Affaire's report on this incident arrived at Vienna, Metternich had actually ceased to be Chancellor.

The Estates were to meet on Monday, 13th March. The wording of a petition was being discussed when a deputation of students rushed in, tore it up, and announced the extensive wishes of the people. Groups collected in the streets, where orators harangued them. " Down with Metternich! " was the universal cry.

A crowd of people passes before the Chancellor's office shouting that the Prince must be dismissed. Stones are thrown at the Archduke Albrecht ; the military open fire. The first victims fall ; the excitement spreads more and more. Barricades are put up close to the Rothschild's house, which is not far from the arsenal. Solomon anxiously watches the growing disturbances from the windows of his house. The Citizen Guard sound the alarm and fly to arms. The excesses of the populace in the streets increase. In the Palace there is anxious indecision. The Emperor Ferdinand cannot understand what is happening. The cautious Archduke John alone keeps his head. He realises that Metternich must be urged to resign, and undertakes this hard duty. The Chancellor resigns at half-past eight on the evening of the 13th March. Houses are lit up. Here there are festival illuminations, while others are fighting on the barricades. Here men are being shot down, and there people are rejoicing over the proclamation of the freedom of the Press.

At six o'clock in the evening of the 14th March Prince Metternich and his family fled from the city. Solomon Rothschild had not ventured to leave his house. A messenger from Metternich called on his loyal friend and banker to inform him of Metternich's decision to leave Austria. But, as was generally the case, Metternich was

short of ready money. Another man would have used his boundless power, and his autocratic control, which extended also to the State's finances, to his own advantage, so that he would not have been forced to borrow his journey money now that he was forced to flee. Rothschild was glad to do the fallen statesman a friendly turn, and sent him a thousand ducats through the architect Romano." As soon as he received the money, the man who a few hours before had been the most powerful person in the Imperial dominion, left the city in disguise, carrying money for his journey and a Rothschild letter of credit.

Things had already gone so far that on his journey through Germany Metternich was forced, for the sake of his personal safety, to disguise his identity as far as possible. On 20th March, for instance, there was a rumour in Frankfort that the Chancellor had arrived, and was staying at the house of the Austrian General Count Nobili. Thousands of people immediately collected outside the General's house shouting, "*Pereat Metternich!*" The General came boldly to the window, announced that the Prince was not staying with him, and then drove quite alone at a walking pace through the crowds to a reception at Baron Amschel M. Rothschild's. The crowd then went to the Hotel "zur Römische Kaiser," where similar scenes were enacted. When they had convinced themselves that Metternich was not there either, they proceeded to the house of the aged Baron Amschel Meyer Rothschild, who lived close by, and demanded money. Amschel Meyer, however, was not at home, and the crowd dispersed.

Solomon Rothschild had remained at Vienna, where, after the exciting days of the 13th and 14th March, things had somewhat quietened down, but Solomon was terribly upset by these events. Apart from being so intimately connected with him in all the affairs of life, his personal

friendship with Metternich had been so close that he felt not only the threat to the welfare of his House, but perhaps still more keenly the hurt to his personal feelings. Melancholy and disheartened, he decided to wait awhile and see how matters would develop.

Meanwhile, the revolutionary movement spread throughout the capitals of Europe. On 18th March there was a rising in Berlin. There was street fighting, barricades, and general panic. When the news of these happenings reached Frankfort, where there had also been unrest, and where demands for equal citizenship without distinction of creed had been put forward, the mob smashed the windows of the Prussian Minister, and of old Amschel Meyer Rothschild, as the Consul-General of the King of Prussia, who had had his people shot down. Amschel Meyer Rothschild was therefore also at the centre of a danger-zone, and at a place of considerable political importance, for the forerunner of the National Assembly, which was to provide a new unifying central authority for the whole of Germany, met at Frankfort. This fact necessarily suggested all kinds of possibilities to the official banker of the German Federation if the new authorities were cleverly handled, and if the game were not spoilt with them at the start.

Nathan's sons in England, and the fortunate country where they were living, were alone spared the revolutions and the confusion that followed upon them. They were affected only indirectly by the general collapse of the Bourses, and were therefore able to render most effective assistance to the Rothschild firms that were threatened on the Continent.

Carl Rothschild at Naples was at the centre of the revolutionary disturbances that had overwhelmed Italy. He had some time previously done his best to sever those intimate links with Austria, through which he had actually come to Naples, but he had clung to his association

with the conservative Kingdom of Naples, and accordingly suffered from the difficulties which the revolution caused to that kingdom. In the North of Italy Venice revolted against the dominion of Austria directly after the revolution in Vienna, with the result that the Austrian officials resigned, and a republic was proclaimed. This was a serious blow to Solomon Rothschild, who had so recently concluded an important agreement for salt works with that city. Lombardy also revolted, a fact which made Solomon seriously anxious about the capital amounting to 400,000 florins which he had invested in Venice, in full confidence that Lombardy would continue under Austrian dominion."

The Rothschild undertakings were threatened throughout the length and breadth of the monarchy, and Solomon applied his efforts to saving what could be saved. He therefore begged the Minister for Foreign Affairs on 15th June, 1848, in view of the rumour that there was every prospect of Lombardy being pacified within a short time, to see that he did not suffer loss, having regard to Austria's well-known care for the interests of her subjects, and of important industrial undertakings.

He was reassured and given all kinds of promises, but the authorities had other things to attend to than Solomon's business, and Metternich's absence made itself noticeably felt, as at the most critical moments he had always had time for Solomon and considered his wishes and suggestions. Solomon became painfully aware of the fundamental change in his position, which had been so dependent upon his excellent relations with the mighty at Vienna. He had suffered, in fact, just as his brother James had suffered in Paris.

The latter had now no easy task. The terrible collapse of February had eliminated the King, who was so friendly to him, and the Ministers, with whom he was on such good terms. Other friends, too, had left the

capital, including the Austrian Ambassador Count Apponyi, with his half million florins of debts, and Hübner, the provisional substitute, who temporarily occupied his position, was far from congenial to James. His was a reserved and unfriendly nature ; he had pronounced anti-Semitic tendencies, and was not at all inclined to accord Rothschild that position with regard to the Austrian Embassy that he had enjoyed in the time of Apponyi.

It is true that amongst new persons in authority James found a few friends of former days, and, as he knew how to adapt himself to the new régime, and in spite of his fundamentally Orléanist sympathies, he carefully refrained from provoking it in any way. His opportunist nature provided occasion for arriving at a conciliatory understanding.

Meanwhile, Solomon in Austria had again been experiencing disturbances. The empire was in sad straits in Hungary and Italy, in Bohemia and in the capital, rebellion was in the air. The defeat of the army of Carl Albert, King of Sardinia, on 25th July at Custozza, by the aged Field-Marshal Count Radetzky, relieved the situation. Italy's hope during these times of stress was that France would intervene, and that Sardinia would assist her against Austria.

There was considerable fear at Vienna lest republican France should take such a step, and the Austrian temporary Chargé d'Affaires, Thom, who had served under Apponyi and held office until Hübner's arrival, and who knew James Rothschild well, was instructed to report on France's attitude. The foreign Embassies, particularly those of the conservative Powers, had, however, practically no influence in Paris at this time, and they got no news. James, on the other hand, was already on such good terms with the new Finance Minister, Garnier Pagès, that he frequently went to see him, and was then

able to report to Thom that the Minister had told him that the Government had no intention whatever of intervening in Italy, and that he himself would do everything possible to prevent such a step from being taken."

In this matter Rothschild continued to be Thom's source of information. James Rothschild's position in Paris became somewhat more secure, but there was no prospect of a return of political tranquillity. The Radicals and Socialists had established the so-called "national workshops," in which politics were much more popular than work, and which soon became an intolerable financial burden as well as a political danger.

Serious disturbances again broke out on the Government's attempting to resign. After three days' street fighting in June the energetic War Minister, Eugène Cavaignac, who was sincerely attached to the republican cause, emerged victorious.

He assumed the position of a dictator, and was nominated President of the Council of Ministers by the National Assembly. James had been on excellent terms with him of old, and he succeeded, at the expense of considerable sums of money, in making himself useful to the General, and to the republican cause, so that he was soon as good a republican as he had been a monarchist.

James's skill in adjusting himself to any conceivable circumstances impressed even the extreme Left, and several attempts were made to claim him for the ends of the workers' party.

"You are a wonder, sir," wrote the editor of the ultra Radical *Tocsin des travailleurs*; "in spite of his legal majority Louis Philippe has fallen, Guizot has disappeared, the constitutional monarchy and parliamentary methods have gone by the board; you, however, are unmoved! . . . Where are Arago and Lamartine? They are finished, but you have survived. The banking princes are going into liquidation and their offices are

closed. The great captains of industry and the railway companies totter. Shareholders, merchants, manufacturers, and bankers are ruined *en masse*; big men and little men are alike overwhelmed; you alone amongst all these ruins remain unaffected. Although your House felt the first violence of the shock in Paris, although the effects of revolution pursue you from Naples to Vienna and Berlin, you remain unmoved in the face of a movement that has affected the whole of Europe. Wealth fades away, glory is humbled, and dominion is broker, but the Jew, the monarch of our time, has held his throne, but that is not all. You might have fled from this country where, in the language of your Bible, the mountains skip about like rams. You remain, announcing that your power is independent of the ancient dynasties, and you courageously extend your hand to the young republics. Undismayed you adhere to France. . . . You are more than a statesman, you are the symbol of credit. Is it not time that the bank, that powerful instrument of the middle classes, should assist in the fulfilment of the people's destinies? Without becoming a Minister, you remain simply the great man of business of our time. Your work might be more extensive, your fame—and you are not indifferent to fame—might be even more glorious. After gaining the crown of money you would achieve the apotheosis. Does that not appeal to you? Confess that it would be a worthy occasion if one day the French Republic should offer you a place in the Pantheon!"

James had, therefore, succeeded in gaining to a large extent the respect of the circles of the extreme Left. Moreover, Cavaignac had recalled from Algiers General Théodule Changarnier, who was an old friend of the House of Rothschild, and appointed him Commander in Chief of the whole National Guard, who were responsible for maintaining the safety of the capital. He was not so

whole-hearted a republican as Cavaignac, and swayed between Orléanists and a party which was intended to combine Legitimists and Orléanists, his main aim being to secure a prominent position for himself. Rothschild was, therefore, in a position to carry on comfortably either with the republic or with the restored monarchy, but what actually happened was something quite different.

On receiving news of the outbreak of the revolution of 28th February, Louis Napoleon had hurried to Paris "to place himself under the flag of the republic," but, later on, he had returned to London without offering himself as a candidate for the suffrages of the National Assembly. At the final elections in September, however, the Prince was elected in three Departments, and also in Corsica. His name was a programme in itself. In the general confusion his name, with its associations with the most splendid period of French history—Waterloo had been forgotten—gave hope; for thousands and tens of thousands the name of Napoleon was the symbol of strength, splendour, order, authority and—*gloire*.

After the June fighting considerable sections of the populace became influenced politically by the sentiments of the Right. There was a keen desire for peace and order, and suddenly the immortal name of "Napoleon" became the idol of the people.

James had watched this development with mixed feelings. He remembered the part he and his brother had played under Napoleon I, and he could not but reflect that the great man's nephew knew perfectly well how the Frankfort Jews had shown the game they were playing after the fall of the Emperor, and had gone with flying colours into the camp of the victors and of the returning Bourbons, thereafter pursuing their business happily and magnificently under high protection, while the great Emperor was pining away at St. Helena.

Louis Napoleon would not have been a man, he would certainly not have been a Napoleonid, had he not wished to take just vengeance on those men or their descendants ; at any rate, he could not be expected to show them any marked friendliness.

James had left Paris immediately after Napoleon's election to the National Assembly, and just at this time General Cavaignac was discussing how true republicans should meet the new danger which had arisen in the person of Napoleon. James had arrived in Brussels, which he was visiting on matters of business, in a state of great anxiety. He discussed the position with the Austrian Minister Count Woyna. who wrote home reporting that, having lent such considerable sums to the republic, Baron Rothschild was as republican as he had been monarchist.

“At the present moment,” the Count reported, “decent people in France see their only hope of salvation in freely and unreservedly supporting the present head of the Government (Cavaignac). He alone practically in the whole of France treats the affairs of the republic seriously and conscientiously. As far as Palmerston is concerned,” the Minister continued, “the clever banker does not understand, however republican he may say he is at the moment, that he is really as blind as all that. He said to me that in the present state of mind of France, with Bonapartism making progress on all sides, if England does not prevent France from possible intervention in Italy, on war being actually declared Louis Napoleon will forthwith be carried shoulder high. Then Italy would also be drawn into the war, and the first measure both of republican and Imperial Bonapartists will be again to declare the Continental blockade against England.”

James Rothschild next called on the King of the Belgians, Louis Philippe's son-in-law, who also looked

askance at Louis Napoleon's rise. When the revolution broke out in Paris, King Leopold had thought for a time that he might incur a similar fate to that of his father-in-law, and be compelled to leave the country. In order, therefore, to be secure against all eventualities he had remitted a sum of 5,000,000 francs to the House of Rothschild, which was to be placed at his disposal if he were actually compelled to leave the country. It was on this matter that James had gone to Brussels. When the country settled down, and matters did not happen as was feared, the King left this sum with the House of Rothschild, and in the course of years, at compound interest, it increased by 1866 to the prodigious sum of 20,000,000 francs, which formed the basis of the enormous inheritance which was to come to the unfortunate Empress Charlotte of Mexico." James returned from Brussels to Paris "to plunge again courageously into the source of all the troubles that are making Europe unhappy," as Count Woyna stated." He was greatly dismayed to see that his friends, the Dictator Cavaignac and General Changarnier, were losing more and more ground to Louis Napoleon. At the beginning of November 1848 the situation in Paris was again exceedingly strained, and, as Herr von Thom reported, "the general opinion in Paris was that another big revolution was imminent.

"Fear and unrest," the *Chargé d'Affaires* reported, "are general; business and economic interests are suffering acutely. The slump in securities has assumed alarming proportions, and yesterday there was actually a rumour to the effect that the House of Rothschild was going into liquidation."

Things were not nearly as bad as all that, but it made Rothschild exceedingly uneasy to see how the cause of Prince Louis Napoleon was advancing with enormous strides throughout the country. He was bitterly dismayed

to receive the news on 10th December that Louis Napoleon had been elected President of the Republic by a vote of five and a half millions, whereas Cavaignac had polled only one and a half million, and Changarnier only fifty thousand votes.

He decided to make the best of the situation, and to use great restraint and caution in expressing any political opinions. Louis Napoleon's position was not by any means secure yet, but he had made considerable progress in that direction.

While the Paris House was gravely concerned with regard to its future, and the future of the country in which it was established, affairs in the Austrian Empire were becoming more and more chaotic. Whilst Austria had been victorious in Italy, Hungary was now in complete revolt, and Kossuth was speaking to his countrymen, who were drunk with nationalist ideas, of the complete independence and liberty of Hungary. Most of the troops had left Vienna for Italy and Hungary, only a weak garrison being left behind in the capital itself. Instigated by Hungary, the democrats in Vienna exploited these conditions to make another bloody rising.

On 6th October, 1848, other troops and men of the National Guard who did not wish to go to Hungary mutinied and joined the rebels. The shouting mob, drunk with victory, proceeded to the War Office building, where the Ministry was meeting, and threatened to lynch the Ministers. They, however, all escaped, with the exception of the unfortunate War Minister, Count Latour, who was cruelly murdered, his corpse being hung stark naked to a lamppost, where the mob continued to insult and beat it. After this murder the crowd, which was quite out of hand, proceeded to the arsenal, which is now the central fire station, and which then had its frontage on the Wipplingerstrasse and Renngasse, being therefore quite close to the Rothschild House.

At 7 o'clock in the evening they began to lay siege to it. The mob ransacked and occupied the Windischgrätz Palace and the Rothschilds' house in the Renngasse. From the roof of the latter they shot at the Grenadiers' quarters inside the arsenal." This fighting went on throughout the night, the arsenal being handed over on the following day to a commission appointed by the Reichstag.

The whole of Vienna was in a panic. The Court left the Residence and fled to Olmütz. The further disturbances had surprised Solomon Rothschild in his house in the Renngasse, and he fled. He now sorrowfully recalled Metternich's words: "If the devil fetches me, he will fetch you too!" During the last few months he had imagined that the Chancellor would prove mistaken, for Metternich had fallen and he had remained.

Now, however, that his own house had been looted, and had been made a base of operations for an attack on the arsenal close by, he felt completely broken down, and desired only one thing—to get away from Vienna."

He first proceeded to conceal himself in the neighbourhood of Vienna until he should have brought his secretary, Goldschmidt, his family, and the most important papers and moneys into a place of safety.

The Goldschmidts had fled by boat to Stein, near Krems, but the father of the family returned to Vienna, so as to be able to help if Solomon Rothschild needed him on the journey, and to assist in getting the money and securities away. But it was no longer so simple to enter Vienna without being attacked. Goldschmidt hit upon the idea" of hiring a small cart and milk-cans from his landlord at Döbling, who had a dairy, and entered the town disguised as a milkman. He was closely examined at the Nussdorfer Linie and at the Schottentor, but he managed to reach Rothschild's office safely, where

he found almost everything intact in huge, well-locked, and hidden coffers.

Rothschild's books, his cash and securities, were packed up in a moment, and sent to the National Bank, where they were taken over and brought into security. This was on 10th October, 1848. Goldschmidt had not met Solomon again. The Baron had availed himself of an opportunity of travelling to Frankfort-on-Main. He was never to see Vienna again.

CHAPTER VII

Fighting for Position with Louis Napoleon, Cavour, and Bismarck

THE February revolution in France, which started a general revolutionary movement throughout Europe, was to terminate in a surprising manner. After the fall of the first Napoleon, France had first tried the elder and then the younger line of the Bourbons. The majority of the people, however, felt uneasy under the form of government introduced in 1848, for memories of the terror and excesses of the first republic that followed the great revolution had not entirely died out, and they were revived by the June rising of 1848, which was suppressed, after sanguinary conflicts, by Eugène Cavaignac, War Minister of the Republic.

It was only natural in these circumstances that the French people should respond to the magic name of Napoleon, which, in spite of the tragic end of the man who had made it famous, had remained a symbol of genius and glory. On the outbreak of the revolution, Louis Napoleon had hastened to Paris to spy out his chances; at first he remained in the background, but when in June he was elected to represent Paris and three Departments, he felt that his moment was at hand. The aura surrounding the name of Napoleon, with its peculiar psychological appeal, was successfully exploited by a powerful agitation, so that at the Presidential elections of the 10th December, 1848, no less than five and a half million, out of seven and a quarter million votes, were cast in favour of the Prince.

The Rothschild family watched these developments with no little dismay. They had not, as in the case of Louis XVIII, eased with their gold the progress of the Regent from London to his throne in Paris. The reaction had occurred far too suddenly, and they were too

intimately associated with the dynasty that had given them such an extraordinary position in Paris to be able to effect so abrupt a readjustment of their whole position, the expediency of which, at first at any rate, was far from certain. Moreover, there were historical reasons why they should feel embarrassed in tendering their support to a Napoleon, since they were bound to reflect that their attitude, after the fall of the first Napoleon, had made it obvious to everyone that they had always been secretly in opposition.

If a successor of that great man were actually to attain to power, the members of the Rothschild family could hardly expect him to look upon them with favour and confidence. In the absence of any possibility of Louis Philippe coming back, the House of Rothschild was inclined to favour a republic. The men at the helm seemed to provide a sufficient guarantee against such a republic being too extreme; and the Rothschilds had succeeded through their earlier connections in establishing good, and, in some cases, even intimate relations with these men.

They were exceedingly friendly with Cavaignac, and on the best possible terms with General Nicolas Changarnier, who had been recalled from Algiers to the National Assembly, and had been appointed to the command of the National Guard. Changarnier paid gallant attentions to James Rothschild's wife, the beautiful and intelligent Baroness Betty. Politically the General was also in sympathy with the House of Rothschild, since, if he could not achieve the Presidency himself, he was inclined to support the Bourbons, his only difficulty being to decide as between the older and the younger line.

Changarnier and the Rothschilds were, therefore, alike dismayed at the defeat of Cavaignac and Ledru-Rollin in the Presidential elections. The General,

however, retained his high military office, since, for the moment, he was indispensable to the new President, Louis Napoleon, the problem in 1849 being to repel further attacks by the radicals; in this matter, although otherwise opposed, their interests were identical. Changarnier, who secretly still cherished a hope of attaining to the Presidency himself, noted with displeasure, as also did James, that the *entourage* of the Prince President consisting, as many of their friends stated, of greedy adventurers, although it certainly included Persigny, a man of blameless character who was blindly devoted to the Napoleonic cause, were constantly urging Louis Napoleon to make himself absolute master of the State. They were also displeased to observe that Louis Napoleon showed no small skill in enlisting the support of philanthropic and socialistic movements.

The result was that while, on the surface, Louis Napoleon's attitude to the House of Rothschild was polite, the opposition between them increased. The President felt that the bank was an international power and that his own position was not so secure that he could afford to make enemies unnecessarily. Financially, however, he had little need of the Rothschilds. The rich Jewish banker, Achille Fould, a member of the Paris bank of Fould and Oppenheim, had attached himself to him some time ago, and he not only lent the Prince the money he so sorely needed to consolidate his position, but also, as a financial expert, became his confidential adviser in all money matters.

In order to cut the ground from under the feet of his great rival, Achille Fould had been particularly active in confirming Louis Napoleon in the belief that no help could be expected of a House which had been so intimately associated with the fate of the Bourbons, and had been so definitely hostile to the first Napoleon.

In this way Fould hoped to secure the position with

the powers in the State that the Rothschilds had enjoyed. Fould backed Louis Napoleon, who was leading in the *race for the throne of France*; if he were to come in first there was no saying how much the perspicacious banker might not win. On the 31st October, 1849, Achille Fould was actually appointed Finance Minister to the Republic.

Such being the state of affairs, it must have been with mixed feeling that Louis Napoleon, President of the Republic, and James Rothschild, sat next to one another in the coach of honour at the opening of the Northern Railway of France line to St. Quentin. The shouts of "Vive l'Empereur!" with which the President was acclaimed by the crowds, were music to his ears, but they roused bitter feelings in the breast of James. There was a third in this company, Jacques Emil Pereire, the Portuguese Jew who had attracted James's attention in connection with the foundation of the railway companies, and who had achieved riches and honour in his service. He had for some time been in touch with Fould, and, when he saw the new star rising in the French firmament, he decided that the time had come to sever his connection with his old chief and to make an independent bid for wealth and power by placing himself at the service of the new lord of the land. He, too, heard with satisfaction the eloquent plaudits of the multitude, reminiscent of a glorious past.

Externally, things seemed to be going on as before, and it would have been difficult for the uninitiated to guess what was happening behind the scenes.

The President's representative and James Rothschild walked side by side behind Honoré de Balzac's coffin on 20th August, 1850. During the years of his growing success Balzac had been a constant visitor and friend of the House of Rothschild. He had never been able to get out of the habit of contracting debts, and, having made James's acquaintance at Aix les Bains, he naturally



ACHILLE FOULD

borrowed money from him. The novelist described his creditors in an amusing story, *Roueries d'un créancier*, which he dedicated, as well as *Un homme d'affaires*, to James Rothschild. To the Baroness Betty, who often invited him to the house, he dedicated *L'enfant maudit*. After meeting Heine and Rothschild on the boulevard one day, Balzac remarked, "There go all the wealth and all the intelligence of the Jews, arm in arm."

Politics were too acute to leave much time for funerals. The opposition between Changarnier, who controlled the military forces in Paris, and the President became more and more pronounced. The General over-estimated his influence and his position in the National Assembly; his popularity in the capital was declining, whilst that of the Prince was increasing. Herr von Hübner, the new Austrian representative, whose predecessor James continued to lament, attributed this fact partly to the fact that the General's relations with the House of Rothschild were no secret. "The feeling of popular resentment from which the General is suffering just now," he reported on the 13th June, "is largely attributable to his intimate relations with the Rothschild family, arising out of a *sentiment de cœur* for Madame James Rothschild. The Prince, whom Changarnier has on several occasions provoked by holding reviews of the troops without even advising him previously, learnt that the said lady was present at them in a magnificent equipage, and that the gallant general saluted her before the whole army of Paris." Louis Napoleon finally decided, at the instigation of his *entourage*, to take steps to relieve General Changarnier of his command.

The decree of dismissal had lain for four days on the President's desk, when he changed his mind again; the insincere and shortlived reconciliation being marked by a magnificent review, at which the General marched the troops past the Prince.

During this period the enthusiastic Bonapartists were working zealously for the re-establishment of the Empire. Jean Persigny played a prominent part in this movement ; he had become a friend of Louis Napoleon during the latter's exile at Arenenberg in Switzerland, and had taken part in the Strassburg adventure at the end of October 1836, as well as in Louis Napoleon's unsuccessful landing at Boulogne. The latter attempt had resulted in a sentence of twenty years' imprisonment, and he did not regain his liberty until the February revolution of 1848. Inspired with a burning hatred of the Bourbons, he now became the most zealous champion of the Empire.

Louis Napoleon had at once taken him into his confidence and employed him on important diplomatic missions ; from December 1849 until April 1850 he was at Berlin.

Foreign countries, and especially Germany, were disturbed to observe the internal developments in France, as that country appeared to be moving towards a second Napoleonic Empire, with all the unfortunate associations connected with that name.

Meyer Amschel at Frankfort and his brother Solomon, who had also been staying at Frankfort since he had fled from Vienna on the outbreak of the revolution, shared these misgivings ; they asked their brother James to let them know the truth as to the state of affairs in Paris, and how far they had real cause to feel alarmed. During James's temporary absence, his eldest son Alphonse Rothschild answered their letter. He admitted that the conflicting and exaggerated reports in the newspapers gave distinct ground for alarm. He therefore wished his uncle to know the opinions of well-informed persons who, by reason of their position in the State, exercised a direct and powerful influence upon the course of events. In that category Changarnier was obviously included by implication. Alphonse Rothschild expressed the view that

there was a unanimous desire to maintain peace and order. The only cause of alarm was connected with Persigny and the Imperialist elements.

“M. de Persigny,” he wrote, “the representative of France in Berlin, is to return to his post in the near future. He is still of a very warlike turn of mind. He means to induce Prussia to declare war on Austria with the idea that France shall intervene in this fratricidal strife. He hopes thoroughly to confuse the issue in Germany, so that certain ambitious schemes in France (the Empire) may be brought to fruition, which have no chance of success without a foreign war. You may assure your friends that these schemes in no way enjoy the approval of our Government, of influential members of the Chamber, or of the country itself. France has no desire at all to see Prussia and Austria at war. The idea of German blood being shed by Germans seems criminal, and if the Elysées (the President, Louis Napoleon) should really embark upon such an eccentric policy, our statesmen and parliamentarians would certainly refuse to adopt it or carry it through. You may therefore set your minds at rest. . . . The Government will follow an entirely conservative policy.”

Changarnier was sanguine too; he said of Persigny, who was somewhat short of stature, that he was busily engaged in “turning the little man’s head.” But the General was mistaken. Louis Napoleon pursued his course unswervingly.

On the 5th January, 1851, the President relieved General Changarnier of his military command, although he had failed to carry a vote of censure on the General in the National Assembly. The result was that Louis Napoleon broke with the Assembly, but the Assembly itself was split by this event, and its majority became divided.

Meanwhile the President, who was determined to cut

the Gordian knot, had completed his preliminary preparations. By the *coup d'état* of the 2nd December, 1851, whereby he dissolved the National Assembly, he laid the foundations of his personal power.

Louis Napoleon's most important opponents, numbering almost twenty-seven thousand persons, were arrested and deported or otherwise dealt with. In this number were included Thiers, Cavaignac, and Changarnier. The President said to the people: "Your constitution and your National Assembly are detestable; I liberate you from them." Up to the last moment the Ministry had no suspicion of what was in the air. The leading positions were mostly occupied by persons whose names were closely associated with the First Empire, the new men being Morny, Flahault, Persigny and Fould.

These events caused consternation in the house of James Rothschild. Changarnier's fall made an end of all the hopes which he had set on him.

"The arrest of the General," Hübner reported, "has brought sorrow into the home of the Rothschilds, but it must be admitted that Baron James is bearing the blow with great resignation. All things considered, the position is exceedingly serious."

Louis Napoleon submitted the draft of the new constitution to the people, and took a plebiscite on his measures which resulted in his obtaining an enormous majority, seven and a half million votes being cast in favour of his measure and six hundred and fifty thousand against. The people wanted peace, and for them the name of Napoleon symbolised a happy future.

By way of encountering any misgivings, lest as in the time of the First Empire, the calm which every one longed for should be shattered by war, Louis Napoleon made the statement at Bordeaux: "The Empire is peace," thereby giving open expression to his intention of assuming the Imperial crown. James had to make the

best of a bad job and adjust himself to the course of events.

Louis Napoleon had not shown any overt hostility to James ; he had even, in accordance with his policy of securing the support of the Catholics, induced him to grant a loan to the Pope. Moreover, at the beginning of 1852 he had granted a syndicate of bankers, operating under the leadership of the House of Rothschild, the concession for constructing the railway from Paris to Lyons.

Nevertheless, James had lost his position of financial supremacy in Paris ; he would not be able to retain his footing at all without a struggle, and, having regard to the persons now in power, that struggle was bound to be a hard one. The Paris House had scarcely recovered somewhat from the consequences of the February revolution of 1848, when it was faced with these further serious problems.

At this time an event occurred that profoundly affected all the members of the Rothschild family. Frau Gudula, widow since 1812 of Meyer Amschel, the founder of the bank, and mother of the five Frankforters who had witnessed the rise of the House from its beginning, died on the 7th May, 1849, at the age of ninety-six. She had seen the passage of the law of the 20th February, 1849, conferring civil and political equality on all members of the State, including the Jews, an event which her husband and her sons had done so much to help bring about. In spite of all the wealth that had come to her family, she had never left the little family house in the Jewish quarter, for she feared that fortune would desert the House if she were to forsake the spot where it had first come upon them, during the lifetime of her beloved husband. She had kept her health up to an advanced age, and then, when the first sign of trouble occurred, she was angry with the doctors for not being able to assist her more effectively. When Doctor Stiebel replied that it was

unfortunately impossible for him to make her younger, she answered in the words that have since become famous : " I do not want you to make me younger ; all I want is to be made older."

Until the end of her life the venerable woman remained saving, simple, unassuming, and deeply religious. Her bridal wreath, carefully preserved under glass, and still occupying its place of honour at Frankfort, was a symbol of the pious life of this fine old woman, so true to her traditions. While the old mother of the House was dying at Frankfort, her sons and grandsons throughout the world were fighting to maintain the position of power which they had won. The financial supremacy of the House in England had scarcely been affected by the development of events on the Continent. In England they were rather concerned to raise themselves socially, for the House of Lords was strongly opposed to the idea of Jewish emancipation.

Anthony, Nathan's second son and the younger brother of Lionel, who was now head of the English House, had, on Sir Robert Peel's recommendation, been created a baronet on the 12th January, 1847, with the special provision that if he had no heirs male, the title should devolve upon the heirs of his elder brother, Lionel. He lived the life of a wealthy country gentleman, and kept open house at his place, Aston Clinton in Buckinghamshire. Meanwhile Lionel, whom the City of London kept electing to Parliament, did not cease his efforts to secure admission to the House, in spite of the obstacles of the Christian oath and the opposition of the House of Lords. His case raised the important question of principle, as to whether Jews should be admitted to the House of Commons or not. On the 25th July, 1850, a meeting of electors of the City, which had been called at a London tavern, decided that Lionel should go to the House of Commons on the following day and claim his

seat. He duly appeared and asked to take the oath on the Old Testament. Sir Robert Inglis, however, the leader of the Tories and the opponent of Jewish emancipation, opposed the suggestion. Lionel was asked to withdraw, and the matter was postponed until the 29th July.

On that day he again appeared in the House of Commons and took the oath of loyalty to the Queen, as well as the oath of supremacy, which recognises the sovereign as the only head of the Church, these two oaths being quite unobjectionable, since they closed with the words, "So help me God." In the case of the third oath required by law, however, the oath of abjuration, which deals with the descendants of James the Second, and is still required, and which closes with the words, "on the true faith of a Christian," Nathan substituted the formula, "So help me God," adding that these words were more binding on his conscience than any other.

He had taken up the pen to sign his name in the register of admitted members, when the Speaker told him to withdraw. A fresh election was demanded, on the ground that Baron Rothschild had refused to take the oath in the prescribed form. An amendment that he should be regarded as an actual member of the House was lost by a majority of 104 votes. The matter aroused great excitement, and there was keen public discussion. The position was that any change in the formula in the oath of abjuration could be brought about only by an Act of Parliament passed by both Houses, although the oath was quite redundant and had a purely historical significance. If, however, the House of Commons had agreed, after all that had occurred, in his taking his seat, Rothschild could have sat in it from that day. By doing so, however, he would have made himself liable to an action by any person in any one of the three principal courts of justice, and to a penalty of five hundred pounds for each day that he had sat in the

House, the fine being payable to the person who brought the action.*

Although at a later date a majority of the House of Commons actually voted that Lionel should be admitted, the Bill was rejected by the House of Lords, and some years passed before the matter was finally settled.

Through his brother Nathaniel and through occasional visits, Lionel kept in close touch with his uncle James in Paris. In view of the development of events in France, James felt that he ought to discuss the situation with his other brothers and nephews in Frankfort and Vienna, and accordingly set out on a journey to these cities in August 1852.

At Vienna James was received in audience by the Emperor Francis Joseph, who asked him what was happening in France. The Emperor informed James, as Austrian Consul-General in Paris, that he cherished the most friendly feelings for Louis Napoleon, and asked him to pass this on. The duty of communicating this message, non-committal though it might be, was a welcome one to James, since he would be coming to the President, who was on the verge of achieving the Imperial dignity, with pleasant words from a "legitimate" potentate, and would thereby be enabled to improve his unfortunate position in Paris.

After Solomon's flight, the Vienna branch of the House of Rothschild was without a real head, being carried on by managers and secretaries. Later on, Solomon's eldest son, Anselm, who was forty-nine years old at the time, frequently visited Vienna, and although he was Austrian Consul-General at Frankfort he took over the control of the business, constantly coming and going between the two towns. When the reaction set in in Austria and the aged Metternich returned, it became easier for the House of Rothschild to regain their footing in Vienna. The family wealth was

unimpaired. Society and the State still wanted their money; the aristocracy returned to power, and closely guarded the throne. Old connections, from the time of Metternich, which had been only temporarily severed, were resumed, and the House in Vienna was soon re-established in its former respected position.

When James returned to Paris from Vienna, there was an unpleasant surprise awaiting him. His opponents had succeeded in entirely winning over to their side Louis Napoleon, who had very little understanding of financial matters, and they were already venturing upon a move which should take the financial power in France entirely out of the hands of the Rothschilds. They had planned to found a great rival bank, which should receive extensive support from the State, and in which—this was the essential point—Fould, Pereire and their retainers should play the leading parts. The rôles had been cleverly allotted. The highly gifted and assiduous Pereires with their tireless energy, who had been schooled by Rothschild, were ostensibly to be the founders. Achille Fould was to stand aloof, so as to be able to hold office under the State, but his intimacy and influence with the new ruler would be his highly important contribution to the capital of the new venture. With the support of the ruler and of the State, they hoped that their business would succeed. There was an element of St. Simonism and socialism for decorative effect, and indeed this was not a matter entirely of phrases and theories such as the democratisation of banking, for some new ideas of real value were certainly developed.

The fundamental idea was that the State should be made independent of rich individual bankers, and that even the smallest savings of its citizens should be canalised into a gigantic reservoir, the new bank, which would distribute them as and where capital was required.

Fould won over his sovereign by the pleasing prospect of being able to make himself independent of Rothschild, who at heart was an Orléanist, by the proposal that any loan for which the necessity should arise should be issued in small quantities direct to the public, and thus escape the Rothschilds.

The phrase *souscription nationale* coupled with the idea of independence of the anti-Napoleonic Rothschilds entirely won over Louis Napoleon, and Fould and Pereire's hopes soared so high that they already saw themselves in control of a monopoly for the whole credit organisation of France. Thus they hoped to drive the Rothschilds entirely out of the field.

When James perceived this danger he did everything he could to warn the President of the Republic and to open his eyes. He sent Louis Napoleon a memorandum written in his own hand, in which he set out the dangers of all these innovations and prophesied that the new venture would come to a bad end.

It was an easy matter for Fould to make it clear to Louis Napoleon that this could all be explained by James's hostility to the formation of a new Napoleonic Empire. On the 20th November, 1852, the memorandum constituting the new Company was actually published in the *Moniteur*. It was given the name *Crédit Mobilier*. The two brothers Pereire and the Foulds held the majority of the shares, each couple holding over eleven thousand, out of the original capital of forty thousand shares. The name of Louis Napoleon's confidential adviser, Achille Fould, did not appear, the shares standing in the name of his brother Benoit, who was head of the bank B. L. Fould & Fould-Oppenheim. Associated with the founders were the names of decorative personages belonging to the aristocracy, such as the Princess von Leuchtenberg and the Duke of Galliera, and also the Bank of Torlonia in Rome and Solomon Heine of Hamburg, Heinrich Heine's

uncle. Altogether a total of 120,000 shares at 500 francs a share were issued, so that even the smallest capitalist could take part in the venture, which indeed they proceeded to do.

France was at the time living in a kind of fever evoked by the name of Napoleon. Everyone hoped that, in accordance with the promises of the new ruler, peace and tranquillity were assured for a long period and that it would therefore be easy to grow rich without much effort. The share which anyone could easily take in the new venture seemed the obvious way of achieving the desired result.

One day after the publication of the memorandum which called the *Crédit Mobilier* into existence, a plebiscite yielded almost 8,000,000 votes in favour of an Imperial constitution, against 250,000 votes on the other side. On the 23rd November, the first day on which the shares of the *Crédit Mobilier* were quoted on the Bourse, the securities, whose nominal value was five hundred francs, were quoted at eleven hundred, rising to sixteen hundred four days later. James Rothschild watched these developments ironically, but with a certain amount of concealed fear. His warnings passed unheeded. He naturally took no part whatever in the undertaking, and in his heart declared relentless war upon it. The contest, he now realised, would be no easy one, for behind the new undertaking stood the name of the head of the State who, on the 2nd December, 1852, was proclaimed Napoleon III by the grace of God and the will of the people, Emperor of the French.

James was able to derive a certain secret satisfaction from the fact that, as early as the 31st December of that year, the shares of the *Crédit Mobilier* were quoted at only 875 francs. The shares had become as dangerous as any securities on the Bourse, and were the sport of unsound speculation.

Not everyone had been dazzled by these developments. There were other contemporaries of James who perceived the dangers lurking behind these financial experiments. "Thanks to the new concern," one such sceptic wrote sarcastically to Vienna, "the more favoured people on the Paris Bourse at any rate will be enabled for a time to speculate with every prospect of success, without touching a sou."

Thus, owing to the support of the authorities, new men had come into the control of financial affairs. Not only Fould and Pereire had come into the foreground, but some highly unsavoury elements as well, which sought to make hay by a skilful combination of business and journalism. There was in particular a certain Jules Mirès, originally a poor wretch from the lowest class in Bordeaux, where he hit upon the idea of publishing a paper which, in addition to certain items of news, should contain a daily list of persons who had died in the town. In each case the illness of which they had died was stated, as well as the name of the doctor who had attended them. This caused annoyance to the younger members of the profession, and they paid Mirès a sum of twenty-five thousand francs to cease publishing the paper.

With this money Mirès migrated to Paris, where he founded a railway paper on the same system, calling it the *Journal des Chemins-de-fers*. By means of both true and fabricated disclosures he alarmed the public and produced consternation among the companies, which were forced to pay for his silence. In addition he acquired so much wealth by speculation that he soon achieved a place amongst the leading Paris financiers, who associated with so many important persons.

The new powers and enterprises had not yet reached the stage of being able to compete with the Rothschilds outside France. Everyone, even including the Papal



NAPOLÉON III

States, still applied to the Rothschilds when in need of money. During Napoleon's Presidency Rome had been the scene of dramatic events. It was hoped in Italy that the nationalist and liberal Pope Pius IX would join the general movement against Austria. He, however, feared the spirit of anarchy fomented by the revolution, and any too great extension of democracy, while he also hesitated to enter upon open hostilities against Catholic Austria. The result was to produce the exciting November days in Rome, when the Pope's Palace was besieged by the mob, and the Holy Father was compelled under threats to appoint a Radical Ministry. Thereupon the Head of Christendom fled in disguise to Gaëta in Neapolitan territory, whence he protested against any deeds of violence in Rome while the Roman Republic was being set up in the Residence of the Papal States.

On the 20th February, 1849, Pius IX applied to the Catholic powers—France, Austria, Spain, and Naples and Sicily—begging them to assist him with their arms to regain his temporal power. Louis Napoleon, who at that time wished to win the support of Catholics throughout the world with a view to his ultimate Imperial schemes, did actually land troops in April 1849 to march on Rome. After various vicissitudes the French occupied the city on the 3rd July and reinstated the Papal Government. Meanwhile the Pope was living at Gaëta in wretched circumstances, and was in great need of money. This was particularly necessary for his return, since he could not re-enter his capital with empty hands. The Pope accordingly entered into negotiations with a company of French capitalists, but it soon transpired that the bank which was backing these people had not the necessary funds at its disposal. Pius IX was therefore advised to apply again to the House of Rothschild, whose international connections were such that, even so soon after the revolutionary events that

had occurred throughout Europe, they controlled the necessary amount of money.

The Papal envoy at Naples accordingly got into touch with Carl Rothschild, but the terms offered by the latter seemed to him to be wholly unacceptable. As has already been pointed out, there could be no question of the Pope returning to Rome until the loan was settled. Carl made it a condition for granting the loan that the gates and walls of the Ghetto should be abolished, that Jews should be allowed to live where they pleased in the Papal States, and that all special taxes and separate forms of procedure for dealing with Jews in the courts should be abolished. The Secretary of the Jewish Community at Rome had come to Naples to discuss these requests. Carl also demanded a mortgage on the ecclesiastical estates as security since, as his son put it to the Austrian Minister at Naples, Count Moritz Esterházy, it was "difficult, in view of the complete absence of any material or moral guarantee offered by the present Papal Government, to enter into a transaction involving such a large sum of money without a mortgage."

The first conditions were at once definitely rejected by the Pope, who refused even to consider such demands as conditions. He stated that he would prefer to suffer an indefinite amount of financial misery rather than incur the reproach of having subordinated higher to temporal interests. The second set of conditions seemed to Carl Rothschild to have a greater chance of being accepted. The negotiations proceeded actively at Naples, but finally Carl declared, since the ecclesiastical authorities were strongly opposing the mortgage as well, that he had exceeded the instructions of his House, and that James Rothschild in Paris should be approached with a view to continuing the negotiations.

Pius IX accordingly sent a request direct to the

French Government, asking them to use their influence with the House of Rothschild. When the Papal Nuncio transmitted this request, both Louis Napoleon personally, and the Paris Cabinet, approached James with the request that he would offer the Pope acceptable conditions.¹¹ James decided that the House did not stand to lose much, since the Papal Government was just about to be reinstated, and its continuance in office would be guaranteed by the Catholic powers. James also mentioned the wishes of the Jews in Rome, and referred to the abolition of the Ghetto walls and the question of extraordinary taxes and restrictions on their liberty of movement.

Such conditions affected the Pope unpleasantly, as they constituted an obvious interference in the internal affairs of his State. However, the Pope did not wish the negotiations to break down on account of these demands. James was accordingly informed that the concessions which he was asking for his co-religionists were to a large extent already in force, and that His Holiness could not expose himself to the suspicion of having granted concessions affecting questions of religion on account of the financial difficulties from which he was suffering.¹² He then gave a written assurance to James, through Monsignor Fornarini, the Papal Nuncio in Paris,¹³ to the effect that the Holy Father had the best intentions with regard to the Jews in his States and that the Nuncio was authorised to repeat to him that the Holy Father would not withdraw his promises in that matter. This also involved an edict regarding the abolition of the Ghetto.

The final difficulties had thus been disposed of, and the money was paid by the Rothschilds into the Papal Treasury on very favourable terms.¹⁴ The final obstacle to the return of His Holiness to Rome was removed.

After the satisfactory conclusion of these difficult

matters, the Pope took his leave of the King of Naples, who had offered him a refuge in these trying times, and on the 12th April, 1850, he made his entry into Rome.

The Rothschilds had therefore provided the money for the return of the Pope, without having secured a formal assurance regarding the betterment of the lot of their co-religionists in anything but the most general terms. Carl Rothschild went to Rome shortly afterwards, and on this occasion he again heard the most painful lamentations about the lot of the Jews, which, in spite of everything, had not been improved. He therefore decided to ask Prince Schwartzberg to intervene with the Holy See.

“During my last stay in Rome,” he wrote to the Prime Minister, “I was brought, both by personal observation and by hearing the representations of the leaders of the Jewish Community there, to the conviction that their lot is a very hard one, and in view of their pressing requests I was unable to refrain from promising that I would use such feeble influence as I might possess, with any influential persons who may be willing to listen to me favourably, to secure the betterment of their lot.”

He went on to state that he and his whole family had the most keen and lively sympathy for the sufferings of that community, and he begged the Imperial Government, which offered such a moving example in the way it granted its equal paternal protection to all confessions alike, to use its ascendancy and its powerful influence with the Holy See on their behalf. Schwartzberg instructed Count Esterházy to make representations in Rome, but it was a long time before the matter was settled.

On receiving a letter of complaint from the Jewish Community in Rome,¹¹ James also applied to the Austrian Government.¹² He suggested that the Pope was not aware that the Jews had again been confined to

the Ghetto and subjected to every possible kind of restriction. Esterházy was again instructed to discuss the matter in a friendly way with the Pope, and this was done on several further occasions; the reason being that the Austrian Government were just at that time negotiating with the Rothschilds for a sterling loan.

In spite of having resumed its good relations with Austria, the House of Rothschild was constantly engaged in loan negotiations with Sardinia, the enemy of the Papal Government. That State was suffering acutely from the consequences of the unfortunate war with Austria which, after Radetzky's successes at Mortara and Novara, had cost King Albert his crown. As the King felt that fortune was against him, his son Victor Emanuel had to go the hard road of concluding a peace with Austria which was signed in Milan on the 6th August. He succeeded in avoiding any surrender of territory, but Austria demanded a substantial war indemnity for the payment of which the State of Sardinia had to incur a heavy load of debt and enter the international financial markets as an applicant for loans.

At that time the banker Giovanni Nigra was Sardinia's Finance Minister; although only moderately endowed with financial gifts, he had dared at this difficult moment to take over the direction of the State finances. He was at that time on friendly terms with Count Camillo Cavour, who did not then hold any public office, although he was already a Member of Parliament. It was with him, his authority in such matters being already recognised, that Nigra mostly discussed economic questions.

Even before the conclusion of peace, the Finance Minister had got into touch with Rothschild, who had asked him what would be the amount of the war indemnity demanded by Austria. But it was not until after the conclusion of peace that serious negotiations were started. James came from Paris to Turin to conduct them with

Nigra, and also came into touch with Cavour. Rothschild and Cavour once dined together with Nigra." James was at first somewhat suspicious ; he asked for information regarding the internal arrangements of Sardinia's finances, and it was not until he had been convinced that the State of Sardinia had achieved clarity and order in its own affairs that he became more amenable.

Cavour expressed the following opinion on Rothschild " : " He is really most anxious to have serious dealings with this country, and he has repeatedly told me that in spite of everything he regards the State of Piedmont as established on a firmer basis than that of Austria."

James had been brought to this opinion by the experiences of his brother Solomon at Vienna and by events in Hungary. Nigra also carried on negotiations with James Rothschild independently of Cavour, who wished to leave as small a share as possible of the loan to the Italian bankers. Cavour had hoped that ten to twelve millions would be allotted to the Turin and Geneva bankers, part of which amount he had wished to be reserved for the Swiss banker, de la Rue, who was a friend of his and in close business relations with him. On the evening of the 4th October, 1849, Nigra had a long conference with Rothschild, in the course of which he allowed himself to be persuaded to reserve for the Italian bankers only 8,000,000 out of the 62,000,000-franc loan. Cavour, who knew nothing of this, went to Rothschild the same evening to ask him for 600,000 francs worth of bonds for de la Rue, or rather to inform him that the banker would underwrite that amount.

" The old Jew," Cavour wrote to de la Rue, " replied with a smile that you were acting very wisely, and that it would be better for you to buy Rentes in Turin and Genoa than in Paris. I thought that everything was going through splendidly, for it was not until afterwards that

Bombrini " informed me of Nigra's defection. Under these conditions I cannot ask Rothschild for any favours, for that would make me an accessory to an operation which I consider to be opposed to the best interests of the country. I will accept no bonds from him that he does not offer freely to all the houses that wish to apply for them."

" I am furious," Cavour continued, " and I have every reason to believe that Nigra has allowed himself to be bamboozled by that cunning old rascal Rothschild. . . . Nigra " left me out of the negotiations, only calling me in when the agreement was to be signed. I flatter myself that if I had been in his place I should have got better terms. I had worked out a scheme through which it would have been possible to dispense with Rothschild. I used this scheme to counter some of his demands, but could not alter the basis of the agreement, which had been definitely fixed. Nigra's great mistake has been that he has not had enough confidence in the capacity of our own banks to take up the loan. . . . This morning a Herr von Landau " called to offer me on behalf of Rothschild as many Rentes *au prix coûtant* as I wanted. As you may imagine, I refused this offer, but it gave me some idea of the way business is done in most of the European Cabinets."

A few days later, the loan had been fully subscribed." It was so popular with the Italian people that the Finance Ministry was besieged by a mob who positively fought to get rid of their money. Turin alone could have absorbed far more than nine millions.

" Nigra is being roundly abused (*on jette les hauts cris*)," wrote Cavour ; " the poor fellow had the best intentions in the world and honestly believed that the country would be satisfied with eight millions. I am convinced that if the loan had been opened on the first of this month, and if, as I suggested, bills on London and

Paris had been accepted in payment, we could have dispensed with the Rothschilds."

We see, although he had no official position, how great an interest Cavour was already taking in the financial business of the State and how much he resented the fact that his country had come to be so dependent on the House of Rothschild. He had already made up his mind, if he should ever have anything to say in the matter, to make a radical change from this state of affairs.

Nevertheless, the loan was a great success for Sardinia, and the country had no reason but to congratulate itself on its relations with the Rothschild bank.

The loan, however, did not suffice to relieve Sardinia of all her pressing obligations, or to cover the deficit in the Budget. Nigra, therefore, had to look about for a further loan; but on this occasion his unofficial financial adviser Cavour meant to keep a closer watch over his inexperienced friend and fellow-countryman. "Nigra is constantly corresponding with Rothschild," Cavour wrote at the beginning of the year 1850. "I shall see to it that he is not bamboozled."

Rothschild, who had already made up his mind to underwrite the second loan, assumed an attitude of indifference towards Nigra, in order to secure better conditions, and he made every effort to ensure that the first loan should be quoted as low as possible on the Bourse, so that he would not have to offer too high a rate for the second.

The slump in the bonds, and Rothschild's apparent reluctance, greatly disconcerted Nigra. It never even occurred to him that an effort might be made to raise the loan through another House.

"If the bonds refuse to rise in value," Cavour wrote, "it is Nigra who is to blame, since, as he owes Rothschild 21 millions he cannot make up his mind to enter into negotiations for the new loan. You will understand that,

until the Baron has definitely secured it, he will continue to depress the market. Only an ingenuous person would fail to appreciate this fact."

In the end James was afraid that he might fail to secure the handling of the loan, and he decided to go to Turin again himself.

"I have been definitely informed," Cavour wrote on the 21st September, 1850, "that the great Baron will shortly arrive at Turin. Nigra is extraordinarily nervous, and I cannot understand why; for if Rothschild takes the trouble to come here, he will certainly not leave without having concluded his loan, even if it costs him one per cent. more to do so."

Cavour was at the time keeping away from Turin, although he was already generally regarded as a candidate for the Ministry and had had occasion to enter into lengthy discussions on this matter. That being the position, if he had taken a personal part in the loan negotiations, he would have given the impression of already acting as Finance Minister, without actually being a Minister.

"I have prolonged my absence from Turin," Cavour stated, "in order not to have to associate with Rothschild. I felt that it would have been hardly fitting for me, in view of my present abnormal position, to interfere in the loan negotiations."

On the very day on which Cavour wrote this letter, the Marchese d'Azeglio, Sardinia's Prime Minister and Minister for Foreign Affairs, summoned Cavour, and asked him to accept the portfolio for Agriculture, Trade, and Shipping. Cavour assented, although, as he himself said, he knew nothing about shipping. Having now, as a Minister, become a member of the Cabinet, this brilliant man hesitated no longer to intervene in matters of finance and in Nigra's department, although he was naturally unable as yet to exercise a determining influence in financial matters.

The second loan, annuities of 6,000,000, representing a capital value of 120,000,000, was concluded by Nigra with Rothschild. Four millions of annuities were left to Rothschild to sell, Nigra retaining 2,000,000 to be disposed of at his discretion. The result was that the public finances of the State of Sardinia became very closely bound up with the House of Rothschild, and Cavour was not at all pleased to see his country falling so entirely under the financial influence of that House.

On Parliament authorising the Ministry of Finance to issue 18,000 bonds in order fully to repay the debt to Austria, Cavour was determined to try and find a way of making his country independent of the Rothschilds, at any rate in this matter. Cavour conceived the plan of selling these securities in Vienna and Frankfort, and he asked de la Rue to discuss this suggestion with his business friends in those towns, Goldschmidt and Sina. "It is a business," the Minister wrote, "that ought to appeal to them. I believe that they would be very pleased to steal a march on Rothschild, and it would delight me to put a spoke in the wheel of that Jew who is cutting our throats."

Cavour's influence, however, was not as great as he could have wished. Nigra was still Minister of Finance, and the bonds were not immediately issued. Nigra was not equal to his task; the burden of debt and the deficit continued to increase, and the State's finances fell more and more under the influence of the Rothschilds.

"I am greatly concerned about the financial position," Cavour wrote to the Prime Minister at the end of March, 1851; "Nigra is shockingly incompetent."

After he had taken office, Cavour's opposition to the Finance Minister became more and more pronounced; it culminated in Cavour offering to resign during the discussion of commercial agreements with England and Belgium, if Nigra should insist upon adhering to his

scheme. As Nigra himself felt the burden of office, the result was that he, and not Cavour, resigned.

In April 1851 Cavour was accordingly appointed Minister of Finance, and obtained the opportunity of demonstrating that he did not merely know how to criticise, but was also competent to act. It was certainly no cheerful task that he took over. Only rather more than half of the 4,000,000 annuities underwritten by James Rothschild had been sold, while Nigra had accepted advances from the House of Rothschild, so that Sardinia owed that House 25,000,000. There were still balances on account of the war indemnity due to Austria, and the budget deficit amounted to 68,000,000.

In spite of the unfavourable conditions obtaining in the Paris market which made it difficult to dispose of the 4,000,000 which the Rothschilds had underwritten, they wished to get into their own hands the remaining 2,000,000 which Nigra had reserved, and they made proposals to the new Finance Minister to this end. Cavour now had his reward for having maintained his personal freedom and independence with regard to the Rothschilds. He fully realised that the only way of obtaining favourable terms in the future was to prove to the Rothschilds that they had no monopoly of State loans, and that the State was not so entirely dependent upon them as they had been able to assume under Nigra's administration.

Cavour meant to avail himself of the English market, and for this purpose he applied as early as the 25th April, 1851, six days after his appointment as Minister of Finance, to Sardinia's Minister in London, the Marchese Emanuel d'Azeglio.

"We must," he wrote, "at all costs extricate ourselves from the painful position in which we are placed with regard to the House of Rothschild. A loan concluded in England is the only means whereby we can regain

our independence. . . . It is not my intention immediately to break with Rothschild, but merely to show him that we can do without him. It is possible, it is indeed probable, that when he realises that our minds are firmly made up he will try to take his share in the operation which we want to carry through on the London Stock Exchange. In such a case I would have no objection to negotiating with him, if he were only in agreement with other English bankers. If we do not speedily succeed in concluding a loan in London, we shall find ourselves compelled again to pass through the Caudine Forks of the Rothschilds."

"This financial operation," Cavour wrote at the same time to the Deputy, Count Revel," "is of an importance that cannot possibly be over-estimated; it alone can liberate us from our dependence upon the House of Rothschild, which for some time has had such a devastating effect upon our credit."

Having obtained powers from Parliament to conclude the loan, Cavour was particularly inclined to consider the House of C. J. Hambro & Son, originally a Danish firm from Copenhagen, which had settled in England after the 1848 revolutions, the family becoming naturalised. In July of that year Cavour did in fact succeed in concluding the loan with Hambro. He noted this success with satisfaction, adding," "If we had not succeeded in obtaining money in England the Government would have been compelled again to fall into the hands of the Rothschilds and to accept such terms as they might have been pleased to force upon the State, terms which would have been all the harder, after the Ministry had made such intense efforts to escape from their domination. Moreover, my personal prestige, as the new Finance Minister, would have suffered a severe blow."

The various branches of the Rothschilds had observed Cavour's manoeuvre with the greatest dissatisfaction, and

had done everything possible to upset the negotiations.

“The loan,” Cavour wrote to Count Revel, “was concluded in the nick of time, for it seems to me that our enemies had all but united the whole of public opinion against us. I believe the article in *The Times*” was inspired by the Rothschilds. Baron James stated publicly that we should fail. Indeed, he made a pun about it: ‘*l’emprunt était ouvert, mais non couvert.*’”

This was indeed true, for of the £3,600,000 nominal loan at 85, £1,400,000 at first remained unsold. However, everything ended well, for it was possible later on, when times were better, to dispose of the remaining securities at a better price. The terms on which Hambro had concluded the loan were more favourable than those granted by Rothschild in the case of the earlier loan. Cavour was enabled to pay Austria the last instalments of the war indemnity, and show Rothschild that he was not as indispensable as Rothschild had hitherto imagined.

Cavour now felt more friendly to the House of Rothschild, and allowed them to transfer to Vienna the six million of war indemnity which were still payable to Austria, “for,” he wrote, “it has hitherto been the Rothschilds who have paid for us and collected for Austria. I think it will be well, in order not entirely to alienate that great financial power, to pay this last instalment of our misfortunes through them.”

But the Rothschilds were exceedingly angry at Cavour’s action, and they meant to show that they could not be easily trifled with. They did everything possible to depress the price of earlier loans, which they had got rid of, and, at the beginning of September, Sardinian Rentes were in fact quoted at a very heavy discount on the Paris Bourse. Although this development was not entirely unexpected, Cavour was not pleased.

“I was more annoyed than alarmed,” Cavour wrote to Revel, “at the slump in our bonds. I know that this

is certainly mainly attributable to the efforts of Rothschild. He has, it is true, not attempted to deal in the script directly, as he is too cunning for that, but he has directed his efforts to depressing our earlier 5 per cent. loan, and in that he has succeeded. In fact he has had large blocks of securities sold in Turin, not through one of his own agents, but through a House which is not known to be associated with him. . . . This operation has been kept very secret, and has caused the serious slump which we have experienced, and which has reacted upon the Paris market, that market being unfortunately only too sensitive to any downward movement. But this manœuvre must come to a natural end; Rothschild, who has now been selling for six months without acquiring any of the bonds himself, will soon find his power of action exhausted, and then the reaction will set in. I therefore beg you, my dear Count, to tell Mr. Hambro to be of good courage, and point out to him that this war-to-the-knife which the great baron has declared, does not frighten us. . . . I am told that there is a certain Corti "at the Sardinian Embassy in London and that he is a highly gifted and intelligent man; he might be instructed to act as our intermediary with Mr. Hambro." "

Cavour was proved right; the Rentes did not fare so badly. The rate improved, and, in January 1852, they were quoted at a very fair price on the Paris Bourse. The House of Rothschild thereupon again approached the Piedmont Government, James sending his son Alphonse to Turin to offer Count Cavour a loan of 40,000,000 francs (2,000,000 Rentes) at the extraordinarily favourable rate of 92. Cavour did not intend yet to issue a further loan, but he was delighted by the high figure offered by the House of Rothschild, which he rightly regarded as attributable to the success of his move in England. He laid the proposal before the Chamber with the observation that he would be able to carry on until the early

months of 1853 without a loan. The Chamber accordingly, not wishing the country's debt to be prematurely increased, rejected the offer in spite of all its advantages.

Meanwhile, after a short interval of retirement, Cavour became Prime Minister on the 4th November, 1852, retaining the portfolio of Finance. During the early days of January 1853, the Piedmont Treasury, as had been expected, again felt the need of money, and Cavour decided to sell the 2,000,000 Rentes which Nigra had reserved out of the loan of 1851.

James, who had always wanted to underwrite this portion of the loan which he had handled, did not hesitate to travel to Turin. He offered 88, whereas Cavour asked 95, and in the end he agreed to 94.50, that is, four points above the highest price that Hambro had ever reached."

This money, however, did not suffice, and Cavour was forced to consider a new loan which this time he intended to be a 3 per cent. one. Cavour had no objection to the House of Rothschild in principle; he merely wanted to get the best possible conditions for his country, and contrived skilfully to play off one financier against another. Hambro felt that he was too weak to undertake a second loan on a large scale, and Count Corti reported accordingly to Cavour. Cavour instructed him to go to Paris and negotiate with Fould and see whether the *Crédit Mobilier*, who were in keen rivalry with the Rothschilds, would not be prepared to underwrite the loan. He sent Corti an introductory letter, which the latter handed to Fould on the 21st January, 1853. Corti stated to Fould that Cavour was absolutely free to negotiate the loan where the interests of his country would be best served, and that he would therefore conclude it where he could get the best terms.

"I believe," Fould replied, "that you will find the market in Paris and London well-disposed to your

country. The slump which has again occurred lately is a consequence of the deliberate manœuvres of Rothschild, and of the fact that everybody is sure that you intend to issue a further loan."

Corti's view was that Fould had the highest opinion of Sardinia and was very much inclined to underwrite the loan *en bloc*. On the following day, Corti again called on Fould, who talked to him about his syndicate (the *Crédit Mobilier*), saying how marvellous it was, and that its like could not be found anywhere else. He then asked about terms, and Corti mentioned the figure 70 ; Fould said that was too dear, and that he must insist upon better terms. Nevertheless, it was apparent that he was most keenly anxious to underwrite the loan."

Meanwhile Cavour had received Corti's letter.

"My dear Count," he replied, "I have read with great interest the report of your conversation with M. Benjamin Fould ; you have skilfully carried out the instructions that I gave you. I request you to call on M. Fould again before you leave, and to do everything possible to induce him to name a price. You may tell him that I am expecting him to make a move, but you must give him clearly to understand that I am not in the least in a hurry, and that I am determined to follow his advice and wait until the storm that is raging on the Bourses of Paris and London is over."

Corti further reported from Paris "that Fould was still very jealous of Rothschild. Fould had once said to him with some heat, "Cavour must choose between me and him." The French financier was particularly excited when he heard that Alphonse Rothschild had again set out for Turin ; and he had every reason to be, for while Cavour was instructing his envoy Corti to negotiate with Benjamin Fould and the firm of Fould-Oppenheim, the Minister himself was negotiating in Turin with Rothschild.

At the beginning of February, statements appeared in several Paris papers to the effect that the new Sardinian loan had already been concluded with the House of Rothschild. In a state of high excitement, Fould asked Corti the meaning of this, and the latter truthfully replied that he had no knowledge of it. Fould's information, however, was not derived solely from the Rothschild himself who, without suspecting that Fould was also negotiating with Sardinia, asked him whether he would care to have a share in a Sardinian loan, saying that in that case he would be prepared to transfer a portion to him. Fould declined the offer, stating that he wished to retain his freedom of action in that matter, in order to be able to act on his own account. In dealing with Corti he showed a growing keenness to take over the loan. About this time Fould rashly said to Rothschild, when the latter again proposed that he should take part in the loan, in a rather self-satisfied and patronising manner, that he was sorry, but he was himself engaged in similar negotiations. Rothschild was much taken aback, and asked him several questions, amongst others enquiring as to the price. Fould naturally did not reply, but he was to pay dearly for having given himself away. Rothschild still endeavoured, through the Finance Minister, M. Bincau, to ascertain the price that Fould had asked, and the price that he had been offered, and then immediately sent his son to Turin. Luigi Corti called on Fould on the 27th February, informing him that Cavour's price was 73, whereupon Fould pretended to be highly disconcerted, and made his first counter offer of 36.66. Luigi Corti thereupon said that that figure was quite impossible, and that he ought to make a reasonable offer, as Rothschild was in Turin, and prepared to snap the business up under his nose. Young Rothschild had indeed actually arrived at Turin on the evening of the 26th February, 1853, although Cavour

had not invited his visit in any way. The Minister, Cavour, was advised of his arrival by the representative of the House of Rothschild, G. Landau. The news stiffened Cavour's resistance to an extraordinary degree.

"My dear Count," the Prime Minister wrote to Luigi Corti the same day, "M. Fould wants to take our loan by storm and to profit by the panic which has overwhelmed the Bourses of Paris and London to compel us to capitulate on unfavourable terms. We cannot, however, nor should we, hurry unduly. You must therefore play for time." "

Corti accordingly had to stay in Paris, and Cavour wrote him a jocular letter saying that he ought to find a young and rich heiress to pay his attentions to."

Meanwhile, negotiations proceeded between Luigi Corti and Fould. The latter, and the banks which he represented, were unwilling to offer substantially better terms. The young diplomat used the greatest precaution in keeping Cavour informed, lest the correspondence should be intercepted. Just at the critical moment telegraphic communications between Paris and Turin were broken.

Thereupon Alphonse Rothschild at Turin offered Cavour on his own responsibility 70, subject to 2 per cent. commission, and Cavour accepted. "I believe," he wrote to his banker friend, "that it would not have been possible to get better terms. You will appreciate the fact that Fould's competition has been worth some millions to us." "

Cavour thereupon telegraphed to Corti "on the 3rd March that he had come to terms with Rothschild as the latter had offered so much better terms than Fould. Corti broke off the negotiations and left Paris without having had time to follow out Cavour's playful suggestion. In later years he often enjoyed saying how

cleverly Cavour had played the various greedy financiers off against one another. The great statesman in later years, too, was guarded and cynical in his dealings with the House of Rothschild, and was always afraid "*d'être juivé par Rothschild*," as he put it."

Corti's services were warmly recognised by Cavour. "I thank you, my dear Count," he wrote to him, "for the manner in which you have carried through the task with which you were entrusted. Although the agreement was not concluded through you, you contributed very largely to its success."

Through the skilful manner in which he had handled the problem, Cavour, the new star on the political horizon, and the genius of the unification of Italy, had proved himself the financial equal, nay, the superior, in his contest with the Rothschilds.

At about the same time, Bismarck, the statesman of the unification of Germany, came into contact with the Frankfort Rothschild through his appointment as Prussian Minister to the Diet at Frankfort, since the Rothschilds, as bankers to the Federation, looked after its financial affairs.

As long as Metternich had been at the helm, the German Federation, and its organ, the Diet at Frankfort, worked harmoniously, since Prussia and Austria followed similar aims. It is true that the nation was by no means satisfied with the ineffectiveness of the Diet in internal affairs, while it was disgusted with its impotence abroad. The revolutions that convulsed Europe in 1848 and 1849 at once upset the tranquil working of the Diet. The idea of national unity took a strong hold upon Germany, and after the episode of the National Assembly Prussia and Austria each came forward with the intention of assuming the leadership of Germany. Whilst the Prussian Government summoned its supporters to Erfurt, Austria called upon all German States to restore

and reopen the Frankfort Diet, as it had been constituted before the revolution. Austria had triumphantly dealt with the risings in Italy, in Hungary, and in Vienna, the heart of the monarchy; and her new leader, Prince Schwartzberg, proceeded to turn his whole attention to regaining Austria's old dominating position in Germany. In this he could count on the support of Russia, who had shown, in the case of Hungary, that she was prepared to come to the rescue with armed force in suppressing revolution. At that time Prussia's military strength was not sufficient to enable her to put a recovered Austria in her place. She was therefore compelled on the 29th March, 1850, to yield to the humiliating demands of Schwartzberg.

One year later, the German Diet of 1815 was restored, and Prussia also notified her intention of re-entering the Diet in May 1851.

Amschel Meyer Rothschild had maintained an attitude of cautious reserve as he watched the vicissitudes of the struggle for the settlement of the German constitution that was being carried on in his native town. Although he was banker to the Federation, and therefore intimately concerned in its destiny, he did his utmost to remain aloof from all complications, being in 1850 already seventy-seven years old. Efforts were constantly being made to draw him into politics. He was asked, for instance, to finance political newspapers, but the House of Rothschild refused to have anything to do with such proposals. If they needed papers they always had recourse to individual editors, who had the desired articles published, but they were never tempted to publish a paper themselves, in which they would have had to identify themselves with a definite political point of view and a clearly defined programme. Amschel Meyer accordingly replied on the 20th March, 1849, to a proposal of this nature, that his House had "always

objected to taking part in the foundation of political papers," and he therefore sincerely regretted that he was unable to fall in with the suggestion.

Prussia's re-entry into the Diet called for the appointment of a representative. On the 10th May, Otto von Bismarck, who was appointed to this office at the age of barely thirty-six, arrived at Frankfort. Although personally he shared the conservative sentiments of Austria, he was inspired by a presentiment of the future greatness of his country, and determined, in spite of all that had occurred, to secure for Prussia the place in Germany that was her due, and if necessary to fight for it.

Bismarck's first impression of Frankfort was not a favourable one; he found it "deadly dull," and his new profession of diplomacy was anything but congenial to him. He described the social life of the delegates as consisting of nothing but "suspicious spying on one another"; "no one," he wrote, "would believe how much charlatanism and self-importance there is about this diplomacy."

Bismarck was looking for lodgings, and meanwhile was seeing callers in a plain furnished room in the town. One of the first to call on him was old Amschel Meyer Rothschild, who wished to get on good terms both with the representative of Prussia, and with Count Thun, the representative of Austria. Bismarck regarded Rothschild as a curiosity, for he was little impressed with exclusive society in Frankfort.

"You need not be afraid of high society here," Bismarck wrote to his wife. "As far as money goes, Rothschild stands highest, and if you were to take all their money away from the others, they would not stand particularly high. After all, money doesn't really count, and—may the Lord keep me humble, for the temptation to become self-satisfied here is very great."

Rothschild's call was followed up with several invitations to the house of the aged banker. In order to give Bismarck no chance of refusal, Rothschild's first invitation to dinner was for a very long time ahead. Bismarck replied that he would come if he were still alive. "My answer," Bismarck wrote to his wife, "affected Amschel so profoundly that he has told everybody about it, and goes about saying, 'Why shouldn't he live? Why should he die? The man is young and strong'!"

The impression which old Rothschild made upon Bismarck is described in a letter which he wrote shortly afterwards to his wife: "I picked the enclosed leaves for you in old Amschel Rothschild's garden; I like him because he's a real old Jew pedlar, and does not pretend to be anything else; he is strictly orthodox and refuses to touch anything but kosher food at his dinners. 'Take thome bread with you for the deer,' he said to his servant, as he went out to show me his garden, in which he keeps tame deer. 'Herr Beraun [Baron] thith plant coht me two thouthand gulden—on my honour it coht me two thouthand gulden cash. You can have it for a thouthand; or if you'd like it ath a prethent, he'll bring it to your houthe. God knowth I like you, Beraun, you're a fine, handthome fellow.' He is a short, thin little man, and quite grey. The eldest of his line, but a poor man in his palace; he is a childless widower, who is cheated by his servants and despised by conceited Frenchified and Anglicised nephews and nieces who will inherit his wealth without any love or gratitude."

When on the 18th August, 1851, Bismarck was finally appointed Prussian Envoy to the Diet, Rothschild made still greater efforts to ingratiate himself with the new power. Bismarck had still failed to find lodgings that would be within his means. Amschel offered him



BISMARCK

an elegant Rothschild villa some way out, on the Bockenheimer Road."

On the 1st October Bismarck moved into the house at 40 Bockenheimer Landstrasse, which, as a matter of fact, did not belong to the Rothschilds, but the first two floors of which had been used by Carl Meyer von Rothschild on the occasion of his second visit to Frankfort.

No sooner had these personal matters been settled when politics engaged Bismarck's full attention. The defeat of Prussia at Olmutz burnt in his soul. He and the leading men at Berlin were at heart convinced that Prussia had the right to seize the leadership of Germany; to establish her ascendancy over Germany. The fact that Austria indisputably enjoyed the formal leadership at Frankfort made Bismarck all the more determined to watch over Prussia's interests.

It became apparent that Vienna intended to use the Diet, the majority of whose States were in favour of Austria, for the purpose of outvoting Prussia, but Bismarck meant at once to contest Austria's leading position as far as this was possible. The following remark which he made shortly after his appointment was characteristic of the man: Let him but have his way, he said, and he would return with Austria's scalp." Bismarck was reserved and somewhat suspicious in his attitude towards the House of Rothschild, since he felt that he had reason to believe that the bank was more attached to Austria than to any other Federal State.

The Rothschilds had at that time been in Berlin on financial matters," and had expressed a wish to be granted the title of "Bankers to the Prussian Court." The Government at Berlin asked Bismarck to express his opinion on this request, and the latter replied that in his view the Rothschilds were adequately rewarded by their pecuniary profit for any possible efforts they

might have made in the interests of Prussia. Thereupon the proposal was dropped.

Bismarck was annoyed because Austria took the chair at the Diet, and her representative carried the title, Presiding Envoy. The opposition between Prussia and Austria was constantly making itself felt, and questions of minor importance were often the occasion for a struggle for prestige.* Such a question arose on the subject of the fleet. The central authority at Frankfort had created a German fleet in 1848, to which Prussia contributed financially, while Austria did not. It had become necessary to find further funds, and it fell to the Presiding Envoy, Count Thun, to bring the matter before the Assembly. An assessment of the States was to be made, but Prussia protested against any further expenditure as long as certain States were in arrears in respect of the earlier instalments due. The matter dragged on until the requirements of the fleet became so pressing that something had to be done. Towards the end of the year, Bismarck had almost made up his mind to agree to the assessment, when he received peremptory instructions from Mantuffel to protest against it and immediately to return to Berlin. The Prussian Envoy left for Berlin on the 3rd January, 1852, and in accordance with the established practice he asked his opponent, Count Thun, who was exceedingly angry at the attitude of the Prussian Government and the difficulties which it was constantly making, to represent him in his absence, anomalous though the position would be. Now the officers and men of the fleet required their pay. "It was essential," as Thun observed, "as speedily as possible to see that the deficit was covered, unless we were prepared to face a mutiny on the ships."

Thun accordingly summoned a meeting of the Diet for the 7th January, when the Prussian Envoy, Bismarck, would be absent; and after a lively debate it

was decided to ask the Rothschilds for a loan of 260,000 gulden to meet these requirements, on the security of the Federal moneys deposited with the bank. Thun, who proposed the motion, had simultaneously to vote against it as representative of Prussia. Bismarck and the Prussian Government were kept telegraphically informed of what was happening by the Counsellor of Legation, Wetzel.

The day after the resolution was carried Count Thun proceeded to enter into confidential negotiations with Rothschild,“ to determine the conditions on which the necessary money could be advanced. The banker was prepared to grant the loan for six months, at 4 per cent., without charging commission, merely expressing the wish that he should not be required to put the terms into writing, as this might convey the impression that he wanted to take advantage of the unfortunate position in which the fleet was placed.

The Diet therefore immediately agreed to the necessary advance of 60,000 gulden, and addressed a letter to the House of Rothschild, asking them to pay this amount. Meanwhile Bismarck telegraphed on the 9th January to Wetzel, instructing him to protest to Amschel Meyer, and on the 10th he confirmed these instructions in detail in the following message : “ Prussia does not regard the contemplated payment of money as a Federal loan ; the Federal moneys deposited with Rothschild cannot legitimately be diverted from the object to which they had been originally assigned. Register your protest with Rothschild against this money being spent or appropriated. We maintain our right of action against the House of Rothschild for any damage that we or the Federation may suffer through such payment. Rothschild is not required to obey the President’s instructions in loan matters.”“

When, on the evening of the 10th, Wetzel met Count

Thun, who was "taking a breath of air after a hard and trying day," Wetzel told him that he had intended to come and see him in order confidentially to inform him that he had received instructions from Berlin to bring pressure to bear upon Rothschild to refuse to advance money for the fleet. Thun replied to him that this was Wetzel's affair, and that, although he had the highly unpleasant duty of representing Prussia in the Diet at that time, he was not responsible for her actions, but only her mouthpiece. He added that he was doubtful whether Rothschild would listen to Prussia's views, since he had received his instructions from the Presiding Officer in the prescribed form, in accordance with a resolution of the Diet, and he was not to take cognisance of the negotiations at the meeting of the Diet, or of differences of opinion between the various members. Wetzel said to Thun that this was his opinion also and that for this reason it was all the more painful for him to carry out his instructions. Whereupon they parted.

As Thun expected that such action on the part of the Prussian Delegation could not fail to produce some effect upon Rothschild, he asked one of his attachés, the Baron von Nell, to call on Rothschild on some pretext or another on the morning of the 10th, and endeavour to ascertain his attitude. Herr von Nell reported to Count Thun in due course that he had found Rothschild entirely changed in his attitude, and that Rothschild had said to him that he could not afford to make an enemy of Prussia. Finally Rothschild had stated that he wanted to give the matter further consideration, and that he wished to request Count Thun to fix a time for the following day, the 11th, that he could come and discuss the matter with him. Thun invited him to come at 12 o'clock. The position was exceedingly painful for Rothschild. He did not in the least wish to annoy either Austria or Prussia, and he wanted to remain banker to the Diet

and carry on his business in peace ; and now he suddenly found himself faced with the conflicting claims of two of the most important States of the Federation and was compelled to take sides with one of them. He described the difficulties of his position in eloquent language to Count Thun, during their conversation on the 11th January. According to his report, Thun put the following points to Rothschild : “ Who has to decide questions affecting the business of the Federation ? The Federal Assembly. What is the official means by which the Federal Assembly communicates its wishes to third persons such as yourself ? Through the Delegate who presides over the Diet. The demand which you have received has therefore fulfilled all the conditions necessary to make it in order. In my opinion Prussia has no reply at all if you say to her : ‘ I have no knowledge of what occurs within the Federal Assembly. My legal authority is the Presiding Delegate, who has sent me his instructions in accordance with a resolution of the Diet, and I have carried out these instructions as in my position I am required to do.’ ” Thun also gave Rothschild to understand that if he refused to make the desired payment Thun would be compelled to call a further meeting of the Diet upon the following day. It would be impossible for the majority of the Assembly to allow an individual Government to prevent the execution of a resolution which it had passed, so that in all probability it would pass a resolution that the Diet’s business should be transferred to another bank at Frankfort, which would be prepared to pay the money when it was wanted.

The aged Amschel Meyer followed what the Count had to say in a condition of great excitement. He suggested, as a way out of the difficulty, that he should be authorised to pay the 60,000 gulden to Austria’s account. Thun, however, stated that he could not agree to this. In the end Amschel Meyer yielded to the pressure brought to

bear by the Count and the combined endeavours of his *entourage*, and promised to make the payment. As the old man left Count Thun's antechamber, he met the Prussian Counsellor Wetzel, who had called to discuss the same matter with the Presiding Delegate.

Thun reported as follows with regard to the dramatic discussion with the Prussian diplomat, which resulted : " I could not refrain from telling him just exactly what I thought. I began by explaining that I felt so indignant about Prussia's last actions that it would be impossible for me completely to restrain myself ; I found this all the more difficult since, in accordance with my conceptions of duty and honour, I had never permitted myself to give third persons the slightest inkling of the constant differences and divisions of opinion that had occurred at the meetings of the Diet, and I had accordingly applied the greatest self-control in my recent discussions with the Rothschilds. I said I must therefore ask him not to regard any expressions I used as official. I felt that I must honestly say that it had never occurred to me as conceivable that a Government of the Federation could ever be moved so far to degrade the Federation's authority as to protest to a banker against a resolution passed by the Federation, leaving it open to him to let the whole town and the whole of Germany know what was happening. If Prussia had been concerned only to maintain her principles, a formal protest at the meeting of the Diet would have sufficed ; the incident, however, revealed the fact that Prussia was not concerned with achieving this trivial object, but wished to establish what, in my view, was an entirely unreasonable and inadmissible principle, namely that Prussia alone should lay down the law to the Federation ; and if this were so, the very existence of the Federation would be at stake, for those questions which we have conscientiously endeavoured to keep in the background would be forced

to an issue, and that the decision in their case might easily lead to consequences of the gravest nature."

Thun also gave the Counsellor to understand that in such circumstances it would be exceedingly painful, and indeed impossible, for him to take the place of the Prussian delegate.

The Presiding Delegate was indeed enraged to the utmost by Prussia's action. "It had not occurred to anybody," he wrote to his Government, "that it would be possible, even for Prussia, to have recourse to such a disgustingly contemptible means as to appeal to a Jew against the Diet. I feel that their action has made the position so acute that an understanding and reconciliation will no longer be possible. The Diet naturally could not accept the position, and if Rothschild had not agreed to pay the money, I could not have left the matter in suspense for another twenty-four hours, even if war would have been the inevitable result. The failure of this attempt will merely serve to make Prussia feel humiliated; she will be more irritable than ever, and I myself do not perceive how she can reverse her policy."

He went on to state that his success in inducing Rothschild to pay had produced a few days' peace, but that Prussia's aim was still merely to humiliate the Diet. "As I have said," Thun's letter continued, "I am convinced that Prussia will not allow matters to proceed to extremes, that is, to a breach, if she sees in others the firm determination not to be intimidated by the idea of proceeding to extremes. And it seems to me that matters have now reached the point where such a firm attitude is an *absolute necessity*."

Amschel Meyer Rothschild, having yielded to Thun's pressure, had replied to the Counsellor, Wetzels, stating that he would be exceeding the bounds of his business duties in an unwarrantable manner if he were to take account of a difference obtaining in the High Federal

Assembly and were to refuse to grant an advance which he had been required to make by the High Federal Assembly through the recognised channel of its Presiding Delegate. He was unable to take cognisance of the protest and was compelled to make the money available.

Wetzel accordingly reported " that Amschel Meyer was paying the money in spite of any representations that had been made. He said that the banker would rather sacrifice the money than fall out with Austria ; and that Count Thun was highly indignant, as he regarded the protest as an insult to the whole Diet, and wished therefore to be relieved from the representation of Prussia.

Thun was not content with leaving it to Wetzel to report, but himself wrote direct to his Prussian colleague, Bismarck, at Berlin. In this letter he also stated that he would never have believed " that a German Government belonging to the Diet could so far have degraded the authority and prestige of the German Diet as to protest to a Jew against the resolution of the Diet. . . . " I confess," wrote Thun, " that so long as I live I shall blush to think of it. The evening when Counsellor Wetzel showed me the protest, I could have cried like a child at the disgrace to our common fatherland."

Bismarck replied very sharply : " It is not our fault if, as you say, the Diet has been dragged in the mud through arguments with a Jew ; it is the fault of those who have exploited the Diet's business connection with a Jew in order, in an unconstitutional manner, to divert moneys that were in the Jew's keeping from the object to which they had been assigned."

Thun still further embittered the dispute by declaring the Prussian official of the Federal Treasury, Crüger, who had protested against money being paid by Rothschild, dismissed from his office.

Meanwhile, a telegram was received from Vienna, where the Government was horrified at the entirely unexpected dispute with Prussia. Thun was severely reprimanded, Schwartzenberg giving him to understand that he was not prepared to run the risk of suddenly one day learning by telegram from Frankfort that Austria would have to march against Prussia. This cold douche from Vienna had a very damping effect on the gravely offended Thun. But his first interview with Bismarck, who returned to Frankfort on the 23rd January, was of a highly emotional nature. Bismarck took a very firm tone, and, amongst other things, referred to the matter of Crüger, giving Thun to understand that his Government would "never recognise the right of the Presiding Delegate to dismiss an official of the kingdom of Prussia."

Thun endeavoured to maintain his point of view against Bismarck's "schoolmaster's tone," as he called it. When Bismarck, on taking his leave, stated for the second time that he expected to pack his trunks in a few days, Thun replied that he could but congratulate him on getting out of a position which must have been a highly painful and unsavoury one for a man of honour, since the Governments themselves attached so little importance to the maintenance of the honour and prestige of an assembly in which they were jointly represented, that they were prepared to protest to a Jew against this resolution."

Bismarck showed the Rothschilds very plainly how angry he was with them. He did not accept any of their invitations, and showed them in every possible way how strongly he disapproved of their conduct in this matter. All the Rothschilds' efforts to conciliate him availed nothing for the time being, and Bismarck did not confine himself to a social boycott, but, in his wrath at the Rothschilds having placed money at the disposal of the Diet in spite of Prussia's protest, he endeavoured also

to secure that his Government should break off all business dealings with the House.

“As your Excellency is aware,” Bismarck wrote on the 11th March to the Prussian Prime Minister, Manteuffel,⁷⁰ “the firm of Meyer Amschel von Rothschild and sons here has completely ignored the protest . . . and paid the sum of 60,000 gulden at its own peril, as the head of the firm himself stated, in order not to spoil its relations with the Imperial Government of Austria. The protest did have the result that it was decided not completely to carry out the resolution, authorising the military sub-committee to take up a loan of over 260,000 gulden; but it would have been easy for the House of Rothschild to find reasons for withholding the 60,000 gulden, or for paying the money in some other way, without excessive collusion with the Austrian Government. Your Excellency may infer the extent to which that House is anxious to please the Austrian Government in every possible way from the fact that he immediately informs the Austrian Delegate of every remittance that he receives for the Prussian Delegation to the Diet. On one occasion Count Thun actually informed me that the House of Rothschild had been instructed to make such a payment before I had received any official intimation to that effect. The conduct of the House of Rothschild in connection with this protest has caused me to ignore all invitations from the Herr von Rothschild resident here, and in general to give him to understand that his action has been highly displeasing to the Prussian Government.

“I cannot but also regard it as desirable that the business relationship in which the Prussian Delegation to the Diet has hitherto stood with the House of Rothschild should be broken off, and that the business should be transferred to another firm here. Your Excellency will agree with me that a continuance of this relationship

would be liable to be misinterpreted and might be represented as indicating that the Prussian Government had convinced itself that the House of Rothschild could not have acted otherwise."

Bismarck accordingly proposed the House of Moritz Bethmann as being a suitable House to be entrusted with the business instead of the Rothschild bank. It transpired, however, that the Rothschilds had a supporter in the President of the Seehandlung Bank, whose name was Bloch. Mantuffel had referred Bismarck's proposal to the Prussian Finance Minister Bodenschwingh, and he had consulted Bloch. Prussia had concluded loans with the House of Rothschild both in 1850 and in 1852 and, although Bloch expressed the opinion that the House of Bethmann was perfectly sound and reliable, he suggested that there were "other considerations of a general nature, especially in the interests of the Seehandlung, against the change." He mentioned that the Seehandlung had very considerable sums on deposit with the Rothschilds, which they could at any moment deal with as they pleased, and the important question arose "whether, having regard to the substantial amounts that are involved in this case, another firm would be in a position to offer the same security as the Rothschilds undoubtedly afford."

Bloch further pointed out that whereas the Herren Bethmann, in spite of the invitation they had received from him, had taken no share in the loan of 1850 or in the loan of 1852, the Rothschilds had invested very considerable sums in both these loans, and had always co-operated most readily with the state of Prussia in other financial operations. They must therefore obviously feel themselves slighted by the sudden withdrawal of the business in question; and besides, it was possible that on a future occasion the success of similar financial operations might be frustrated through the opposition of these

bankers who, through their extensive means, exercised a determining influence on the money market, and that, in any case, without their assistance the success of such operations would be made much more difficult.

Bloch further stated that he was "far from holding a brief for the Herren von Rothschild, or from wishing to give them any advantage inconsistent with the public interest," and expressed the opinion that they were hardly likely to favour Austria as against Prussia, since their attitude in financial transactions was affected by purely business considerations.

Having regard, therefore, to the business relationship between the Seehandlung and the Rothschilds, he was in favour of ignoring Bismarck's proposal.

Manteuffel thereupon decided that Prussia's business relationship with the Rothschilds should not be broken off. They, on their side, did not weary in their endeavours to obtain Bismarck's forgiveness and re-establish themselves in his favour.

Carl Rothschild, Solomon's son Anselm, and indeed Solomon himself, who was at the time on a short visit to Frankfort, called, one after the other, on Bismarck, to express their regret at what had happened. Young Anselm went so far as to attribute the incident entirely to the senility of his uncle, who was already seventy-seven years old, saying that he had been so fiercely threatened by Thun that he had finally acquiesced in the payment.

Meanwhile the question of the fleet had been settled by agreeing that Prussia should not have to make any further claim and the fleet itself should be put up to auction. Indeed, Prussia was indemnified for having paid more at the beginning by having two ships ceded to her.

The *rapprochement* between the Rothschilds and Bismarck was promoted by the fact that Count Thun, who was not particularly well-disposed to the Jews,

supported a protest brought forward by twelve Catholic citizens of Frankfort against the extension to the Jews of the rights of citizenship granted on the 8th October, 1848, and 20th February, 1849, which were decried as "revolutionary legislation."

The Senate of Frankfort sent forward this protest to the Diet, and on the 5th August, 1852, the Diet resolved that the law of the 20th February, 1849, conferring on the Jews equal civil and political rights, was to be regarded as "not legally enacted," and that the Free City of Frankfort should be requested to announce accordingly that the law was not valid.

As this proposal had emanated from the Austrian Catholic party, it was opposed by Bismarck, with the result that the Prussian delegate found himself on the same side as the Rothschilds, who were watching the further development of the matter with deep anxiety. Anselm Rothschild appealed to Vienna with an urgent request to Schwartzemberg that the Imperial Court should use its influence to ensure that the resolution of the Diet should not result in the Frankfort Jews sustaining a reverse which would be unjust and not in accordance with the general good. He pointed out that out of 57,550 citizens, only 6 per cent., that is, 3,500, were Jews; so that it was ridiculous to fear being outvoted.

When, in the middle of November 1852, Count Thun was recalled from Frankfort, Bismarck felt that he had completely carried the day, and he was prepared to take the blame for the incident of the Rothschild advance. He again accepted invitations to the Rothschilds, and his attitude implied, not merely that he had been reconciled to the House of Rothschild, but that his feelings had changed completely in their favour.

When later on Mantuffel again asked Bismarck for his opinion in the matter of appointing Rothschild Court Banker to Prussia, he no longer found him opposed to the

idea. Manteuffel emphasised that it would "not be exactly easy to call such an important bank to account with reference to any profits it might make," and wished to be told whether he could grant the Rothschilds the title they desired or whether their sympathies were still predominantly anti-Prussian.

"My interest in the matter," wrote Manteuffel, "I would tell you in the strictest confidence, is somewhat to divert Herr von Rothschild from the efforts he is making here to improve the Vienna exchange, and to induce him favourably to consider the construction of a railway which we may wish to have built."

Bismarck replied "that he had no objections to raise against the title being granted, and that in his opinion there was reason to believe that the persons concerned would highly appreciate the honour which it was intended to confer upon them. "The Rothschilds," Bismarck wrote, "have never been really guilty of anti-Prussian sympathies; all that happened was that on the occasion of a dispute that occurred between ourselves and Austria about a year ago on the question of whether certain deposits should be made available for the fleet, they were more afraid of Austria than of us. Now, since the Rothschilds cannot properly be expected to show such courage as would lead the *justum ac tenacem propositi virum* to resist such *ardorem civium prava juben-tium* as Count Thun developed on that occasion, and as the other members of the family have since apologised for the attitude of Baron Amschel, whom they described as senile (he died in 1855), I feel that, in view of the services which this financial power is able to render, their mistake on this occasion may be consigned to oblivion."

Of his own initiative Bismarck went even further. He repeatedly recommended, both in conversation and in writing, that the banking house which, with the exception of the single instance in January of the preceding

year, had always shown its willingness, in its financial dealings with the Prussian Delegation, to be of service to his Government, should be granted some distinction. The blame in that instance was, as stated by members of the House of Rothschild themselves, attributable to the senility of Amschel Rothschild, who had allowed himself to be intimidated by the threats of Count Thun.

“The conviction has repeatedly been forced upon me,” Bismarck wrote, “that the leaders of this financial power would value a distinction conferred upon them by Prussia, since they do not merely value personally honours conferred upon them. They also regard official marks of the good will of Governments, especially of those Governments whose financial house is in order, as an important element in their credit. That there are occasions when other but purely business considerations are a determining factor on the attitude of the House of Rothschild in financial operations seems to me to be indicated by the success with which Austria has secured the financial services of the House, since I am convinced that, apart from the financial profit to be gained by such transactions, the influence which the Imperial Government was able to bring to bear upon the Jewish problem at Frankfort profoundly affected the House of Rothschild. The efforts . . . which Austria made in the course of the summer to secure the emancipation of the Jews seem to be attributable to the efforts of the Rothschilds. . . . The present senior partner of the House here, Meyer Carl von Rothschild, has repeatedly given me to understand how greatly he desires to receive the Red Eagle of the Third Class, which Order has been conferred upon two of his subordinates, one of them, whose name is Goldschmidt, being at Vienna, and, as was particularly emphasised by Herr von Rothschild, upon the eldest of the brothers von Bethmann, who is Prussian Consul here.

“I would regard the conferring of such an order on

Meyer Carl von Rothschild as being wholly in the interests of the State, and I am willing to recommend to Your Excellency that, in addition to this order, the honourable distinction of Royal Court Banker to His Majesty the King should, for the reasons above indicated, also be conferred upon all the members of the House of Rothschild."

The Prussian Finance Minister, however, unlike Manteuffel, was not well-disposed to the Rothschilds. He ignored the opinion expressed by the President of the Seehandlung, and informed Manteuffel that in his view "the firm of the brothers von Rothschild has of recent years shown itself less disposed to act in the interests of our Government than previously." He therefore held that neither the Order of the Red Eagle nor the title of Court Banker should be conferred upon them. The Finance Minister's aim apparently was, by this refusal, to induce the Rothschilds to prove themselves more amenable to the wishes of the Prussian Government in financial matters, in order that they might be deemed worthy of such distinction.

"His Majesty the King," Manteuffel wrote to Bismarck, "has no objection if, when a suitable occasion offers, it should be indicated to the members of the firm that it is greatly regretted that in the circumstances it is not possible to confer the mark of favour contemplated but that it is hoped that the House will find another opportunity of enabling the Government to do so."

Bismarck informed the Rothschilds that Manteuffel was not averse from the idea of conferring a distinction upon them," but that the Finance Minister had "complained to the King regarding the attitude of the House in recent times." The Rothschilds protested that they were exceedingly hurt at this suggestion, and that they had no idea at all what could be the basis for it. The newspapers put forward the idea that, since the Order

of the Red Eagle was in the form of a cross, a special form of it would have to be designed for the Jews.

“If this view is correct,” Bismarck wrote to Manteuffel, “any more or less emancipated Jews, such as the Rothschilds are, with the exception of the very aged Amschel, will lose any inclination to adorn themselves with a decoration which will have become a stamp of Judaism.”

A conflict arose in Berlin between Manteuffel, who was on the side of the Rothschilds, and the Finance Minister, who was against them, the conflict ending in the victory of the Prime Minister. On the 12th February, 1853, the bankers Meyer Amschel von Rothschild were appointed Court Bankers, after all, “as a mark of His Majesty’s satisfaction,” and Manteuffel hastened to inform Bismarck of this fact, having reason to believe that the latter would be pleased to be the first to bring this information to the Rothschilds.”

Bismarck reported that he had done so, adding some items of financial news which he had heard at the Rothschilds. There was such a superabundance of money in the Frankfort market at that time that Rothschild had terminated and repaid a deposit of one million thaler, which the Government of Saxony had deposited with him, stating that it could not afford to pay more than $1\frac{1}{2}$ per cent. without loss.

“This superabundance of money,” Bismarck wrote, “is attributed by Rothschild to the fact that, partly through the fear of war, and partly through the uncertainty regarding the future of the Customs Union, the spirit of enterprise has vanished, so that money is flowing back from business without being reinvested. Rothschild said that he would be exceedingly grateful if he could be shown a possibility of placing his money at $3\frac{1}{2}$ per cent. If the Prussian Government should at the moment enter into any business transaction with

the House of Rothschild which would give the latter some opportunity of showing their personal good will, I would venture dutifully to repeat my suggestion that the mark of royal favour already given should be followed up by conferring the Order of the Red Eagle of the Third Class on Baron Meyer Carl. He is at the moment the most influential member of the family, and I have had further proof of the high value which he attaches to the conferring of such a distinction upon himself, and of the eagerness with which he is seeking it. It was impossible for him to understand how he or his House could, as I recently gave him to understand, have given the Finance Minister any occasion for dissatisfaction."

Bethmann, who had been cherishing the hope that he might himself become Court Banker to Prussia, and thereby win a victory over his old rival Rothschild, was exceedingly disconcerted when he heard that the latter had succeeded in obtaining the appointment. He hastened to Bismarck and told him that the rebuff which he had sustained could be compensated for only by conferring a personal distinction on himself. Bismarck's attitude was not encouraging. "I fail to see any necessity for this," he commented, "and regard his attitude as being merely a pretext for having his vanity satisfied by being granted the order of St. John, which he indicated as being a reasonable compensation. I cannot regard him as being a suitable person to bear this Order. . . . If, as he threatened, he were to resign his consulate out of pique at the distinction conferred upon the Rothschilds, we should find plenty of others willing to undertake the office."

Bismarck's attitude towards Austria had remained unaltered. Whenever the Diet showed any sign of activity, he attributed some secret or crooked motive to the Austrian Government and its new representative,

Baron von Prokesch-Osten. Similarly, in their treatment of the Jewish problem. The protest of the Catholic citizens of Frankfort had still not been disposed of, and Bismarck expressed the suspicion " that Austria herself had deliberately tried to make this an important issue, so that, if it depended upon the President of the Diet to retard or expedite it, this fact could be used to bring pressure to bear on the House of Rothschild in financial negotiations. Bismarck meant to suggest that Austria would vote on the question of the retention of the constitutional liberty of the Jews according as the House of Rothschild should prove obliging to her in financial matters or not.

"The effect of such pressure," Bismarck wrote, " can be justly estimated only when one bears in mind the exceptionally high importance that all members of the Rothschild family attach to the attainment of better political and social conditions, in their native town of Frankfort especially. The chief of the House here, C. M. von Rothschild, who, one gathers, has a decisive influence in the family affairs, is especially sensitive on this point, by reason of the rivalry of Christian bankers."

There was no way of pleasing Bismarck in this matter. If Austria opposed any alteration in the Constitution that would damage the Jews, this proved her servility to the Rothschilds and her dependence on the Jews. If, on the other hand, she supported such a change, this amounted to " the resumption of her former paramount position in the governance of the City"; and this would be a dangerous development. Bismarck remained true to his policy of opposing Austria's influence with the Diet whenever he could. The Prussian Delegate, therefore, opposed the protest, and supported the retention of Jewish liberties in Frankfort, thereby winning the gratitude of the House of Rothschild.

The personal relationship between the old bank and

the delegate, who was still to play such an important part in the history of Germany, remained a very satisfactory one until Bismarck's official duties at Frankfort came to an end in 1859.

It was not affected by such temporary difficulties as arose during his period of office at Frankfort between Prussia and the House of Rothschild. There were two opposing parties in the Prussian Government. The party to which Manteuffel and the Cabinet's adviser Niebuhr belonged were favourable to the Rothschilds, whereas the finance Minister Bodenschwingh did not attempt to conceal his dislike of them.

When in the spring of 1854, just after the Western Powers and Turkey had declared war on Russia, the Prussian Government was faced with the possibility of being forced to take military measures, Manteuffel persuaded the King that Niebuhr should be commissioned to sound the House of Rothschild regarding a possible loan of 15 million thaler, without the Finance Minister being told anything about this. Niebuhr fixed on neutral Heidelberg as a place for the discussions, which were attended by Meyer Carl and Nathaniel, who, already an invalid, came from London for the purpose. Even the aged James was asked to come from Paris to Heidelberg, a fact which clearly showed Niebuhr the great importance that the House attached to the conclusion of this business. He therefore hoped to obtain favourable terms, but the Rothschilds proceeded with extreme caution and kept on excusing themselves from any definite statement, on the ground that James was still absent, until, after three hours of negotiations, Niebuhr asked them with some heat whether they wanted to do the business or not; if not, would they kindly say no. It was not a matter of politeness but of business, and he and his Government wanted to know where they stood. Niebuhr got a decided "yes" by

way of answer, and they proceeded to argue as to the price at which the loan should be underwritten. The Rothschilds offered .90, but Niebuhr replied that this was an impossible figure, and he must have 93, which had been offered elsewhere. The Rothschilds declared that it was impossible that such an offer should have been made by people who seriously meant business. Niebuhr thereupon provisionally broke off negotiations and returned to Frankfort with Meyer Carl, where he told him that the Minister, Manteuffel, would gladly have concluded the loan with him out of respect for the House of Rothschild and owing to his feeling that he would then be carrying through a plain and reliable transaction, but that this required a certain amount of courage, as public opinion in Prussia was prejudiced against doing business with his House.

On the 8th June, the negotiations were resumed at Hanover with the Paris and Frankfort Rothschilds. These both repeated the previous offer made, but appeared very disturbed regarding the political situation, and asked that, until the loan was fully subscribed, no Prussian mobilisation should be ordered, as this would inevitably bring about a fall in quotations. Agreement on many points had already been reached, when the Finance Minister, von Bodenschwingh, suddenly heard of the negotiations which had been carried on behind his back, and protested emphatically. He bitterly reproached Manteuffel and Niebuhr, stating that the Rothschilds had offered "the most worthless conditions." Bodenschwingh secured the breaking off of discussions with the Rothschilds, and had the loan subscribed privately, with a fair measure of success.

Meyer Carl returned to Frankfort very much disappointed, and poured out his soul to Bismarck, who found food for thought in the differences of opinion in his own Government.

At about this time, the President of the governing body at Trier asked Bismarck to use his influence with Rothschild on behalf of the Jewish Community at Cologne. Bismarck felt compelled to reply that, while he was prepared to use his personal and private influence with the family, he was unable to ask a favour on behalf of the Prussian Government, since, as he said, "the conduct of the House of Rothschild in connection with the last Prussian loan has not been such as to make it desirable to ask these gentlemen a favour on behalf of the Prussian Government."

This rift in the lute was a matter of some concern to the Prussian Delegate, since, it being his constant aim to restrict the sphere of Austria's influence, he had intended to make use of the Rothschilds in connection with a scheme that he had planned, the object of which was to check the circulation of Austrian securities in the South of Germany. In the South, and particularly in Frankfort, many persons held Austrian investments; and they were led to place their political support where their financial interest lay. Bismarck meant to counter this by facilitating dealings in Prussian securities in every way possible. When Meyer Carl asked him to have the interest on all Prussian State Bonds paid through him, an arrangement which would substantially facilitate dealing with these securities in South Germany, Bismarck immediately agreed. He reported accordingly to Manteuffel, adding that Rothschild had offered very favourable terms, "since he looks at the arrangement from the point of view that it increases his business."

"If, therefore," Bismarck wrote, "higher quarters should be disposed to accede to the request which Rothschild has so frequently made to me, I believe that the greater convenience and security against loss thereby offered would be an inducement to Jewish investors to increase their holdings of such securities."

This proposal, however, again met with strong opposition on the part of the Rothschilds' bitter enemy, the Finance Minister, Bodelschwingh. He pointed out that the Rothschilds had already been entrusted with the interest payment on the loan of 1850 and 1852, as well as on the premium loan of 1855. "Had this firm," he continued, "taken a proper share in the loan of 1854, which was concluded in exceptionally difficult circumstances, the same arrangement might have been made.

"That it would be exceedingly agreeable to the House of Rothschild to be granted the same advantages with regard to the $4\frac{1}{2}$ per cent. loans of 1854, 1855, and 1856, although it had nothing to do with their issue, is readily intelligible. Such action, however, would not be in accordance with the interests of the Treasury."

Manteuffel held that Bodelschwingh had been largely responsible for the fact that Rothschild had not taken part in the loan of 1854, but for the time being Bismarck's proposal was not accepted. The Rothschilds, however, persisted in their request, and Bismarck was not the man easily to accept a refusal.

Meyer Carl addressed two urgent letters to Bismarck at a short interval" reminding Bismarck that he desired all the Prussian $4\frac{1}{2}$ per cent. loans, including that of 1856, to be "domiciled" with his bank.

"Your Excellency is aware," he wrote, "that my House, which has been devoting itself as always with the greatest zeal to strengthening and extending the financial credit of the State of Prussia, has succeeded, not only in obtaining a market here for the most recent loan issued by the Bank of Prussia, but also in obtaining such an extensive market for this loan throughout the whole of Southern Germany, that securities to the amount of seven millions have already been sold."

Thereupon Bismarck wrote a letter to Manteuffel,"

strongly urging that the Rothschilds' wishes should be carried into effect.

"I do not know," he wrote, "the reasons which prevented the House of Rothschild from taking a proper share in the loan concluded in 1854 under difficult conditions. In raising this matter, I did not proceed from the assumption that there was any question of punishing or rewarding a bank for its business methods; my sole aim was to discover an arrangement which would favour a larger sale of Prussian securities abroad, and would attract foreign capital for our needs. That such an arrangement as has been suggested would assist in achieving this end, appears not to be disputed by the Finance Minister, only he does not regard the advantages as so considerable as has been stated. I do not gather from the arguments advanced by the Finance Minister that he fears that we should suffer any disadvantage from such an arrangement, especially as the House of Rothschild is prepared to forgo even the small amount which they had asked to cover expenses. We may, of course, assume that the bank has its own reasons for making such a proposal, for it is not going to undertake all the work involved out of devotion to Prussia. The fact, however, that its advantage is identical with ours, does not seem to me to furnish any reason why we should ignore ours."

Bismarck further developed his argument against Bodelschwingh and concluded by suggesting with all deference that the matter should be discussed once more with the Finance Minister. This was done, but without producing the desired result. Bodelschwingh held that there was no reason for further considering the Rothschild proposals. "Indeed, in a letter to Manteuffel, he made a counter-attack upon Bismarck, and endeavoured to show that the latter had "failed clearly to grasp the proposal." "

On still failing to obtain a favourable decision, Meyer

Carl applied direct to Manteuffel ; he said that he would accept any indemnification for the work involved that might be considered reasonable, as he was solely concerned " to demonstrate again the sincere devotion of his House, and their desire to serve the interests of Prussia's finances."

The matter was not decided until Bodelschwingh resigned and a new Finance Minister, von Patou, was appointed. Although Bismarck had left Frankfort by then, he urged the new Finance Minister to accede to the Rothschilds' request, but this was not done " until Bismarck's successor, Herr von Usedom, had also supported the proposal," and Rothschild had appealed to the President, von Camphausen, pointing out that he had recently sold Prussian securities to investors to the value of several millions and had " thus assisted in consolidating the financial interests with those of South Germany."

This matter, too, had clearly revealed the excellent understanding that had subsisted between Bismarck and the Rothschilds during the later years of his stay at Frankfort. Neither did their pleasant relations suffer through the following tragi-comic incident, which originated in Berlin and was exceedingly painful to the House of Rothschild, but for which Bismarck, as they well knew, was in no way responsible.

Bismarck's suggestion that Baron Meyer Carl von Rothschild, who lived at Frankfort, and was the eldest son of Carl Meyer Rothschild of Naples, should be given the Order of the Red Eagle as well the title of Court Banker, was accepted, but a special order of the Red Eagle was designed for non-Christians, being of an oval shape instead of in the shape of a cross. At the beginning of July 1853, Bismarck handed Meyer Carl this Order, which he considered to be very tastefully designed. " Rothschild appeared grateful, but he accepted the

decoration with mixed feelings, since, as he already held, amongst others, the Order of the Redeemer of Greece, he would clearly have felt himself more at home amongst the cross-wearers. The House of Rothschild did, in fact, regard it as a slight rather than as a distinction, and this decoration was a constant source of irritation to Meyer Carl Rothschild. He felt it all the more keenly when, on the 14th August, 1857, just after Prince William of Prussia had taken over the Government, from King Frederick William IV, who was ill, he received the Order of the Red Eagle of the Second Class, also in the form designed for non-Christians.

Meyer Carl, as far as possible, avoided wearing the Order, as he felt that it marked him out in an unpleasant way, but persons who were ill-disposed to the Rothschilds whispered to the new Regent that Rothschild wore the Order of the Red Eagle in the form of a cross. One day, to his surprise, Bismarck received the following communication from Manteuffel: "It has been brought to the notice of His Royal Highness, the Prince of Prussia, that the Court Banker, Baron von Rothschild at Frankfurt-on-Main, upon whom the Order of the Red Eagle of the Second Class was conferred by royal decree on the 11th August, in the form appointed for non-Christians, is wearing the Order in the form of a cross, and I have been instructed to enquire into this matter."

The Prime Minister requested Bismarck to state in confidence whether the Prince had been correctly informed. Bismarck hastened to send the following reply: "In accordance with the Royal Command of the 27th instant, I have the honour dutifully to inform Your Excellency that I have not seen the Court Banker, Carl Meyer von Rothschild (who should properly be called Meyer Carl), wearing such a decoration, since he does not go to big functions, and when he does wear Orders, prefers to wear the Greek Order of the Redeemer, or the



MEYER CARL BARON ROTHSCHILD

Spanish Order of Isabella the Catholic. On the occasion of the official reception which I myself gave on the 25th ultimo, to celebrate the marriage of H.R.H. Prince Frederick William, which he would have had to attend in uniform, he excused himself on the grounds of ill-health, it being painful to him to wear the Red Eagle decoration for non-Christians, as he would have had to do on that occasion. I draw a similar inference from the fact that whenever he comes to dine with me, he merely wears the Ribbon of the Order of the Red Eagle in his buttonhole. I have never heard that Herr von Rothschild . . . has worn the decoration appointed for Christians, although the Frankforters love making the most of such incidents, and in view of the keen rivalry between the various financial powers, the Christian bankers have derived no small satisfaction from the fact that Herr von Rothschild may not wear the regular decoration.

“ I shall not fail to give this matter my most careful attention and shall report further if I should learn of any facts of the nature indicated in the Royal Command of the 25th ultimo.” “ This report disposed of the matter, and nothing more was heard about it.

In later years Bismarck once told “ of the only speculation that he engaged in, as the result of information which he owed to his diplomatic position. Prussia meant, if necessary, to use force to end the everlasting dispute to what country the Canton of Neuchâtel should belong. This might have meant war with Switzerland, which, however, would have been possible only if the Emperor Napoleon, whom Prussia would have had on her flank, had raised no obstacle to her action. Bismarck was sent to Paris in order to ask the Emperor personally what his attitude was in the matter. He knew that Napoleon would raise no objection and that it was therefore highly probable that Prussia would go to war with Switzerland. Bismarck wished, accordingly, to dispose of securities

which would have been adversely affected, and went to see Rothschild for this purpose. Rothschild advised against selling, as the securities in question had good prospects. "Yes," replied Bismarck, "but if you knew the object of my journey you would think otherwise."

Rothschild replied that that might be so, but he could not advise him to sell. Bismarck, however, got rid of his securities and left for Paris. Louis Napoleon was very amenable and would not have been likely to raise any difficulties about the action against Neuchâtel.

Meanwhile, without telling Bismarck anything about it, the King of Prussia had changed his mind, and decided to have nothing more to do with the matter. The war which had been expected, therefore, did not occur, and the securities in question continued to rise in value. Rothschild was proved right, and the great statesman lost a considerable amount of money through the premature sale.

Bismarck was in Frankfort when old Amschel Meyer, so delightfully described by him, died; he continued to be on the best of terms with all the members of the House living there. When, in 1859, he left Frankfort to take up his new post at Petersburg, the Rothschilds hoped that they had established themselves in the favour of the man who, their instinct may well have told them, was destined to great things.

CHAPTER VIII

From the Crimean War to the Italian War of 1859

AFTER being directed for several years by temporary managers, the Vienna House of Rothschild acquired in Solomon's son, Anselm, a chief who endeavoured to restore the prestige of the House of Rothschild in the Imperial dominions, after it had been almost destroyed by the revolution and Metternich's flight. Thus in Vienna, as in London, the third generation since the foundation of the bank had come into power. Just as Nathan's sons, although they did not inherit his financial genius to the full, were distinguished from their father by a remarkably good education, so Anselm Rothschild also was a highly cultured man who, unlike his father, had fully mastered the German language, and also spoke French and English very well. He was naturally modest and quiet; and his studies in Berlin, his activities in the Paris House, and his extensive journeys throughout the world had developed his personality and social poise. In Vienna, however, he was an absolute stranger, since, even after he had completed his studies, he had been living at Frankfort, and his duties as Austrian Consul-General in that city were not an essential part of his activities. It would mean hard work to restore his House to its firm position under the new and entirely altered conditions. His task was made somewhat easier by the fact that Metternich had returned from Vienna at the end of the year 1851, and Kübeck of the Finance Ministry, an old acquaintance of the family, still possessed great influence. Metternich's return was a clear indication of the change in the internal political situation. After the stormy years in which the pendulum had swung so far to the left, the forces of reaction were again asserting themselves. Single individuals were again assuming

control in the State, and financiers were beginning to feel that conditions were returning under which they could regain their political influence. Anselm availed himself of every opportunity of drawing attention to himself by munificent gifts. The return of the Emperor Francis Joseph from a lengthy journey through his Northern States furnished a welcome opportunity for such expenditure.

“After a long absence,” Anselm wrote to the Minister of the Interior, “and having accomplished a journey full of benefit to the monarchy, the honoured father of our country is returning to his capital. All hearts go out to meet him, and Vienna celebrates a day of festivity. From palace and cottage shouts of welcome echo to greet our beloved sovereign. Sharing profoundly, as I do, in this universal rejoicing, I would like, my dear Minister, as some satisfaction to my feelings, to make a small contribution to the relief of the sufferings of the needy in Vienna, and I venture humbly to transmit to Your Excellency the enclosed 5,000 florins C.C., with the humble request that you will graciously make such use of this sum as may seem best to you.”

All the papers commented on Anselm's gift, and he received an official letter of thanks. The young Emperor, however, remained very unapproachable, and none of the new Ministers were as disposed as were Metternich or Kolowrat to allow Anselm to have political influence; and even if they had been, it would not have had the same effect, for none of them, not even Schwartzenberg, who died all too soon, had anything like as much power as Metternich.

Austria's finances were certainly in a very bad way, and it was through this fact that the Rothschilds were to recover their influence in Austria. At the beginning of the year 1852, von Baumgartner, a former professor of physics, had been appointed Finance Minister, and

he was not equal to carrying out the duties of his position. Anselm succeeded in getting a loan floated for him in London in May 1852, a considerable portion being underwritten by the Frankfort House as well, but this did not help much, and the accounts for the year 1853 still showed a deficit, although externally everything remained quiet.

Moreover, the Government and its departments were by no means well disposed to the Jews in Austria, although they occupied most of the principal places in banking and finance, and were able, through their international connections, favourably or unfavourably, to affect the State's credit.

The veto on the purchase of real estate by the Jews was actually reimposed in the autumn of 1853. Thereupon, according to reports from Paris,¹ a kind of coalition was formed on the Bourses of Paris and London, its object being to damage Austrian credit.

The measure made a highly unfavourable impression on the Rothschilds, and Anselm was reproached by James for having failed to oppose the decree earlier and more emphatically. James spoke to the Austrian Ambassador Hübner in the greatest dismay; he said that the excitement on the Bourse was intense, and as Austrian Consul-General he did not dare to show himself lest he should expose himself to the attacks of his co-religionists, who were reproaching him for his devotion to the Austrian Government. He said that his position was an exceedingly painful one; Austria's credit had been profoundly shaken both in France and in England by the measure; no one wanted to hear anything more about the Metalliques, and it was impossible even to think of a loan. "In a word," Hübner reported, "he is beside himself."

Hübner suggested that it would be well for the Government to "soothe the children of Israel," as he put it;

for, apart from the Oriental question, this Austrian measure against the Jews was the sole topic of conversation in Paris.

Meanwhile a new storm centre had formed in the East of Europe. Russia was the only State that had remained untouched by the revolutions of the preceding years; she had indeed assisted materially in suppressing them beyond her frontiers. The Tsar wanted to satisfy his sense of power at the expense of a completely disorganised Turkey, which he called "a sick man." An agreement regarding the partition of Turkey broke down owing to England's suspicious attitude, and all the other States, too, were afraid of Russia becoming too powerful in the Balkans. The occupation of Moldavia and Wallachia by Russian troops in May 1853 could not but be regarded as a particular menace to Austria at a time when she especially wished to avoid foreign complications, since her finances were in a very bad way.

Metternich refused to tolerate being left out in the cold. The aged statesman had resumed his traditional relations with the House of Rothschild, as represented by the son of his old friend Solomon, and from time to time he had recourse to Kübeck, who was still friendly to him, and who had the ear of the Emperor, with a view to bringing pressure to bear quietly. On the 2nd December, 1853, Metternich informed Kübeck of what had been said at a visit which Anselm had paid him. "Herr A. von Rothschild," he wrote, "whom I had not seen for several weeks, called on me and discussed the general situation which has taken such a dangerous turn owing to the unfortunate state of affairs between Russia and Turkey. Passing from this topic to Austria's financial condition, he stated that this was inevitably approaching a crisis, unless we set upon the right method of avoiding it. I observed that if the prospects for the future were

as Rothschild had stated, I was not the man who could render any assistance, and that I had no doubt that Herr Baumgartner, whose intelligence Rothschild himself has often praised highly, would be able to deal with the danger.

“Rothschild declared that he had expected better things of Herr Baumgartner, but that Baumgartner had no sense of reality and was not equal to his task. I replied that I could not venture an opinion on this matter, since I was unacquainted with the position and with the personality of Herr Baumgartner. The conversation at this stage was interrupted by a visit from the Nuncio. Rothschild took his leave, and as I went with him to the door he said to me, ‘ You mark my words, we are on the eve of a crisis ; if something is not done to avert it, it will be upon us before the new year ! ’

“These words made an impression on me, and I am therefore communicating them to you as being the only person to whom I may properly tell them. You will be able to judge better than anyone else what value should be attached to them.”

Rothschild was then not at all satisfied with the conduct of affairs in Austria, not only on account of Baumgartner’s incompetence, but also because he was not asked for his advice in financial and political matters. Russia’s conduct produced even more violent reactions in the West of Europe, in England and France, than in the Imperial city on the Danube. England feared Russia’s advance towards the Mediterranean, while in France the new and therefore particularly sensitive Emperor was deeply wounded by the manner in which he was treated by the Tsar, who did not concede him the manner of address commonly used between monarchs, namely, “*mon frère*,” but addressed him simply “*Sire et bon ami*.” This question of form showed only too clearly how little the Tsar was pleased with the new régime in

France. Napoleon had no success either in his endeavours to marry a princess of royal birth. In January 1853 he replied to the rebuffs which he had suffered in Stockholm and Berlin by ostentatiously marrying a girl of lower rank. Eugénie de Montijo, who had come to Paris with her mother in 1852, was a member of the brilliant society of the French Court, and fascinated the Emperor with her charm and intelligence. She was, moreover, the daughter of a Spanish nobleman who had once fought for Napoleon I.

James Rothschild knew the ladies very well, for the Countess Montijo, whose means were limited, while her expenditure was lavish, constantly came to him for advice, and often attended his parties with her daughter. He closely followed Louis Napoleon's growing interest in the Spanish girl, and was one of the first who conceived the possibility that the radiantly beautiful girl would one day be Empress. When Napoleon invited the Montijo ladies to Compiègne with other guests, James took care to be accurately informed of the former's conduct.

On hunting and other expeditions the Emperor had frequent opportunities of conversation with Eugénie. She speedily gave him to understand that she was not the type to consent to a casual liaison. Soon everyone in Paris was discussing the Emperor's interest in the young lady, and the rumour was already becoming current that the Emperor meant to marry her. Two parties were immediately formed, the one favouring and the other being opposed to the match. James Rothschild belonged to the former party, and although ministerial circles were keenly opposed to the idea, James, who had a very reliable source of information, felt convinced that the marriage would take place. On the 31st December, 1852, Napoleon summoned a Council of Ministers at which, under the seal of secrecy, he proclaimed his intention of marrying the young countess.

All the Ministers endeavoured to dissuade him, and Napoleon is said to have replied as follows :

“ Well, gentlemen, in spite of all the honest efforts that my Government has made to establish a genuine solidarity in support of the cause of peace and order between itself and the other States of Europe, it has not succeeded in prevailing upon the old diplomacy to regard me as other than a ‘ Parvenu,’ although eight millions of Frenchmen, that is, the whole country, have placed me upon the throne. The ‘ Parvenu,’ therefore, may not hope to conclude a royal marriage unless, like the late Duke of Orléans, after begging at all the Courts, he brings home a princess of whom nobody has ever heard. In order to safeguard his dignity and that of the nation which has conferred upon him the Imperial crown, the ‘ Parvenu,’ that is, the son of the people, will be forced to choose a parvenue as his bride. If the monarchs of Europe should take umbrage at this, let them remember that the fault lies, not with me, but with their own diplomatists, who leave me no choice in the matter. If I am to be debarred from contracting a ‘ political ’ marriage, I shall at any rate have the comfort of being able to contract a *mariage d’inclination*. As, however, I am accountable for my actions and omissions to nobody but the nation that has set me upon the throne, I shall appeal to them in this matter too, by a special message which, as the Chambers are no longer sitting, I shall address to the Bar of the Senate and of the Legislative Corps.”

Ministerial circles were very much inclined to regard the suggestion of this marriage as being at bottom only a political demonstration against foreign diplomacy, which had succeeded in frustrating the efforts of the Emperor of the French to obtain the hand of the Princess Wasa, and, as Louis Napoleon stated he had been definitely informed, which was determined to bring to

naught any efforts of a similar nature, including those for the hand of the Princess von Hohenzollern, who was a cousin of the Princess Wasa.

The ministers concealed Napoleon's intentions, even from their wives, because they kept hoping that Napoleon would not give effect to his decision.

James was especially assiduous in his attentions to the Montijo ladies. The ball at the Tuileries of the 12th January, 1853, finally removed any doubts that he might have felt as to the correctness of his surmise. Hübner relates the following illuminating episode in his Memoirs : Only privileged persons were allowed to enter the Marshal's Room at a ball. James Rothschild was escorting the Andalusian, Mlle. de Montijo, while her mother was on the arm of one of his sons. The latter thought that he could find room for the two ladies on some settees. The wife of a Minister, who wanted the seat in question, and who thought it was impossible, in spite of all the current gossip, that the Emperor should marry Mlle. de Montijo, remarked quite shortly to Eugénie, who was just going to sit down, that those places were reserved for the wives of Ministers. The two Spanish ladies were painfully embarrassed. They looked helplessly at their escorts, who were also exceedingly uncomfortable. Thereupon Napoleon saw what was happening, and hurried over to the ladies, taking them to *tabourets* which were just by the members of his family. This action could not be misinterpreted, and caused a sensation ; everybody recognised it as signifying that the Emperor was actually determined to marry the young lady. The future was to show that. James Rothschild's wise behaviour, at a time when Eugénie had not yet attained the height of her good fortune, was to bear good fruit. The future Empress never liked the banker, Fould, her husband's protégé, and she therefore prevented a complete breach with

James, who seemed to have been forced into the background by Fould, the *Crédit Mobilier*, and the Pereires. It was not until the 22nd January, 1853, that Napoleon proclaimed the message, announced on New Year's Day, in which he informed the people that his decision to marry Eugénie de Montijo had been definitely taken. On the same evening Solomon Rothschild, who was staying in Paris with his daughter-in-law, gave a dinner. At this dinner the Emperor's marriage was the sole topic of conversation. It was naturally a matter of particular interest that Napoleon had paid a public tribute to his bride's virtue, by saying of her, in the message: "I have chosen a woman whom I love and honour."

Baroness Charlotte, Anselm von Rothschild's wife, remarked: "One can love a woman without esteeming her, but it is only when one honours and respects her that one takes her as a life companion." As this statement indicated, the House of Rothschild at this dinner took the side of the Emperor without reserve; and they arranged that he should soon hear about it.

The Austrian Minister, Hübner, was, as we know, not well disposed to the Rothschilds; their feelings in this matter were certainly mutual. James said that he would prefer again to see a "grandseigneur" as Austria's representative in Paris, who would have a proper residence and live in style. Hübner was a little jealous of the Austrian Consul-General for other reasons, and also because his position at the Imperial Court had now been somewhat improved through the Montijo ladies. In accordance with the traditions of Austrian diplomacy, he regarded a Consul-General *a priori* as a person in a subordinate position, and James's peculiar standing in society and in the State worried him. The result was that each tried to give the other petty pinpricks. James endeavoured to undermine Hübner's position at Vienna by sending in coloured reports of third parties, while Hübner

prevented James from being present at the Emperor's betrothal at Nôtre Dame Cathedral on the 30th January. In accordance with the express wish of the Emperor, his chief Master of Ceremonies, the Duke of Cambacérès, had sent James Rothschild an invitation card and, in accordance with the usual practice, this had been sent through the office of the Austrian Legation. Herr von Hübner, however, kept the invitation back. The Emperor, hearing that James had not been present, asked the Duke why, and discovered that the Austrian Minister had prevented the Baron from accepting the invitation. This made the Emperor exceedingly angry, and when, on the evening of the 3rd March, he saw Rothschild at the Court Ball at the Tuileries, he went up to him and shook him warmly by the hand, although he did not say a word to any of the foreign representatives.

Kübeck's secret correspondent in Paris, who was also hostile to Hübner and was a friend of Rothschild, made the following report on the incident: "As unfortunately nothing in Paris remains secret for long, Napoleon III knows that there is friction between Herr Hübner and Baron Rothschild, and that Herr Hübner wishes to exclude Baron Rothschild from the Diplomatic Circle on public occasions, although it has always been the custom in France that Consuls should appear at Court, together with their respective Ministers or Ambassadors. Napoleon III, who has been told about this, is profuse in showing marks of good will to Baron Rothschild, just in order to let Herr Hübner see how distasteful the latter's personality is to him."

This was not literally true, the statement having been coloured by the fact that the journalist Debraux, who was temporarily employed at the Austrian Consulate-General, was intriguing against Hübner. Relations between Napoleon and James were far from being as

cordial as all that ; but the Emperor felt grateful to James because he had been friendly to the Montijo ladies, and because of his attitude in the marriage question. In financial matters he continued to place his unrestricted confidence in Rothschild's rivals, Fould and Pereire, and their *Crédit Mobilier*, although the latter was already being severely criticised. Hübner had no sympathy with financiers who wanted to play an important part. "In other countries," he observed contemptuously, "where everything has not yet been levelled by sixty years of revolution, as it has here in France, there are still, thank God, separate classes ; but here money is everything, and in the sentiments of the nation, the Rothschilds and the Foulds have the precedence of the Montmorencys and the Rohans." The tension between Hübner and his Consul-General had the unfortunate result that the Minister was deprived of an important and abundant source of information ; for Rothschild had achieved an exceptional position amongst all classes of the population of Paris. Through his connections he always had the best possible information on all matters ; that such information should not reach the Minister was particularly regrettable at a time when the position in foreign affairs was becoming critical. The Emperor Napoleon, who had been offended by the Tsar, was making approaches to England with a view to taking sides against Russia on behalf of menaced Turkey.

After the sensation of the Emperor's marriage had somewhat subsided, the question of peace or war dominated the Ministries, the salons, the clubs and the streets. People were already beginning to talk about an inevitable war, words which struck terror into the heart of James Rothschild. Hübner found James Rothschild at this time "positively demoralised" by fear of war.

The actual facts, however, were not quite so bad ; for James had been told by his nephew in England that

that country, too, would proceed against Russia, and he heard from Anselm in Vienna that, even if Austria did not intervene actively, she was inclined to withdraw herself from Russia, and would in no circumstances fight on her side. Although the House of Rothschild was bound to regard a war as a serious interference with its activities to which peace was essential, it found some comfort in the fact that all the Rothschild Houses were on the same side. They were, however, keenly aware of the extent to which their influence had sunk since the year 1840, for they could not seriously think of countering Napoleon's war policy, and scarcely attempted to do so.

On the 12th March, 1854, England and France concluded an alliance with Turkey, and when the Tsar failed to reply to their demand that the Danube principalities should be evacuated, the war broke out, which came to be called the Crimean war, after the country where it was fought.

Now that the die was cast, the Rothschilds completely identified themselves with the countries in which they were living. Duke Ernest of Coburg actually states in his *Memoirs* that Rothschild said to him as early as the 4th March that he would place any amount of money at his disposal for war against Russia. This attitude was certainly partly attributable to the fact that the Jews were severely oppressed in Russia.

As the war proceeded the rivalry intensified between the Rothschilds and the *Crédit Mobilier* which, with the assistance of the Government, was achieving a very powerful position, engaging in undertakings of the most varied nature, and already extending its activities beyond the boundaries of France. It made advances to the Vienna Cabinet, whose policy at that time was particularly nebulous and uncertain, and which required large sums for military preparations. Austria threatened Russia without actually attacking her, and allied herself

platonically to the Western Powers, without assisting them. This policy alienated both sides, and proved expensive in addition. When the financial embarrassments of the State had become extremely acute the government proceeded to consider the sale of the State Railways. In 1852, the Austrian State owned all the railways in the monarchy, with the exception of the Nordbahn, which was the province of the Rothschilds, and the Vienna-Raadbahn, which belonged to the Sinas. The Rothschilds' rivals in Vienna, Sina, Eskeles and Pereira, energetically sponsored the plan of getting the State Railways into the hands of the *Crédit Mobilier*, with themselves as shareholders, and to the exclusion of the Rothschilds. Such a scheme was naturally exceedingly distasteful to the Rothschilds, for if all the other railways in Austria, including the Northern State Railways, were to come into the possession of a rival undertaking, this might have serious consequences for the Nordbahn. The Rothschilds accordingly at once started a campaign against the scheme, which had already made considerable advance, but they were not able to prevent its being carried into effect.

The board of directors of the new undertaking, which assumed the name I. and R. Chartered Austrian State Railway Company, contained the two Pereires, Adolph Fould, Napoleon's half-brother the Duke of Morny, and the Barons Georg Sina, Daniel Eskeles, and Ludwig Pereira, the most bitter enemies of the House of Rothschild. Baron Eskeles went to Paris and got an introduction to the French Government from the Ambassador Hübner, who avoided saying anything to the Rothschilds about the matter. The Government had two excellent reasons for wishing the scheme to go through. It wished to assist the *Crédit Mobilier*, which enjoyed the Emperor's patronage, to obtain a good business and also to induce Austria to intervene actively on the side of the Western

Powers ; only the authorities in Paris wanted to wait awhile lest the considerable French loan which had just been issued should suffer from the diversion of the large amount of capital required by the new railway company.

The Prussian Prime Minister decided to take advantage of this delay in order if possible to secure the Austrian railways for a Prussian syndicate under the leadership of the *Seehandlung*. This idea, however, did not appeal to Vienna, as they felt it would humiliate them in the eyes of the other States of the Federation. They preferred to remain with powerful France, even if she should postpone the final decision for a few months.

The House of Rothschild put every possible obstacle in its power in the way of the scheme going through. Anselm in Vienna discussed the matter with all the persons in authority in the Government, including Metternich and Kübeck, the latter most strongly condemning this selling off of the State Railways. His uncle James took similar steps in Paris, but without avail. They were simply regarded as competitors who were left high and dry and wanted to deprive their rivals of their success.

On the 1st January, 1855, part of the railways belonging to the State were actually sold to the *Crédit Mobilier* for 200,000,000 francs (about 77,000,000 gulden C.C.) whereas the cost of constructing the railway had amounted to 94,000,000 gulden. The Südbahn and the Lombard-Venetian Railway remained in possession of the State. It is interesting to note that the conclusion of this agreement was kept secret from the public until it had been actually signed. It was a bitter blow to the Rothschilds ; they who had laid the foundations of the Austrian monarchy's railway system, and who had been so anxious to get under their own control the railways from the extreme north to the extreme south, now had to see their Nordbahn being threatened by hostile rivals.

Anselm Rothschild gave Baron von Kübeck the most detailed explanations regarding the nature of the agreement that had been concluded, showing how unfavourable it had been to the State of Austria. They both condemned the affair as a "disgraceful business." "

A keen rivalry between the *Crédit Mobilier* and the Rothschilds had now arisen in Austria too: the former did all it could to depress Nordbahn shares on the Vienna Bourse, while the latter endeavoured to do the same with regard to the shares of the new State Railway Company. Both sides soon made attempts to obtain possession of the other railways belonging to the State, and the House of Rothschild, remembering the opportunity that it had missed, tried particularly hard to get the Südbahn into its hands.

As far as the authorities of the State were concerned, Anselm did not reveal any sign of his displeasure and when, in February 1855, the Empress Elisabeth was expecting her first child, he joined with the other bankers in generous contributions to philanthropic objects, in commemoration of the joyful event. There was one, possibly accidental, fact indicating that during the last year Baron Sina had done more profitable business with the State, in that he expended 5,000 gulden C.C., whereas Anselm devoted only 4,000 gulden to similar objects." Secretly, however, Anselm, spurred on by his uncle James in Paris, was planning a counter campaign against the menacing extension of the *Crédit Mobilier* for which, with the assistance of Kübeck and Metternich, he soon secured the support of the Finance Minister, and which he was soon able to put into operation.

Meanwhile the Crimean war continued. The Rothschild Houses in the West supported the combatants in every way; they underwrote the British war loan of £16,000,000, while James took a large share in the great French September war loan of 750,000,000 francs. The

Rothschild Houses also joined in granting a loan to Turkey, although it should be added that this was guaranteed by England and France.

By their actions the Rothschilds demonstrated their faith in the final victory of the Allies, whose campaign in such a distant theatre of war was necessarily something of an adventure. As, in England especially, large numbers of people had lost their confidence in State securities owing to the war, the Rothschilds were able to acquire such bonds cheaply, and also to underwrite the loan at an advantageous rate. They were not mistaken in having confidence in any venture which England undertakes. After battles of varying success, the fortress of Sebastopol fell in September, and the death of the Tsar Nicholas, as well as the war weariness in Russia, gave the Western Powers ground for hoping that the campaign would terminate speedily and victoriously. The Rothschilds had again backed the right horse, although it is true that in their position it was impossible for them to consider any other. They could, however, have remained aloof from any financial participation, and as we have seen, they did not do so. As soon as they realised that they could not prevent the war, they placed themselves at the service of their countries' interests; and as the Crimean war ended successfully, it also served to increase the enormous wealth, and to raise the reputation, of their House.

In this respect the year 1855 was a particularly satisfactory one for the House of Rothschild. But for the family it was destined to be a year of mourning, for no less than three of the five brothers died in that year. The first was Carl, who died on the 10th March, 1855, at the age of sixty-seven, after surviving for only two years the death of his gifted and witty wife, Adelheid. He left three sons. The eldest of them, Meyer Carl, was destined to take over the important position at Frankfort,

as Amschel had had no children. The youngest one, Adolf, who was then twenty-seven years old, took over the direction of the Naples House, which even then had a very restricted importance, and the continuance of which was dependent upon the Bourbons remaining in power at Naples. The business with Sardinia and the Pope had a long time ago passed out of the control of Naples into that of the Paris House. Adolf had married Julie, the daughter of Anselm of Vienna.

The next after Carl to die was the old friend and associate of Metternich, Solomon Rothschild, who had been driven out of Vienna on the Chancellor's fall. After a short period at Frankfort, he had finally settled in Paris, where his dear daughter Betty was married to his brother James. Since he had vanished from the scene at Vienna, he had had no further influence on the business of his House, and had been left out of account since 1849 because the other members of his House did not agree with his attitude during and after the revolution. Now at last his eldest son Anselm formally took charge of the Vienna House. Anselm endeavoured to save what he could of the old position of his House; indeed, a long time before his father's death he had already succeeded in delivering the first counter attack upon the *Crédit Mobilier*. With the support of the Austrian Ambassador in Paris, Isaac Percire had made proposals to the Government of the Imperial State for founding a concern in Vienna on similar lines to the *Crédit Mobilier*. He had, however, been anticipated by Rothschild, who had brought together a group of highly influential aristocrats, such as the Princes Fürstenberg, Schwartzenberg and Auersperg, and Count Chotek; the Austrian Finance Ministry having granted permission to the group, that was led by Rothschild and Lämél, to found a *Creditanstalt für Handel und Gewerbe* (Credit Institute for Trade and Industry) which was to have

many of the essential characteristics of the *Crédit Mobilier* although it was conceived by the founders solely as a means of keeping the *Crédit Mobilier* out of Austria. Of the 500,000 shares at 200 gulden, two-fifths were reserved for the promoters of the company, the Articles of Association providing that they should pay up one-third of the nominal value of these shares. After clever propaganda, the remainder were speedily taken up by the public. The shares soon rose extraordinarily in value, rising to double their nominal value at later periods, in the so-called founders' years. The policy of the *Creditanstalt* was, however, more cautious and conservative than that of the *Crédit Mobilier*, a fact which was soon to be painfully obvious.

Meanwhile Amschel Meyer, the Head of the Frankfort House, who was eighty-two and the eldest of the five brothers, had fallen seriously ill. On the 6th December, 1855, he drew his last breath. In his old age his markedly Oriental features were sharply defined, and snow-white hair covered his head. In accordance with ancient Jewish usage, he always wore the long open caftan. He was always thinking of his work and his business. In his later years Bismarck was fond of telling a story in which Amschel Meyer made fun of himself. Having called in the doctor, at the age of eighty-one, when he was ill, Amschel Meyer thought that his end was near. The doctor examined him and replied, "What are you thinking of, Baron? You may live to be a hundred." Thereupon Amschel Meyer replied with a smile, "What are you talking about? If God can get me for 81, He won't take me at a hundred!"

Throughout his life Amschel kept as aloof as possible from politics. A conservative by instinct, he was friendly to Austria and did not wish to have anything to do with extravagant schemes such as Zionism. He expressed his views strongly in 1845, explaining to Bernhardt

Behrend that the redemption of the Jews could be brought about only by the will of God, and that he regarded the idea of purchasing a particular area of land in North America for the settlement of the Jews as a *Stuss* (stunt) with which he would have nothing to do.¹¹

Old Amschel Meyer was remarkable for his keen understanding and his wide knowledge of human nature, and was always ready to treat intelligent and genuine persons *al pari*. He regarded personal interest as the main incentive to human action. He remained true to his religion until he died, ate nothing but kosher food, and enjoyed discussing theological subjects. Meyer Carl, the eldest son of the Naples Rothschild, who had for some time assisted him in the management of the Frankfort bank, was indicated as his natural successor. The Frankfort firm thus acquired a capable and businesslike chief. Unlike his late uncle, Meyer Carl took part in politics and was elected to the North German Reichstag in 1866. As the heir to the dead man's private property, he came into a rich inheritance which he largely devoted to the extension of his art collections.

Of the five brothers who had been scattered over Europe, only one now survived. This was the youngest, James Rothschild of Paris, who was now more than sixty-three years old and was tacitly regarded as the chief by all members of the House.

He had followed with no little concern the development of the Crimean war, but when the allied armies returned victorious he congratulated himself and his brother on the attitude which they had adopted during the campaign. The new Tsar was more ready to conclude peace than his predecessor Nicholas had been. At the end of February 1856 the Peace Conference met on the Seine, and a month later peace was concluded. France thereby acquired a dominating position on the continent, and this increase in her prestige reacted

favourably upon her finances. This time the *Crédit Mobilier* achieved the climax of its career ; French Rentes stood very high, and the shares in that undertaking, which yielded 10 per cent in 1852, yielded 44 per cent. in 1855, the shares being quoted on the Bourse at the highest point which they ever touched, namely 2,000. They were destined thereafter constantly to decline until the inevitable collapse of a concern with such extensive aims. At that time, however, after the victorious conclusion of the Crimean war, France was pervaded with the spirit of courage and enterprise.

Austria, who had not been able to make up her mind as to what she wanted during the whole of the Crimean war, had substantially increased her financial difficulties without achieving any concrete political advantage. She therefore had to consider how she could get ready money by disposing of the remainder of her State railways. It was in this connection that the *Creditanstalt*, founded by the Rothschild group, won its first spurs. To the great annoyance of the newly founded State Railway Company patronised by the *Crédit Mobilier*, it succeeded in registering the considerable success implied by the acquisition of the Lombard-Venetian railway system. On the 14th May, 1856, the agreement with the *Creditanstalt* was completed, the Englishmen, Talbot and Laing, as well as the French Duke of Galliera, being parties to it. Austria received the sum of 100,000,000 Austrian lire, payable in convenient yearly instalments, and partly out of the realised profits of the concern.

This success showed the *Crédit Mobilier* that the Rothschilds were able to stand up to them in Austria. The London, Paris, and Vienna banks were represented in the concern, as well as the Princes Schwartzenberg and Fürstenberg, who had joined in the foundation of the *Creditanstalt*.

The Rothschilds having now acquired a substantial

proportion of the railways in Austria, they proceeded to think out further extensive schemes. In September 1856 they planned to construct railways in Moldavia and Wallachia, as an extension to the Austrian railways in Siebenbürgen, and to carry these on to the Black Sea viâ Bucharest.¹⁴

The Austrian authorities took a friendly attitude with regard to the grant of a concession to construct those portions of the railway which would lead to the Wallachian frontier.

While these extensive schemes were under consideration, an incident occurred which seriously affected the Paris House and created a considerable sensation. People had grown accustomed to regard the Rothschild banks and all their undertakings as thoroughly efficiently managed and their officials as being absolutely reliable ; it therefore came as a great shock when, in September 1856, the Rothschild principal accountant of the Northern Railway of France, whose name was Carpentier, disappeared, together with another official, after having embezzled millions. The thieves fled to America, and it was not until a considerable proportion of the money had been irrevocably lost that their arrest was effected.

The Paris House assumed full responsibility for the loss, and did not allow the others to share it. No one derived greater satisfaction from this incident than the two brothers Pereire. Their own success was at this time beginning to wear somewhat thin, and although they extended their operations over an ever-widening field, even bringing Mexico within their range, they were constantly losing ground with their more solid business associates.

The news which Anselm received at Vienna regarding the way things were going encouraged him to a more aggressive competition with the *Crédit Mobilier*. He did

not fail, however, to follow his father's example and, when necessary, to intervene on behalf of his Jewish co-religionists. On the 8th August he begged Count Buol-Schauenstein " for a " warm and timely word " on behalf of the Jews in Vienna. He made a similar appeal " to the Austrian Envoy to the Vatican, as he had received a heart-rending petition from the Israelite Community in Rome.

Lionel, the head of the British House, was at that time also fighting for the emancipation of the Jews in England. His brilliant social position, which was reinforced by the skill with which his brothers Meyer and Anthony had made themselves popular in English society, through their love of art and sport, marked him out as a redoubtable protagonist of the cause. His dinners and parties were masterpieces of taste and magnificence. In March 1867 he had married his daughter Leonore to Alphonse Rothschild, James's son, and the heir to the Paris bank.

By acquiring Gunnersbury House, which had formerly been the country place of Princess Amélie, the aunt of King George III, Lionel had established himself in a magnificent residence. If there was anyone who could intervene effectively on behalf of the emancipation of the Jews it was he. So far, however, although he had been elected three times to the House of Commons, he had not been allowed to take his seat on the ground that he refused to take the prescribed oath, in which he would have had to confess himself a Christian. Lionel meant to remain a Jew, and to force his way into the House of Commons. All England took an interest in this struggle, which was the actual occasion for raising the question of Jewish emancipation.

Lionel found a powerful ally in Benjamin Disraeli, the friend of his House, who, although he had himself become a Christian, warmly supported Lionel in his

endeavours. In 1857 Lionel was elected to the House of Commons for the fourth time, but the House of Lords still refused to accept the alteration in the formula of the oath, although the House of Commons had voted in favour of changing the oath. Lord Derby, who in 1858 became Prime Minister for the second time, and in whose Ministry Disraeli held office as Chancellor of the Exchequer, had so far always proclaimed himself an opponent of Jewish emancipation. Now, however, he and his colleagues in the Cabinet were persuaded, by Disraeli's tireless efforts, to agree to a compromise, namely that the nature of the oath to be taken by its members should be left by each House to decide. The House of Commons was therefore free if it wished to devise a special formula for Jews, while the House of Lords could say that it was not concerned with the conditions under which members should be admitted to the other House.

The motion was speedily carried through both Houses, and Rothschild was thereby enabled to take the oath under the altered formula, on the 26th July, 1858. When he entered the House it was packed. In deep silence he was led to the table by Lord John Russell, who had always supported the principle of equal rights for all citizens. He bowed to the Speaker, and took the oath on the Hebrew Bible, substituting for the words, "on the true faith of a Christian" the words, "so help me, Jehovah." Thereupon the Speaker shook hands with him, and he took his seat on the side of the Liberal party, the House still maintaining a deep silence. Thus a struggle of eleven years was ended by Jews being admitted to the House of Commons.

Lionel took little actual part in politics. He devoted his energies principally to important business undertakings, especially those in Austria. Anselm, encouraged by his success with the Lombard-Venetian railways, had

again taken up the scheme of getting control of the Südbahn, that is, of the line Vienna-Trieste. The Austrian State had grossly mismanaged this line financially, and there was no money for further construction.

Approximately the same group, under the leadership of the Rothschilds, who had acquired the Lombard-Venetian railway, now turned their attention to the Südbahn. They felt that they would thus acquire an undertaking which would greatly enhance their prestige, and whose shares would be an admirable speculative investment. Moreover, it would be possible to arrange to pay the purchase price in instalments over a period of several years. The Company accordingly obtained the concession for the Southern State Railway as well, and as a result the railways of Upper Italy became united with the Southern Railway into a single concern.

The transaction was carried through with such technical skill on its financial side that the purchasing syndicate were enabled to show a highly substantial profit on its conclusion.

One consequence of the transaction was that large numbers of foreigners, especially of French officials and engineers, were taken on the strength of the railway, which was to constitute the chief link between the Italian provinces and the monarchy. All this happened just before the campaign of 1859, at a time when the activities of Sardinia's highly gifted Prime Minister had for some time been watched with growing concern. How little fear there was of any war with France was indicated by the fact that this important railway was left to a group consisting mainly of French capitalists.

Meanwhile, Cavour had been deliberately proceeding with his preparations for the unification of Italy under the sceptre of the only native dynasty that ruled in any of the Italian States, that is, under the liberal kingdom of Piedmont.

The Sardinian statesman perceived that the dearest wish of himself and his people could only be achieved by war, and he accordingly set about developing the commercial and military resources of the country. All this was done secretly, commercial measures often serving the purpose of concealing his war aims. When, in 1856, Cavour required a loan for the purpose of strengthening the military power of the State, he advanced the pretext of railway and other construction, more particularly the construction of a tunnel through the Mont Cenis, whereby the shortest route from Turin to Lyons was to be established. Cavour clearly showed what was in his mind in a confidential letter to the Director-General of the Treasury, Count T. di S. Rosa.

“ I share your opinion,” he wrote to him on the 22nd August, 1856, from Turin, “ that it will be necessary to issue a loan ; but such an operation must be justified by reasons which will not give rise to the opinion that we require it in preparation for war. Such a motive is quite naturally supplied by the conquest of the Mont Cenis. If therefore you speak to Rothschild about any proposal for a loan, avoid saying anything that might lead him to suppose that we are contemplating a *terza riscossa* [third resumption of war]. Tell him that we want to drive a tunnel through the Mont Cenis, and to build the line from Bardonnêche to Susa at the expense of the State which will involve an expenditure of thirty-six million.”

Cavour fully realised that his small State with its few million inhabitants could not make war upon Austria alone, and that he required allies. Sardinia was now to have her reward for participating in the Crimean war. Napoleon showed a benevolent interest in the efforts for the unification of Italy. The Crimean war having been successful he was then at the height of his power ; he was not to realise, until 1870, what a grievous mistake this war had been, through which he had made an enemy of

the Tsar, who threatened Prussia's rear. Austria had taken no part in the campaign, but Sardinia, with her beggarly five millions of inhabitants, had, although God knows what interest she could have had in the Crimea. Her action had been wise, for it was only with Napoleon's help that she could hope to detach Lombardy and Venetia from the Imperial State of Austria. Napoleon showed himself well disposed to Italy's efforts at unification, a fact which naturally reacted upon France's relations with Austria. Napoleon welcomed any opportunity for punishing Austria for her dubious attitude during the Crimean war. Austria's representative in Paris, Count Hübner, as well as her Consul-General, James Rothschild, occasionally heard very unfriendly words said about that country.¹⁴

These dangerous developments were closely followed by James, as well as by Adolph in Naples, and Anselm in Vienna. A war between France and Austria, fought on Italian territory, must necessarily be exceedingly dangerous for the Rothschild Houses established in those three countries, especially now that they had acquired such a large interest in the railways within the Italian provinces of Austria and in Austria herself. In such circumstances military developments might have the most catastrophic consequences, and it was therefore essential to avert the menace of war. Adolph Rothschild was himself firmly convinced that, as Louis Napoleon had always been so intimately concerned with Italy, he had his eye upon the King of Naples too.¹⁵

Meanwhile, the conspiracy started, and actively promoted by Cavour, continued on its course. Orsini's attempt upon the life of Napoleon III on the 4th January, 1858, provoked by the monarch's somewhat sluggish interest in Italy's interests, hastened the Emperor's decision to intervene actively in support of the unification of Italy. The secret conversations between Cavour



CAVOUR

and Napoleon were naturally kept strictly concealed from Austria. On the 10th December, 1858, the Emperor finally concluded the secret alliance between France and Sardinia, undertaking to come to her assistance in the event of an attack by Austria. Cavour could be relied upon to see that that country should finally lose her patience and attack Piedmont, which would be necessary in order to put Austria in the wrong with regard to the world in general.

In December 1858 the Paris Press " started a campaign against Austria which made James Rothschild very uneasy. He asked the Emperor for an audience in order to call attention to the harm done by this campaign. He said that he was particularly concerned about an article which had appeared in the *Moniteur* on the 4th December, and caused very considerable excitement. Napoleon was very much upset by what James had to say ; he had himself admitted that he inspired the article, a fact of which Rothschild was not aware. During this conversation with James, the Emperor was pensive and uncommunicative. When the latter pressed him to say something reassuring, the monarch asseverated that he had no intention of making any changes in Italy. Thereupon James appeared somewhat reassured, and the funds, which had been gravely depressed, began to recover moderately. Even after this audience, however, James was not completely easy in his mind ; and a remark of Napoleon's at the New Year's reception of 1859 was again to plunge him into a state of alarm. On this occasion, after being particularly friendly to all the other diplomats present, the Emperor turned to the Austrian representative and said to him : " I regret that our relations with the Austrian Government are not as good as they have been in the past, but I would request you to inform the Emperor that my personal feelings for him are unchanged."

The diplomats, including Hübner, did not see anything unusual in this remark at first. Paris, however, took an entirely different view, and everyone was talking about an imminent war with Austria, which the Emperor was obviously planning. Neither did James share Hübner's sanguine attitude. On the Bourse, and amongst the leading financiers, there was a positive panic, and Napoleon decided that it would be advisable somewhat to mitigate the effect of his words. He therefore prompted the *Moniteur* and the papers which supported him to interpret the incident in a reassuring manner, and this had some effect upon the Bourse.

James, however, continued to be sceptical. On the 8th January he went to see the Emperor once more, who again painted the position *couleur de rose*. As Napoleon also said that he had no intention of offending Hübner by his remark, James returned home satisfied in his mind, and took the necessary steps to bring about a rise in public securities. The panic seemed to be stemmed, but no sooner had the nervousness been somewhat allayed than it became known that Prince Napoleon had become engaged to Princess Clotilde, the daughter of Victor Emanuel. This news produced another terrible slump on the Paris Bourse, Rentes dropping on the 11th January from 72.30 to 62.80. Thereupon a pacific article appeared in the *Journal des Débats*, which was attributed to the successful efforts of conservative public opinion and the great financial and commercial interests which had been so energetically sponsored by James Rothschild and the Finance Minister Pierre Magne. This again somewhat improved the Bourse, but there was still considerable anxiety, and the significant remarks made by the Emperor did not help to allay it. "I want peace," he said to the Spanish Ambassador. "I most certainly want peace; but one can be carried away by the force of circumstance."

When the Emperor's attention was called to the terrible depreciation suffered by public securities, owing to the constant anxiety with regard to foreign affairs, he observed, "I have not got the Bourse behind me, but France is on my side."

Rothschild did everything possible to relieve the situation, as Austria had approached the bank with a view to obtaining a loan, and for this it was essential to bring about a more favourable atmosphere on the Bourse. James's efforts in this direction were, however, fruitless, as there was a complete lack of confidence everywhere. During a hunt over the Imperial estates James again asked Napoleon about his plans with regard to Italy, saying that he had been horrified to learn that troops had been sent to Bologna and Ancona. Napoleon replied that Austria apparently intended to attack Piedmont. Rothschild maintained that Napoleon's policy was mistaken. He reminded him of what he had said at Bordeaux: "the Empire is peace." At a Tuileries ball at this time Rothschild turned this remark round, saying to one of the Ministers in his bad French: "*Ententez vous, bas de baix, bas d'Empire.*" General de la Rue had the hardihood to repeat this quip to the Emperor, but the latter was not amused.

At that time Austria had sent an envoy to London to enter into negotiations with Rothschild for a loan. Lionel asked James to take a share in it, but he hesitated on account of the political situation, and the danger that the State which was asking for the loan might soon be involved in a war.

James again contrived to have a word with the Emperor in order to ask him whether he might underwrite the Austrian loan, or part of it. He wanted to ensure that the Emperor would not regard any such action as indicating an unfriendly attitude towards France on the part of the House of Rothschild, and he

also wanted to observe how the Emperor would react to this suggestion. Napoleon did not betray his feelings, and gave James permission to act as he wished in the matter of the Austrian loan. He may well have reflected to himself that the wise old banker was entering upon an exceedingly risky business.

On the 29th January, 1859, the marriage between Prince Napoleon and Princess Clotilde of Savoy was celebrated. The extraordinary haste with which this marriage was concluded caused a general sensation, dangerous political motives being quite rightly suspected. "Everybody is nervous," Hübner reported. "People take alarm at anything, and fear makes men cowards."

James Rothschild was the subject of conflicting emotions. He was in favour of peace, and his sympathies were with conservative Austria, which country, Anselm told him, desired nothing less than to be forced into a war by Italian attempts at secession and by Cavour's machinations. On the other hand, he did not like to see such an old client as Sardinia being lost to the Rothschild bank through her warlike policy and being driven into the arms of other financiers. The war was not yet an actuality; perhaps things would not go so far, and in that case he did not want to lose Sardinia's custom. As early as the middle of 1858, when the Senate at Turin had sanctioned a further loan, Cavour had entered into negotiations with Rothschild, but on that occasion he had felt that Rothschild was too high and mighty. At the beginning of 1859, Rothschild himself had suggestions for a loan put before Cavour. James's motive for so doing was, as much as anything, to see how things stood, and he was determined that, if Cavour really intended to make war on Austria, he would, in spite of everything, refuse to give him the money, so long as the danger of war continued.

Cavour, however, was delighted that Rothschild had

this time come of his own accord. "The Herren von Rothschild," he wrote to Prince Napoleon, "have informed us that they would be prepared to make us an offer. They have summoned their Turin representative to Paris at top speed, and everything leads me to believe that they are afraid of seeing the monopoly which they have enjoyed over a long period of years in the control of our Rentes slipping from their fingers. If they are prepared to undertake the loan on the basis of payments being in definite instalments, we shall easily come to an understanding with them; but if, as I fear, they only mean to deal with the matter on a commission basis, we shall have to look elsewhere. The firm of S. Paul has offered us its assistance, and as it is more enterprising than the Rothschilds it is possible that it will underwrite what we want to place in Paris. As a last resource there remains the offer of the *Crédit Mobilier*, which Bixio has put before me. We shall have to accept it if we cannot do better."

Cavour had at that time authorised the Marchese Monticelli in Paris to negotiate regarding the loan of fifty millions. He hoped that with the assistance of Prince Napoleon, who was now a son-in-law of his King, the matter would go through somehow or other; he meant to float part of the loan himself in Italy.

The terms offered by the *Crédit Mobilier* were rather stiff, but Cavour said, "If after divorcing the Rothschilds we marry MM. Pereire, I think we shall get on very well together."

Cavour was perfectly right to rely rather more on the *Crédit Mobilier*, for James Rothschild and several other bankers soon perceived the objects for which Sardinia required the money, and declared that they would not supply any money for war." Count Walewski, the Minister for Foreign Affairs, who was naturally acting in concert with his Imperial master, and with Cavour,

wishing to reassure them, said : " Gentlemen, if that is your only difficulty, you need not hesitate to undertake the loan, for there will not be a war. I assure you that for the moment there won't be one."

This "*pour le moment*" was certainly not calculated to reassure James and the other bankers. A pacific article which appeared in the *Moniteur* of the 5th March was intended to emphasise the good-will underlying the Minister's words ; but it did not carry conviction. Five days later an inflammatory article appeared in the *Constitutionnel* to the effect that Austria could not, and would not, yield.

" The funds are falling," Hübner reported ; " early this morning Rothschild called on me in a state of great alarm, and he was closely followed by the Duke of Galliera and a crowd of curious and interested persons who, knowing that I am a man of few words, hope at any rate to guess from my expression whether they should buy or sell."

Sardinia had, however, refused to accept Fould's exceedingly oppressive terms, and she had succeeded in floating the whole loan in Italy without the assistance of the Paris bankers.

" More money was brought to us than we could accept," Cavour wrote to his banker friend, " and he reported with satisfaction to Nigra : " The loan has gone through quite splendidly. The populace came in masses to the subscription offices. By collecting a large number of small amounts we have obtained the millions which the Paris bankers refused to supply. Kindly tell the Prince [Napoleon] that it was impossible for us to accept the offer that Fould made to us after he had kept us waiting and disappointed us for a fortnight.

" After being refused by the *Crédit Mobilier*, by the Rothschilds, by Fould himself, and by so many others, we could not in decency venture to offer the loan for

public subscription in France. . . . If we had applied to the French public we would have exposed ourselves to the remark that Piedmont was waging war with the men and the money of France.””

The result of the issue in Italy so far exceeded Cavour's hopes that the Sardinian Finance Minister actually had the supreme satisfaction of returning such applications as he received from the “great banking barons of Paris.””

War was now in sight, but this did not alter the fact that practically everyone in France, outside the army, wanted peace, and could not see why a Frenchman should “carry his bones to market” for the sake of an ambitious Sardinian Minister. Even the Emperor hesitated for a moment, and Cavour himself, on visiting Paris at the end of March, was gravely concerned as to the success of his plans. In the end, however, Austria started the ball rolling by her unwise and premature ultimatum of the 23rd April, whereby she provided Cavour with the pretext which, according to his own words, he had constantly been waiting for in order to go to war, and put herself in the wrong with regard to the world at large.

The Rothschilds were again forced to realise that the times were past when, as in 1830 and in 1840, they had been able positively to prevent wars through their influence. This had already been apparent during the revolutions of 1848-9, and in the case of the Crimean war. The declaration of war at the end of April 1859 caused the greatest dismay to the whole of the House of Rothschild, and especially to its three branches in Paris, Vienna, and Naples. We must remember that they had only just bought all the Lombard-Venetian railways—the very railways that would be in the theatre of war, as well as the Südbahn, which would be entirely devoted to military purposes. And they were interested in other countless loans, schemes, and undertakings in the three

countries affected by the war. The consequences were bound to be immeasurable. French Rentes, which stood at 68 in the middle of April, had already fallen to 60 by the 3rd of May.

Angrily James said to himself that this "third-class Napoleon," who with cynical scorn ignored the peace promises which he had made so emphatically before the whole world, would come to a much sadder end than his uncle, although he had had the most extraordinarily good luck so far. The aged James felt that his hands were tied, and that he could but watch the development of events as a spectator. Much concerned, he noted the great success of the war loan. Was he mistaken, he wondered, and were the Emperor and his rash and unsubstantial financial advisers, Percire and Mirès, to prove to be right, and he himself, with his solid, conservative, and logical views, to prove wrong? Events seemed to justify such considerations as these. War broke out in May, and Austria's armies, which were commanded by an incompetent general, were defeated by the French and Sardinian troops, whose union the general foolishly did nothing to prevent, at Magenta and Solferino.

The armistice of Villafranca was concluded fairly speedily, on the 8th July, 1859, and, to the considerable disappointment of Cavour, who had meant to conquer not only Lombardy but Venice as well, it was followed quite soon afterwards by peace preliminaries.

The unsuccessful issue of the war resulted for Austria in the younger branches of the Hapsburgs being deprived of their rule in Tuscany, Parma, and Modena. The Rothschilds had business connections in all these States; their interests were everywhere affected, and, when they attempted to save what they could, Austria reproached them for doing business with the newly established revolutionary Governments in those territories.

When, on the 22nd August, 1859, French newspapers

published the news that the new Government of Tuscany had concluded a loan with the Paris House of Rothschild, Count Rechberg telegraphed indignantly to Hübner's successor, Prince Richard Metternich, the son of the Chancellor, who had been appointed to Paris after the armistice, instructing him immediately to ask James about this, and to report whether the statement were correct." James and his eldest son were away at the time, and in their absence Gustave von Rothschild explained " that there was no question of a new loan, but that it was the balance of a loan of 100,000,000, which had been first contracted as long ago as 1852 and which was only gradually being placed on the market. He stated that the new Government had asked the House of Rothschild to deal with this, because the whole matter had passed through its hands since the start. Count Rechberg had to content himself with this explanation. Austria's influence in Italy was at an end, while the Vienna House of Rothschild, which might more easily have been brought to book, put the blame on the French House, saying that it had nothing whatever to do with these matters.

The appointment of Prince Richard Metternich, the son of Solomon's great friend, as Ambassador in Paris, was exceedingly welcome to the Rothschilds. They hoped to establish as good relations with him as they had enjoyed with Austria's Paris representative in the days before Hübner.

The increase in Napoleon's power, resulting from this successful war, produced alarm in England, resulting in a nervous tension which was not without its effect upon the relations between the two countries. At that time people were eagerly discussing the news from Cuba, in which there was a growing movement for secession from Spain, and in favour of union with North America. England tended to sympathise with the United States,

while France's sympathies were on the side of her Latin sister. This served to increase the prevailing irritation between the two countries, which was expressed in sharp Press attacks on both sides of the Channel.

The Rothschilds already saw the menace of another war upon the horizon. "James," Richard Metternich reported on the 28th October, 1859, "is exceedingly worried about the feeling against England shown by the Press in the Spanish-American question. The most revolutionary developments of French internal policy would not affect the financial world here as profoundly as a breach with England, as they themselves admit."

At the end of March Nice and Savoy were duly annexed, this being the hard price that had had to be paid to purchase the assistance of France. England had continued to hope that the war of 1859 would terminate without France's obtaining any accession of territory. Napoleon had, however, achieved his desire.

"The example given by France," Lionel Rothschild remarked to the Saxon diplomat, Count Vitzthum, "who was in London at the time, "is dangerously catching. There will be no ground for surprise if England avails herself of the first opportunity of securing possession of Sicily and Egypt. Nor will it now be possible to prevent the United States from annexing Cuba."

The Rothschild fears were unjustified. They thought Napoleon, who had so far been successful in all his rash military undertakings, capable of the wildest schemes, especially as they realised how much he was disposed to emulate the great deeds of his uncle. He had avenged 1812 by the Crimean War; was it not a natural inference, therefore, that he would now proceed to take vengeance upon England, the most relentless foe of the first Napoleon.

The Rothschilds were, however, mistaken. Napoleon by no means felt that the moment had arrived to break

with England. He did not feel strong enough, and he could not forget that Palmerston had been the first to recognise him as Emperor. Meanwhile, Count Vitzthum had travelled from London to Paris and had informed himself more accurately regarding Napolcon's intentions.

"The great financiers of Paris," he wrote to Count Rechberg, "and especially the Rothschilds, seem to be engineering a panic, and are shrieking from the house-tops that war between the two great sea powers is inevitable. All the English who have come here to spend Easter in Paris speak so bitterly about the Emperor as really to make one believe in the impossibility of maintaining friendly relations. People in society here, and those in official positions, do not conceal the sentiments of hostility that they feel for their neighbours on the other side of the Channel, and I hear it being said everywhere, 'a war with England will be really popular in France.' Nevertheless I do not hesitate to maintain that the Emperor does not want such a war, and that there will be no breach this year. . . ."

Vitzthum was proved right. The Rothschilds were spared the disaster of an Anglo-French war, but there were plenty of other things happening in the world that exercised a profound influence on the various Rothschild Houses.

The fact that Austria's position had suffered through the war naturally reacted upon her finances. When, in April 1860, that State issued a loan of 200,000,000 gulden, which was especially difficult to negotiate, since nobody had regained complete confidence in the Imperial State, the Finance Minister went to Anselm at Vienna to ask him to underwrite as much of the loan as he could, and also requested Metternich in Paris to induce James to underwrite 25 out of the 200 millions.

James was very ready to meet him. "He will gladly put his name at the disposal of the Imperial finances,"

Metternich reported, " " and he will to-day inform the Vienna House to this effect."

James called on Prince Metternich on the 8th April, together with his eldest son, Alphonse, whom he was already bringing in to the most important transactions. He made it a condition that the 25 million should be underwritten, not by his House alone, but by the joint Houses of the brothers Rothschild, which were lending their names in order to assist in the success of the loan, but were not undertaking any responsibility for it. "

The loan was very much damaged by the events leading up to the suicide of the Austrian Finance Minister, Baron Bruck, who was falsely accused of having been concerned in malpractices in connection with army contracts, the incident occurring just at this time. At first only 76 millions were subscribed, and it was not until public opinion had been reassured and it was recognised that there was a serious intention to restore order in the financial administration of the State that Anselm Rothschild in Vienna was successful in his efforts to bring the loan to a satisfactory conclusion. He was rewarded for his services in April 1861 by being appointed a life member of the Austrian House of Lords. Meanwhile, in the South of Europe, the storm clouds gathered about the Bourbon State of Naples. The movement for the unification of Italy, which, owing to the French occupation of Rome, had been brought up short at the gates of that city, next concentrated upon the kingdom of Naples and Sicily. The march of Garibaldi's thousand men caused Sicily to secede in May 1860, and the bold volunteer leader proceeded to transfer his efforts to the mainland at Naples. On the 4th September, 1860, Garibaldi had reached the capital in which the King and his banker Adolph von Rothschild were awaiting the course of events in Paris. On the 6th September the King withdrew, with the troops that had remained loyal

to him, to Gaëta, and Adolph Rothschild also left the unfriendly city, which was shortly afterwards entered by Garibaldi. The King had not succeeded in taking with him on his flight the money deposited in the State coffers, and he soon found himself in serious financial difficulties. Adolph Rothschild did his best in these difficult circumstances to assist, with such means as were immediately at his disposal, but this was only like a drop in the ocean, and he could not undertake any more considerable loan without consulting James Rothschild in Paris and the chiefs of the other Houses. The King therefore sent a courier to Paris to ask for a loan of one and a half million francs.

Meanwhile, the Austrian Government, which naturally supported the maintenance of the Bourbon régime in Naples, had informed the King that it would endeavour to secure financial assistance for him. " In doing so it had Anselm Rothschild in mind, and hoped that it would be possible to induce him to grant King Francis a loan.

Thereupon the King first asked for 600,000 to 900,000 francs, being the equivalent of 150,000 to 200,000 Neapolitan ducats; shortly afterwards he increased his request to 500,000 ducats."

The situation had, however, grown very much worse by the middle of October 1860. Piedmont attacked Naples, and King Victor Emanuel joined forces with Garibaldi. Napoleon's fleet was still lying off Gaëta in support of the King of Naples, but it was already coming to be recognised, in Paris and at the Imperial Court, that it was not possible to offer any continuous opposition to Italy's spontaneous movement for unification, which had also found support in England. James was of the same opinion, and through his connections he soon learnt that Napoleon intended to withdraw his fleet from Gaëta and to leave the King of Naples to his fate. He therefore discouraged Adolph's suggestion of granting a loan to

the King in his difficulties, and also warned Anselm in Vienna, who was left no peace by Rechberg, against providing any money for the Kingdom of Naples. Rechberg, therefore, was met with a refusal, and had to inform the King that, in spite of his promises, he was unable to assist, "since Austria was in financial difficulties herself, and could only have come to his support through the mediation of a bank.

"And," he wrote, "it is no use blinking the fact that the unfortunate issue of the recent fighting has seriously affected our prospects in this matter."

Thus the financial position of the King who, with his brave consort, Queen Maria, was facing things courageously at Gaëta, soon became desperate.

"Think of it," the King said "to the Austrian Captain Frantzl, who was staying with him. "Russia won't give me anything lest she should displease the Emperor Napoleon. It is dreadful; it is contemptible. And Queen Christine [of Spain, she lived in Paris] is a good woman too. I have only one hope left—my Finance Minister in Rome [he was trying to negotiate with the Torlonia bank]. If he doesn't send me anything I am finished. I require 12,000 ducats a day—two ships loaded with provisions have arrived—but I must have money!"

Events followed their inevitable course. All appeals to the European powers proved fruitless. Finally, even Napoleon withdrew his fleet from Gaëta on the 20th January, 1861. Rations were now cut off, and the King decided to capitulate on the 13th February, 1861. Thus the Kingdom of the two Sicilies came to an end and was merged in the new Italy. Adolph Rothschild had remained loyal to the Bourbon régime. He had not foreseen the actual development of events and had not been able, or had not wished, to adapt himself in time to the new conditions. He therefore left Naples for good. The Naples branch, which had in any case long ago ceased

to be productive for the joint Houses of the Rothschilds, was liquidated, and Adolph returned to Frankfort with his brothers.

However, until the end of his life he maintained the most cordial relations with their dethroned majesties, which clearly shows that they were grateful to him for his attitude at the time when they were in the greatest peril. The royal couple lived a retired life in Paris. They visited only a few families, but amongst them were the Adolph Rothschilds, who also settled in Paris.

Thus, from this time on, only four Rothschild banks were operative in Europe, and when, in 1870, Italy had been completely unified, the Rothschild Houses confined themselves to having a representative in Rome who, however, was not a member of the family.

CHAPTER IX

The Eventful Years : 1866 and 1870-1871

THE Rothschilds had been forming new connections and founding new businesses all over the world. They built railways in Brazil ; they established offices in the Southern States of the U.S.A. for the purchase of wool, which they shipped to France, where they marketed it. Being no longer able to use their enormous funds principally in national loans, as they had been doing in the past, they bought up whole tobacco harvests for supplying the tobacco requirements of the various States. Their own ships carried the enormous cargoes between the United States and France ; it was natural that, having such extensive commercial interests, the Rothschilds should anxiously watch the course of political events in the two countries. When the war of secession, the fight between North and South, broke out in America, the Rothschilds, whose interests were principally in the Southern States, supported the Confederates. When they were defeated the Rothschilds' American business was seriously affected.

The Rothschilds took up a sceptical attitude towards the rash adventure of Napoleon and the Empress Eugénie in their attempt to found an empire in Mexico, to which Maximilian of Austria and Charlotte of Belgium were sacrificed, and they took practically no part in the loans issued for that purpose, which were later to involve the French subscribers in such heavy loss. They were content to leave these to the *Crédit Mobilier* of the Brothers Pereire, whom Napoleon III had preferred to them, but whose position was not nearly so firmly secured as that of the Rothschild bank, which political circumstances had put in the background, although it had nearly a century of history behind it.

After the war of 1859 the *Crédit Mobilier* had excessive commitments and liabilities. Its shares were quoted at about 800, and the profit still standing to reserve in 1859 had completely disappeared from the balance sheet by 1860. Large dividends were still paid in order to maintain confidence, but they were paid out of capital. This bank suffered a serious blow through the fall of another rival of the Rothschilds, the notorious Mirès who had been working hand in glove with an unscrupulous Press, and had been supported by persons holding the highest positions in France. The career of this financial swindler had been truly amazing. Apart from acquiring an enormous fortune, he had succeeded in marrying his daughter to a Prince de Polignac. The result of his arrest in 1861 was all the more terrible. When it was no longer possible to conceal the innumerable irregularities of which he had been guilty, and when it also became known that the Duke of Morny and other men closely associated with the Government had had dealings with Mirès, people in Paris began to say that the Government was a party to what had occurred.

The Rothschild bank had held aloof from the activities of Mirès and his fellows, if for no other reason, because they belonged to the other camp, so that his fall, which did not involve them in any way, constituted a certain triumph. All was not well with France's finances in general at this time. In 1854, 1855, and 1859 there had been issues of Rentes loans to an amount of no less than two thousand millions, and in 1861 a further 132,000,000 had been subscribed by the public.

It was not possible to count upon the public continuing to co-operate thus willingly, and in these difficult circumstances Fould, who in November 1860 had given up the portfolio which he had held since 1852, attempted to get back into the saddle, and submitted

a memorandum to the Emperor in September 1861, which gave an even darker picture of the financial situation in France than was actually in accordance with the facts, and at the same time suggested ways and means for putting France's house in order.

Napoleon again took on the statesman whom he had favoured since he had come into power, published his memorandum, and appointed him Finance Minister on the 14th November, 1861, with instructions to deal with the floating debt, which amounted to nearly a thousand millions.

This appointment particularly delighted the chiefs of the *Crédit Mobilier*, since they hoped that M. Fould would facilitate the operation, which the Company meant to carry through, in order to be able to pay further dividends to its shareholders. The only person who was displeased was the Empress, who had always disliked Fould, since he had opposed her marriage. She shed a few tears and then reconciled herself to the facts; but she was to prove right in her judgment. Fould was not the financial genius that he had succeeded in making Napoleon believe him to be; but Fould had come to realise one thing: in spite of all the support that the State might give it, the *Crédit Mobilier* would not be able to carry through to a successful issue the struggle against the firmly entrenched House of Rothschild, with its ramifications in so many countries of Europe, and its strength based everywhere upon enormous real assets.

Fould had already taken up a more cautious attitude towards this undertaking, having a pretty extensive knowledge of its resources from his brother, who was in its employ. When shortly afterwards, encouraged by Fould's appointment, the *Crédit Mobilier* sought to obtain a monopoly of the State's credit business—an omnium, as it was called—he advised the Emperor

not to accede to this request, as going a great deal too far.

As early as January 1862, only a few months after taking office, Fould made a much more favourable report on the finances, in doing which he was assisted by the fact that his earlier report had exaggerated the evils of the situation. He then attempted the exceedingly daring experiment of converting the 11,000,000,000 of Rentes from $4\frac{1}{2}$ to 3 per cent. This transaction hung fire, and would have been a complete failure if Fould had not effected a certain *rapprochement* with the House of Rothschild. As early as February 1862 there was a rumour in Paris to the effect that the House had come to Fould's assistance, and that the secret purchaser who had been effecting purchases of Rentes on the Bourse in order to bring about a rise was none other than the House of Rothschild. Fould was coming to the conclusion that it was time to give up fighting the Rothschilds. He admitted to himself that they were a world power. Even though the *Crédit Mobilier* had established a firm footing abroad in Austria, Italy, and Spain, and even on the other side of the Atlantic, the full burden of these developments had to be borne by the central bank in Paris; it was not, like the Rothschilds, able to rely for support on its own banks, each of which had the control of ample resources in the then great economic centres of Europe. Napoleon, too, whose feelings for the Rothschilds were really not friendly, had to admit this, and was confirmed in his opinion by his wife. The first hint that the public got of this change of attitude was when, on the 17th February, 1862, Napoleon and Fould paid a visit to James Rothschild, to hunt with him on his magnificent estate at Ferrières. It was indeed more than a visit; it was a veritable journey to Canossa. This was a severe reverse to the *Crédit Mobilier*, for the visit was a clear indication that it was falling into disfavour



CARTOON REPRESENTING THE VISIT OF
 NAPOLEON III TO JAMES ROTHSCHILD AT
 FERRIERES ON 17th FEBRUARY, 1862

in the highest quarters. It was being generally stated that Rothschild would now come to the assistance of the French State with a loan. Comic papers turned the incident to account in some exceedingly amusing sketches.

There could be no doubt that the hunt would serve as a pretext for discussing means by which France's finances could be improved. The general public were not favoured with anything more than the superficial statements usually issued in connection with interviews with monarchs; but the general setting and the list of names of those who took part in the hunt, which included the British and Austrian Ambassadors and Ministers for Foreign and Home Affairs, Walewski and Persigny, made it perfectly obvious that this was no ordinary house-party. The Château Ferrières lies in the middle of a magnificent park generously stocked with game, between the forests of Cressy and d'Armainvilliers. James Rothschild had purchased the property about 1820 from an impoverished nobleman, and had immediately proceeded to demolish the smaller buildings and to improve the park and the gardens. The property had gradually been developed by the Rothschilds into a princely estate, and they had also established on it a magnificent Dutch dairy, a merino sheep farm, and a bakery. There were splendid stables, a riding-school, and a special riding-track. When Napoleon arrived at the station of Ferrières in hunting dress he was met by James Rothschild in a coach-and-four *à la Daumont*, the lacqueys all wearing new dark blue, gold-braided liveries. James's four sons helped their father to do the honours of the occasion. On the stroke of ten the Imperial train arrived at the station, where a green velvet carpet, embroidered with golden bees, was laid down from the railway train to the carriage. When the party entered the grounds the Imperial standard was hoisted on the flag-masts of the four towers of the château. James Rothschild's family

and representatives of the Frankfort, London, and Vienna Houses were gathered in the hall. The Emperor spoke to the ladies, and was then taken through the reception-rooms, whose walls were hung with pictures by Van Dyck, Velasquez, Giorgione, and Rubens. Glass cases containing all kinds of valuable things, artistic treasures from every part of the world, especially the old, glowing Gobelins, were indicative of the enormous wealth of their owners.

After seeing the château, the Emperor went the round of the gardens, where, in accordance with custom, he planted a young cedar handed to him by the head gardener. Afterwards a magnificent lunch was served in the hall, upon dishes of beautifully wrought old silver, while the guests ate off Sèvres porcelain china that had been painted by Boucher.

On the Emperor's right sat his hostess, the Baroness Betty, and on his left was James. At half-past twelve the shoot began in the immense park, which was surrounded by a wall. Shots could be heard on all sides, almost as if a small war had broken out, and the Emperor, accompanied by two loaders, made use of eight guns to bring down the innumerable pheasants, partridges, hares, and rabbits. This Imperial amusement cost the lives of 1,231 head of game.

When the guests returned, weary, to the château, they found a buffet of the choicest delicacies, and from the gallery above the hall a choir from the Paris Opera suddenly burst into a hunting-song, the music of which had been specially composed by Rossini for this occasion. When he left the château in the evening the Emperor rode through an alley of torches which stretched to the farthest bounds of the estate.

The splendour of this occasion was no less than when Anton Fugger received Charles V at Augsburg in his famous house in the Weinmarkt ; but it did not alter the

fact that Napoleon continued to view the Rothschilds with distrust, while they on their side were unable entirely to forget the Emperor's attitude to them since his accession to the throne. They realised that the Emperor had the most excellent reasons for making advances to them ; he wished to make use of them, and paid a deposit by honouring them in public. To the Empress, although she did not come with Napoleon to Ferrières, they did feel grateful. They felt that her sympathy was more sincere, and that it was prompted by gratitude for their earlier attitude. Napoleon and the Rothschilds retained their antipathy to one another, even though their interests compelled them for the time being to march side by side. In foreign policy their different temperaments soon manifested themselves again. Napoleon was always influenced by the memory of his uncle and a tendency to feel that he ought to follow his example in many matters. When, in January 1863, a further rising occurred in Poland, against the oppressive domination of Russia, Napoleon was very much tempted to intervene actively on the side of the Poles.

The rich bankers and financiers, including the Rothschilds, were opposed to such an adventure. They did everything they could to induce the Imperial Government to have nothing to do with it ; and, in fact, no action was taken.

“ The peace of the world,” Disraeli wrote at this time, to a woman friend, ‘ has on this occasion been preserved not by statesmen but by capitalists.”

Meanwhile the *Crédit Mobilier* was continuing to suffer reverses. The year 1864 was an unfortunate year on the Bourse, and the failure of the Mexican Loan involved it in loss. It was already apparent that the methods of the Brothers Pereire, although covered by such high-sounding phrases, were in essence nothing but rash

speculation. They were already having disputes in the courts with persons whom they had treated unfairly. The brothers hoped that Napoleon would protect them, and he wished to do so, but was unable to in view of public opinion.

“ I shall do everything,” the Emperor said, “ to support them, because the Empire is deeply indebted to them ; but I cannot afford to impede the course of justice, or to come into conflict with it.”

As a result of these developments the value of the *Crédit Mobilier* shares fell considerably, and the two Portuguese brothers lost the great position to which they had shot up all too rapidly.

While the star of the Pereires was declining, the Rothschilds were coming to occupy a position of ever-increasing importance in the Court circles of the Second Empire, and this was not surprising in view of their relations to all the Courts and monarchs of Europe. On 10th December, 1865, King Leopold I of Belgium died, a royal patron who had had dealings with them throughout his whole life, and had deposited the sum of 5,000,000 francs with them in 1848, which by the time of his death had already reached the considerable figure of 20,000,000 francs, and came to form the basis of the enormous fortune which the Empress Charlotte recently left when she died after nearly sixty years of mental affliction.

While he was alive King Leopold had not merely confined himself to having financial dealings with the Rothschilds, but had also paid them social attentions, by which they always set so much store. He had also visited them at Ferrières, and, like Napoleon, had planted a tree which, together with his name in the visitors' book, bears witness to his visit.

Lionel in England took a special pleasure in displaying the social position which his House had achieved. An opportunity for doing so was afforded by the marriage

on 7th June, 1865, of his second daughter, Evelina, to Ferdinand, the son of Anselm Rothschild of Vienna. Some years before Lionel had started building a magnificent town house in Piccadilly close to the house of the Duke of Wellington, and this was opened on the occasion of his daughter's wedding. The ceremony was carried out with the most extraordinary splendour, in accordance with the rites of the Old Testament. British Ministers, several Royalties, and the Austrian and French Ambassadors were present. Three of the fourteen bridesmaids belonged to the families of Montgomery, Lennox, and Beauclerk. A hundred and twenty-six people sat down to table; the health of the bride and bridegroom was proposed by Disraeli, a friend of the family and formerly Chancellor of the Exchequer, while the First Lord of the Admiralty proposed the toast of the Rothschild family. In the evening a great ball was given, which was attended by the Duke of Cambridge and other Royalties, as well as by the whole Diplomatic Corps and several politicians. All parties were represented, from the blackest Tories to the most radical of the Whigs. It was scarcely possible for the Rothschilds to climb higher in social position.

The Rothschild ladies did not fail either to do justice to the wealth of the family. At the magnificent fancy-dress ball at the Tuileries, to which the Empress Eugénie came as the unhappy Marie Antoinette, Fanny, James's wife, and Leonore, the wife of his son Alphonse, appeared in Renaissance costume covered with jewels.⁵ Thus, with social festivities and magnificence, Paris unsuspectingly entered upon a year of crisis, in which Napoleon added to the serious political mistakes he had already committed those which were to be fraught with the most extensive consequences for the future.

The Crimean war had finally destroyed Napoleon III's relations with the Tsar. When the conflict between

Austria and Prussia broke out in 1866 he failed to take a definite line such as the interests of France required.

As early as 1865 France's financial barometer indicated stormy times ahead. Things were going ill with the Mexican adventure; a poor harvest had made bread dear; the price of Rentes, as well as of other securities, and especially of the shares of the *Crédit Mobilier*, showed a constant tendency to droop.

Bismarck had consistently followed the anti-Austrian policy which he had originally adopted when he attended the Diet at Frankfort. He meant to secure for his beloved Prussia a dominating position in the Germany that was to be united, and if Austria, as was indicated by the meetings of sovereigns at Frankfort, by her participation in the Schleswig-Holstein war, and by many other things, was unwilling to give up her position of supremacy in Germany without a murmur, she would, Bismarck decided, have to be driven out of Germany by blood and iron. The Prussian statesman had had the forethought to conclude an alliance with Italy, and also to establish relations with the revolutionary-minded subjects of the Emperor of Austria, with Hungary, and the southern Slavs. Bismarck also made timely preparations for the financial arrangements for war, having recourse in this connection to the banker Gerson von Bleichröder, who had close business relations with the Paris and Frankfort Rothschilds. Like Metternich, Bismarck was little practised in financial matters. A contemporary said of him, "Bismarck was comparatively lacking in financial gifts in spite of his remarkable versatility. His intelligence was such that he could undoubtedly have made himself thoroughly at home in financial matters, but he had obviously little inclination to specialise in this field, and of all his Ministers the Finance Minister exercised the greatest independence with regard to Bismarck."

Through Gerson von Bleichröder, who had for some time been planning the foundation of a big Prussian financial house in partnership with the Rothschilds, and who finally formed a banking syndicate with them, the so-called Rothschild group, Bismarck had some dealings with the House of Rothschild, with whom he discussed financial preparation for armaments and military expenditure. The Prussian Prime Minister and Bleichröder were, however, to learn that the Rothschilds were not prepared to provide any money for such purposes. As Bismarck's warlike intentions became more and more apparent, they aroused a storm of indignation against him, especially in England. Lord Clarendon, Secretary of State for Foreign Affairs, made such strong comments regarding Bismarck to Count Apponyi, Austrian Ambassador in London, that the latter "scarcely ventured to repeat them." He referred to the influence which that "demoniac spirit" exercised upon the old King of Prussia, and said that in his opinion "there was nothing more despicable" than the position of that monarch, who allowed himself to be guided into a course that was contrary to his traditions and his sentiments "by an adventurer and a brigand like Bismarck."

The English House of Rothschild, which always made the policy of the British Government its own, was therefore hostile to Bismarck, and it was apparent that the Prussian Prime Minister could not expect any assistance from the Rothschilds in carrying out his policy, especially since Anselm in Vienna could not be a party to anything that was calculated to assist a policy directed against Austria, the country where his business was. With reference to Austria's policy in Italy, however, and the Emperor Francis Joseph's wish to retain Venetia, feeling in London and Paris was in favour of allowing free play to the movement for the

unification of Italy. It was thought that Austria would be best advised to sell Venetia to Italy. This would help to restore her disorganised finances.

The Rothschilds, too, supported a friendly solution on these lines. They had heavy commitments in Italy, and the sale of Venetia would raise the value of Austrian securities, of which the Rothschilds held such large quantities.

Lord Clarendon also recommended the scheme to the Austrian Ambassador on the ground that Austria, once liberated from this burden, would have her hands freed in Germany. The Secretary of State mentioned various leading persons who were also of this view, including James Rothschild, who was of opinion that Italy would not consider £40,000,000 too big a sum to pay for the acquisition of Venetia. When it was objected that Italy, who could scarcely pay her own officials, would never be able to raise such a sum, James replied that all the bankers of Europe would most joyfully use their influence to bring about such a result which would furnish a strong guarantee for the peace of Europe. Moreover, the savings which Italy could effect in her military expenditure should be sufficient to pay the interest on this gigantic loan.

Austria was completely unresponsive to the suggestion, a fact which did much to alienate the sympathy which was felt for her in Paris with regard to Prussia. The French House of Rothschild, however, continued to maintain an attitude of reserve with regard to Prussia. In general the situation was not taken nearly seriously enough in Paris, as everyone believed that Austria would beat Prussia hands down.

‘The Army,’ Richard Metternich reported, ‘from the War Minister down to the junior subaltern, does not doubt that Austria will be victorious.’ As early as the middle of March the Prussian Minister, von der

Goltz, had reported to King William : " It is said that the House of Rothschild is determined to bring its whole influence to bear to prevent Prussia from going to war."¹⁰

Bismarck thereupon replied : " We wish to postpone making full preparations for war in order first to carry through the financial operations which would necessarily be more difficult when the situation had become more tense owing to an increase of armaments. In this connection I would mention in confidence that we had entered into preliminary negotiations with the House of Rothschild, and that they have led us to a conclusion which is essentially in agreement with Your Excellency's observations regarding the House of Rothschild. It is in the nature of things that that House should not welcome the possibility of war, and should do everything possible to prevent war from breaking out ; I am able more particularly to assure Your Excellency that Baron Rothschild informed our agent that a few weeks ago he would not have been averse from carrying through a transaction with Prussia, and that he would perhaps have done so with real pleasure, but that the altered circumstances, and especially a conversation which he had had with Your Excellency, now prevented him from doing so. I feel I ought to mention this fact, since it shows how careful one must be in dealing with Rothschild."¹¹

Meanwhile, the situation was becoming much more acute. On 8th April Prussia and Italy concluded an "offensive and defensive alliance," and military preparations proceeded actively in both States. The two great rivals, the Rothschilds and the Brothers Pereire, whose *Crédit Mobilier* was involved in serious difficulties, were united in their desire for peace. Both families had been invited to an Imperial reception¹² at the Tuileries on the evening of 11th April, and they most earnestly

implored the Emperor to exert his powerful influence in the cause of peace, and thereby restore general confidence. They drew a dismal picture of the position on the Bourse, and showed how public and private interests would be affected. They added that if the present condition of uncertainty were to last even a little while longer, they would no longer be able to keep the Bourse in hand. in which case a terrible disaster would become inevitable. The Emperor, however, stated most categorically that it was not in his power to take any preventive action.

Bismarck pursued his aim with uncompromising logic, even against his own King, his Queen, and the Crown Prince. Austria was again cleverly manœuvred into making the first military move : she made her army ready for action. Bismarck was now easily able to induce the King to issue the appropriate orders. Not until the beginning of May did Austria decide at the last moment to sacrifice Venetia in order to isolate Prussia by becoming reconciled with Italy. She was now prepared to surrender for nothing that for which a little earlier she might have received so much money under the scheme which James Rothschild would also have welcomed. It had, however, been regarded as a point of honour not to surrender a province, and that the last province in Italy, for gold. Thiers clearly recognised at the time that, if Prussia and Italy were to be victorious over Austria, the unification of those two countries would result, to the great detriment of France. Germany was the traditional enemy, and Italy was bound to cast longing eyes upon Rome, as the crowning point of her unification, and Rome was still occupied by the French. He, therefore, strongly urged upon the Chamber that the fundamental principles of the Peace of 1815, which had ensured that Germany and Italy should remain disunited, should be upheld. Napoleon was the more

dismayed by the leader of the Opposition's speech, received as it was with great applause, since it had been the very Treaty of 1815 that had sealed the fate of his uncle, and had restored the Bourbons to power.

On 6th May, at the opening of an exhibition, the Emperor stated clearly, in reference to Thiers's speech, that he must definitely oppose the suggestion that those treaties should be regarded as a basis of French policy. His remark was misunderstood, and produced alarming reactions throughout Europe. It was interpreted as indicating warlike intentions, as had been the case with the remark that Napoleon had made to Hübner at the New Year's reception of 1859.

Von Radowitz, Prussian Secretary of Legation, reported¹¹ that public opinion had been so much alarmed that Rentes had immediately fallen a franc, and that James Rothschild had expressed strong disapproval of the speech. The next day, at a Tuileries ball, at which there was an atmosphere of considerable excitement, owing to recent political developments, James pessimistically summed up the whole policy of Napoleon III in the epigram which afterwards became famous: "*L'Empire, c'est la baisse.*"

The conduct of foreign affairs, both at Paris and Vienna, was in the hands of men whose judgment and decision was somewhat to seek. On the other side was the Prussian Prime Minister, who concentrated with decision on a definite goal, and had a clear and concrete appreciation of the position. It was not, however, Bismarck only who discouraged all attempts, by mediation, conferences, or other political expedients, to prevent matters with Austria from coming to a head. Austria also proved exceedingly obstinate. Her foreign policy was controlled not by the Emperor or by his Foreign Minister, but by two exceedingly inept heads of departments in the Foreign Office. Through declining to attend

a conference, on which James had set his last hope of maintaining peace, Austria forfeited such sympathy as is always accorded to the party attacked.

James was indignant that his repeated exhortations to his nephew Anselm at Vienna to urge the authorities there to use their influence in favour of peace had produced no result. The Rothschilds could not get a hearing in Vienna or in Paris, and certainly not in Berlin. The times of 1830 and 1840, when they had successfully used their influence in the cause of peace with the persons in authority, and had been able to compel the avoidance of war by withholding their money, were over. They endeavoured to show their disapproval of the fact that their wishes were being so little regarded by being correspondingly disobliging in meeting financial requests, but such action too produced no result. It is interesting to note¹⁴ that towards the end of May the House of Rothschild deliberately returned a cheque of the Austrian Ambassador, Prince Richard Metternich, for the trifling amount of 5,000 francs, on the ground that he had not at the time this amount standing to his credit. The incident was talked about in Paris with the result that the temperamental Princess Pauline Metternich was quite unrestrained in her comments on the Rothschilds, stating that in future she would treat them as tradesmen, and not as gentlemen.

The same evening, on the 27th May, Alphonse Rothschild gave a big ball, at which the Metternichs were conspicuous by their absence. Such occurrences, however, were only a storm in a tea-cup. In June the Austro-Prussian war broke out, which ended on 3rd July with the defeat of Austria on the battlefield of Königgrätz.

The fact that Anselm was at Carlsbad just at this critical period may be regarded as characteristic of the unconcerned attitude which even financial circles at

Vienna adopted with regard to the outcome of the war. Just before the battle Anselm had subscribed 10,000 gulden for the wounded, and for the relief of the general distress. He was now also seized with panic, and returned as speedily as possible to Vienna, where the wholly unexpected news had brought people speedily to earth. He had to see that the interests of his House were secured as far as was possible in the general débâcle. He had the bitter satisfaction that the Viennese were forced to admit that the House of Rothschild, especially its eldest representative, James, in Paris, had been proved right in their warnings against going to war. It could scarcely be expected that the Rothschilds should be eager to assist Austria and the German States who had suffered defeat in alliance with her, but they were immediately asked to come to the rescue.

Such a request was first made by Austria's close ally, Saxony, whose territory was occupied by Prussian troops. As they advanced the possessions of the Saxon Treasury were hastily removed from Dresden to Munich; but after the Battle of Königgrätz they were no longer safe in that city, and Count Vitzthum was sent to Munich to look after the money. He found the treasures of the green vault and the cash reserves of the Finance Ministry lying about in chests and cases in a shed without any locks."

Prussia had already occupied Aschaffenburg; she gave battle at Kissingen. There was, therefore, a serious danger that she would seize this treasure as booty. The plan was to get the things into a neutral country, i.e., into Switzerland, but there were too many cases, and they had to be reduced as far as possible. The consignment consisted of innumerable little bottles which looked as though they contained spirits, but in reality held over a million of money in silver thalers which it had not been possible to convert into gold.

“In order to get over this difficulty,” Vitzthum reported, “I made enquiries of the agent of the House of Rothschild, and learnt that one of their couriers had just arrived, and would be returning to Paris in a few hours. I therefore sent the bottles by the courier to my friend, Baron James Rothschild, asking him to keep them in the Rue Laffitte, where I would myself arrive shortly.

“Old Baron James wanted to convert the solid thalers into francs, which would naturally have involved quite unnecessary charges.” Vitzthum insisted that the million thaler should be deposited *in natura*, and that he should have the right to demand their return in a similar condition. Baron Rothschild remarked that this was not business, and that he only knew francs. “And I only thaler,” Vitzthum replied. Thereupon James attempted to intimidate the Count and asked what would happen if Prussia should sequester the Saxon cases.

“Oh,” replied Vitzthum, “that’s all right. I’ve provided for that. But if occasion should arise I would simply remind you of the origin and traditions of your House. When the Elector of Hesse, driven from his country by Napoleon, entrusted his treasure to your father, the latter never thought of enriching King Jerome of Westphalia with those moneys, but, on the conclusion of hostilities, returned to the Elector the moneys which had been entrusted to him, himself. The King of Saxony is showing similar confidence in you, and I am sure that you will not disappoint him.”

This was hoisting the Rothschilds with their own petard, for they themselves had assisted in creating the legend regarding their conduct towards the Elector of Hesse and were gratified when people spoke about the loyalty which they had displayed on that occasion, so that James had to make the best of a bad job. He

took charge of the money, and afterwards, when everything had again settled down, it was duly returned to Saxony.

Now, when Prussia, swollen with power, could rely upon a victorious army, which had scarcely an enemy left that could be regarded seriously, Napoleon demanded at Berlin the territories on the left bank of the Rhine, including Mainz. In the Prussian capital, however, they would not hear of such proposals. Bismarck pretended that he had never dreamt that Napoleon would express such a wish.

In England it was thought that Prussia would immediately comply with these requests. Anthony Rothschild in London assured Count Vitzthum that the Paris Bourse, which was a reliable barometer, was at "set fair," that Prussia would make no difficulties, and would pay the modest bill. The British Ministers, however, shook their heads over this optimism, and expressed the view that Prussia would refuse. Anthony is said to have made observations to Vitzthum at this time which were characteristic of the materialist attitude of the Rothschilds, even in the third generation.

"The sooner we are rid of all our colonies," he is actually supposed to have said on the 12th September, 1866, "the better for England. We want peace at any price. It is the desire of all our statesmen. Take, for instance, Lord Derby. He owes his income of £120,000 to the fact that his estates in Ireland and Lancashire are being covered with factories and factory towns. Is he likely to support a militarist policy? They are all in the same boat. What do we care about Germany or Austria or Belgium? That sort of thing is out of date."

While the war had the gravest consequences for Austria, since it determined her complete exclusion from Germany, it had no less serious effects upon the prestige of the Emperor Napoleon. The whole of France

instinctively felt that Napoleon had let pass the favourable opportunity for fighting against a Power which might still become highly dangerous to France at a time when that Power was involved elsewhere. This attitude, which infected all circles of opinion in France, also expressed itself in the financial condition of the Napoleonic State, which became progressively worse.

The *Crédit Mobilier*, which had large holdings in the seriously depreciated Austrian securities, and had other commitments far beyond its strength, was unable, in spite of Napoleon's favour, and in spite of being assisted by the State, any longer to conceal its bad financial position. To pay dividends out of capital was bound to have the most devastating effect upon a concern that was so dependent on the good opinion of the Bourse and of the public, and that was now revealed to rest upon a purely speculative basis. By December 1866 the shares had already fallen to 600; in April 1867 the *Crédit Mobilier* had to show a loss of 8,000,000 francs in respect of the year 1866, and its shares then fell to 350. Napoleon was implored not to continue to support the Percires, as the Government risked being involved in the débâcle of the *Crédit Mobilier*, which could no longer be concealed from anyone. The open war between the two great Jewish financial groups, the Percires and the Rothschilds, had now been decided in favour of the latter. As Scheffer says, "they had always regarded the *Crédit* as a foreign body which, since it could not be made to serve their ends and only acted as a rival, must at all costs be destroyed. And it had now come to that. In the evening of his life James had been proved right. All his warnings had come home. The enemy had left the field defeated. The brothers Percire withdrew into private life, while the collapse of this enormous concern, the shares of which stood at 140 francs in October 1867, implied an unheard-of personal



THE BROTHERS PEREIRE

humiliation for the Emperor. For this his financial adviser, Achille Fould, was to no small degree responsible; he had resigned his office in January 1867, and died unexpectedly in the following October.

After her unsuccessful war, Austria made a change with regard to the control of her foreign policy, the direction of which was now transferred to the Saxon Baron von Beust. He had known the Rothschilds for a long time and was a friend of the House; and he took advantage of this connection to bring to their notice the urgent need for a loan for his country which had been knocking in vain at the door of the financiers.

Austria was at the time planning to reduce the burden of interest payments on her public debt by conversion. The suggestion caused great dissatisfaction amongst the numerous holders of Austrian Rentes abroad, especially in France, who, after the war of 1866, had, in any case, suffered considerable loss owing to the fall in price of these securities. It was even proposed that Austrian securities should no longer be quoted on the Bourse. Thereupon Beust decided to approach the aged James Rothschild direct, with a request for mediation.

"I am instructing Count Vitzthum," the Minister wrote, "to discuss our financial position with you, and the measures that should be taken to prevent Austrian securities from being excluded from the quotations on the Bourse. I hope that you will give us some help with your advice and influence. If the requirements of our position could be better understood in Paris, it is possible that the measures announced by the I. and R. Government would not be judged so harshly. . . . I very much hope that, on mature consideration, France will arrive at a better opinion of us, and you would do us a real service if you would assist in bringing about such a result."

James, who had latterly been suffering acutely from

gall-stones, perceived from the tone of this request that it was realised in Vienna too that his position in Paris had been substantially strengthened by the fall of his opponents. He assured the Austrian Ambassador " that he would do everything in his power to ensure that Austrian securities should continue to be quoted ; he coupled this assurance with the advice that Austria should give preferential treatment to the loan subscribed in Paris and London. This advice, and the steps that he took in connection with the Austrian securities, were amongst the last acts of a business nature that it fell to James to carry out. In the summer of 1868 he fell seriously ill. Besides his painful complaint, he was suffering from liver trouble and jaundice. He died at the age of seventy-six and a half, on the 15th November, 1868, one day after the death of his friend the composer, Rossini. So long as his strength had permitted, he had continued actively to direct his business, and death alone could interrupt the extraordinary activity which he had shown throughout his life. " Rothschild is dead ; long live Rothschild." Thus the French Court adapted the well-known epigram made on the death of a king ; for a king James had undoubtedly been in his own sphere. The democratisation of financial operations was beyond his understanding. He remained throughout his life the banker who had risen to power in the shadow of princely houses, and who sought and found his customers amongst the monarchs of the whole of Europe.

Speculation having become the dominant interest of considerable sections of the population in Paris, the Bourse was always a centre of excitement. James Rothschild, who was cautious and reticent, and exceedingly confident of his own judgment, although quite friendly to such persons as knew how to handle him, appeared once or twice at the Bourse during the last years of his life. This always produced a sensation. A buzz would go

through the crowd of brokers, and he would be immediately surrounded by a swarm of clients and officials. Every one of his gestures would be carefully noted; people hung upon his every word, and he could make a man happy by asking him to hand him the list of quotations, or to do him some other trifling service. On his death the Paris correspondent of the *Kölnische Zeitung* wrote an article in which he stated that James had come to Paris in 1812, with about a million francs, but that he was now estimated to be worth about two thousand million. The journalist observed that English financiers who were in a position to know had assured him that in all the United Kingdom there was no one possessed of a similar fortune. The figure mentioned was, of course, imaginary; James's son, Alphonse, would himself have found considerable difficulty in estimating the value of his inheritance; but the publication of this article, together with the descriptions of the magnificent funeral, constituted a great advertisement for the House of Rothschild.

If the dead man's wishes had been carried out, the funeral would have been a very simple one, without the military honours to which he was entitled as a holder of the Grand Cross of the Legion of Honour, but such was the interest displayed that half Paris took part in the magnificent funeral procession. Napoleon was represented by his chief Master of Ceremonies, the Duke of Cambacérès; the King of the Belgians sent an aide-de-camp; the Royal Family of Orléans, the Emperor Francis Joseph, and the President of the United States telegraphed their condolences. James was allotted a simple tomb in the old Jewish cemetery in Père Lachaise, the only inscription on the tombstone being the letter R. The papers published long accounts and biographical sketches.

Thus the last of the five brothers, who had brought their House to such heights of power, was dead.

James's eldest son, Alphonse, succeeded to the direction of the Paris House. Born in 1827, he had been sent to the Collège Bourbon as a boy, and had made friends there with young Léon Say, who was later to become the famous Finance Minister of the Third Republic. At the age of nineteen he was sent to England to study the organisation of railways, and was afterwards employed in the Northern France Railway Company, of which he became chairman on the death of his father. In 1855 Napoleon appointed him a member of the governing body of the Bank of France. Alphonse was already a naturalised Frenchman, and whereas his father had always spoken the most wretchedly bad French, which was the joke of all Paris, Alphonse was a complete master both of written and spoken French. He was destined to lead the Paris House through the stormy period which followed upon the fall of the Imperial régime, which his father had so often predicted, but which he did not live to see.

This catastrophe approached with gigantic strides. All Bismarck's energies were concentrated upon his life's work—the union of all Germans under Prussian leadership. He attached to himself all those who would be useful to him in this connection, and the question of ways and means was given proper consideration. The relations between Bismarck and Bleichröder, the clever financier, had become constantly closer since 1866. Since her victory over Austria, Prussia had risen substantially in the regard of the Rothschilds, and the association between them and Bleichröder, which was already of many years' standing, became a close one. As the House of Rothschild had no member of their family to take charge in Berlin, as they had in the other capitals of Europe, Bleichröder was entrusted with representing the interests of the House in Berlin and the whole of Prussia.

In accordance with the usual practice of the House of

Rothschild, he received the political information from London, Paris, and Vienna that was always furnished to its representatives. Thus Bleichröder was always kept most accurately informed regarding the position of Napoleon III. As Alphonse Rothschild had access to the Emperor, Bismarck was enabled to convey confidential messages to the Emperor through unofficial channels; and he was also able to receive important secret information, such as only Rothschild would be able to procure. It was, of course, advisable to exercise caution in this matter, for Alphonse Rothschild's attitude was consistently that of a French patriot, and it was necessary to take care that the general antipathy which the Rothschilds had always felt towards the Napoleonic régime should not outweigh in the sentiments of the present chief of the House his feelings of patriotism for France.

Bleichröder was influential with Bismarck in financial and commercial matters, and the latter had given instructions that Bleichröder should be kept informed of developments in the political situation. In this matter, however, he exercised a greater degree of caution and reserve than Metternich had done in his relations with Solomon Rothschild. He used Bleichröder and his association with Rothschild, for his own purposes, but he was able to say with justification " : " It is not necessary to let the Jews get the upper hand, or to come to depend on them financially to such an extent as is regrettably the case in several countries. My relations, as a Minister, with Jewish high finance have always been such that the obligation has been on their side and not on mine."

Through the private channel available to Bleichröder, Bismarck kept a close watch on what was happening in Paris, where dissatisfaction with the Imperial régime had been constantly increasing since the unfortunate year 1866. Napoleon wished, by the peaceful acquisition

of Luxemburg, to conceal the indirect reverse which he had then suffered, hoping in this way to divert attention from the growing opposition at home. But in this he was not successful. The Emperor found himself opposed by the North German Confederation; Luxemburg was declared a neutral country, and the evacuation of the Prussian garrison was but poor consolation. Bismarck, however, was forced to admit to himself that Napoleon would never tolerate a powerful and united Germany such as the Prussian Minister dreamed of. But since he meant, at any price, to weld such a unity together, war would be sooner or later inevitable.

Napoleon was too sick and too undecided to rush into such a conflict, and Bismarck hoped that perhaps he might be able to achieve his end without bloodshed. Then an incident occurred which caused French national feeling suddenly to flame up, depriving both leaders of the control of their people, and hastening the catastrophe.

Spain, constantly afflicted by political crises, was attempting to find some final solution of her problem. A republic was not in favour, neither did past experience render a Bourbon dynasty desirable. The chance of finally achieving a union between Spain and Portugal was a motive for considering a member of the Portuguese Royal house. Prince Leopold of Hohenzollern-Sigmaringen, whose wife was a daughter of the King of Portugal, was suggested. Bismarck supported this candidature, which appeared to him to be in the interests of Prussia, but in France the proposal aroused a storm of indignation. It was felt that France would be ground between the upper and nether millstone of Germany and Spain.

When, on the 3rd July, it became known in Paris that the Prince had accepted the candidature, the French completely lost their heads. "Vengeance for Sadowa" was shouted in the streets, and it was admitted that the defeat of Austria in 1866 was a defeat for France.

The Court and the Emperor were not able to resist the influence of the general emotion. At this fateful moment, Napoleon sent for the chief of the House of Rothschild, in order through him to urge upon England that she should repel this attack upon the honour and security of France. The Duke of Gramont, Minister for Foreign Affairs, had already said to the British Ambassador, Lord Lyons, that France could not and would not put up with the insult. On the 5th July, 1870, Alphonse Rothschild was hastily called for by the Imperial adjutant and brought to St. Cloud, where he appeared before the monarch in a state of considerable excitement, for he had never been summoned in such an unusual manner or at such an unusual time. "The Emperor explained to the banker that there was at the moment no Foreign Minister in England (Lord Clarendon had died on the 27th June and Lord Granville was not appointed until the 6th July), and that he therefore desired to send the message through Alphonse to the Prime Minister, Gladstone. This was a somewhat clumsy excuse, for it would have been possible to make use of official channels, but Napoleon preferred to deal with the matter privately, through the Rothschilds. The Emperor wished in this way to let Gladstone know that the Hohenzollern candidature was intolerable to France, and to ask Gladstone to do everything possible to have it withdrawn.

Alphonse Rothschild immediately sent a cipher telegram to Lionel in London, and Lionel's son Nathaniel, afterwards Lord Rothschild, deciphered the telegram for his father, and then hurried with it himself to Carlton House Terrace. There he found Gladstone, who was just about to leave for Windsor to see the Queen; he got into his carriage and drove with him to the railway station.

After reading the telegram, Gladstone said nothing

for a while. Finally he stated that, although he was by no means in favour of the candidature, he was not inclined to interfere with the free right of the Spanish people to choose their own sovereign. The telegram which Lionel sent containing this news profoundly disconcerted the Paris bank.

As early as the 7th July, Bleichröder received a letter from Alphonse expressing absolute panic at the threat of war. " At the same time a similar alarmist letter was sent to Anselm at Vienna, painting the position in the darkest colours, and indicating the financial measures that were called for in the circumstances. The Vienna bank, too, was in a panic. Anselm, whose business had only just recovered from the blow of 1866, found himself faced with the incalculable consequences of an armed conflict between Prussia and France, in which Austria might easily become involved. He is said to have quite lost his temper over the rash and short-sighted politicians and generals, as he called them, who were bringing such disaster upon Europe, and he decided that, if he could not check the course of events in the west, he would, at any rate, do everything possible to prevent Austria from engaging in the conflict herself.

By the 11th July Bleichröder regarded the situation as hopeless; on that day he instructed his London correspondent, Worms, by telegram, to sell all his securities at any price, and this was done, at considerable loss. "

Nevertheless, it seemed that everything would end well after all. On the 12th July the Prince of Hohenzollern spontaneously resigned his candidature, and Alphonse Rothschild telegraphed to Gladstone " with great satisfaction : " The Prince has renounced his candidature ; the French are satisfied."

But Alphonse's rejoicing was premature. Lionel had immediately got into touch with all persons in influential

positions in London whom he could expect to use their influence on the Continental situation in a way likely to assist in maintaining peace. He and his son Nathaniel had been to see their friend Disraeli, and had had a detailed discussion with the ex-Premier, who was opposed to Gladstone's foreign policy—as to what could be done in the interests of peace. Disraeli thereupon asked her Majesty's Government what were the real causes of the dispute, and whether the Government would not busy itself with the question of mediation, concluding with some eloquent words of warning regarding the terrible political and moral responsibility incurred by a sovereign who should disturb the peace of Europe at that moment, thereby exposing himself to the indignation of public opinion throughout the whole civilised world.

However, the ball had been set in motion, and nothing could stop it. The efforts of the Rothschilds were again entirely fruitless, and one of the greatest dramas in the history of the world proceeded to develop without their being able to interfere with the action. As soon as war had been declared, Alphonse Rothschild identified himself entirely with the French cause. In spite of the misunderstandings between his House and Napoleon, he hoped whole-heartedly that France would be victorious.

In a manner that was scarcely polite to the German Government" he resigned his office of Prussian Consul-General, and, as far as he was able, he assisted financially in the energetic prosecution of the war against Prussia.

Meanwhile, the campaign developed with surprising rapidity. To the astonishment of Europe the French Army was conquered after a few battles, rapidly following on one another. The Empire was shattered, and Napoleon III was taken prisoner. On the 1st September the monarch capitulated with his army at Sedan; on the 4th September the revolution in Paris overthrew

the Imperial régime ; the Empress fled ; the republic was proclaimed ; and a *gouvernement de la défense nationale* was set up, of which General Trochu was President, Jules Favre being Minister for Foreign Affairs. Soon afterwards the Prussians were at the gates of Paris, and by the 19th September, 1870, the investment of the city was complete.

On the same day the Prussian High Command, including King William, Bismarck, and Moltke, with their magnificent staff, took up its quarters on the Rothschild estate at Ferrières. The thunder of the guns and the bustle of war seemed strangely out of place in the magnificent Renaissance château, with its wonderful park and its lake on which the swans and ducks swam peacefully, and its coverts full of game. The General Staff, although not a little spoilt by the quarters which they had hitherto enjoyed in the châteaux of France, were nevertheless quite overcome by the splendour which they found at Ferrières. As though perfect peace reigned, the stables were full of the finest horses. Grapes of incredible size ripened under glass, and orchids bloomed in the conservatories. When the King, arriving from Lagny, entered the gorgeous apartments he said to his staff, " "Folk like us can't rise to this ; only a Rothschild can achieve it."

Alphonse Rothschild had only left a steward and a few female servants. The King refrained from installing himself in the owner's gorgeous bedroom. He had his iron bedstead put up in a modest little room, and strongly forbade his suite to touch anything. Even the game were not to be interfered with in any way—an order which specially grieved Bismarck, who was passionately fond of sport.

Scarcely had the German general headquarters been installed in Ferrières when, on the 19th September, 1870, Jules Favre arrived at the château to negotiate

with Bismarck regarding an armistice and possible terms of peace.

This meeting proved fruitless, the French negotiators being determined not to surrender an inch of territory, so that arrangements had to be made for a prolonged stay at Ferrières, as the war would continue. This fact naturally produced friction with the Rothschild steward, who, amongst other things, refused to produce wine, " although he was offered payment. These disputes eventually came to the ears of Bismarck, who summoned the steward, and rebuked him for the unfitting manner in which he requited the honour of entertaining the King at Ferrières. As the Rothschild servant continued to make difficulties, Bismarck asked him whether he knew what a truss of straw was. The steward was puzzled and silent, and Bismarck explained to him that it was an object on which obstinate and rude stewards were laid, with their backside uppermost. The rest he would leave to his imagination. Thereupon the official gave way, and brought the wine. But he availed himself of an opportunity of letting his master in Paris know that the Germans had actually threatened to beat him.

Alphonse Rothschild mentioned this to one of his Paris acquaintances, making fun of the Germans, and the latter wrote a letter about it to a certain Countess de Moustier in the provinces. The letter was sent by balloon, the method used for communicating with the outside world. The balloon was shot down by the Germans, and fell into their hands, with all the mail it contained. The letters were examined by the German Intelligence Department to see whether they contained information of military value, and the letter of the 28th December, 1870, to the Countess de Moustier was discovered. It contained the following sentence, " " The Prussians in the neighbourhood of Paris have a liking for pheasants ; Rothschild told me yesterday that they were not satisfied

with his pheasants at Ferrières, but had threatened to beat his steward, because the pheasants did not fly about filled with truffles.”

This extract was brought to the knowledge of general headquarters, and Bismarck felt that it was a hit at him, because he had been one of the few, if not the only person, who had shot a few pheasants in the park, in spite of the King's prohibition. He said, “What will they do to me? They won't arrest me, for then they would not have anybody to arrange peace.”

Bismarck expressed himself strongly about the remark made by Rothschild, as quoted in the letter, observing that old Baron James had had more *savoir faire*.

Meanwhile, Jules Favre's first attempt to bring about an armistice and peace had proved unsuccessful. Bismarck's demands were stated to be unacceptable, and national war was proclaimed, to the last drop of blood.

General Trochu organised war to the knife in Paris, calling up every man capable of bearing arms.

Meanwhile, the King moved his headquarters from the Château Ferrières to Versailles. However, their courageous resistance in the capital and the provinces was of no avail. The French were forced to realise that further resistance was useless, and Thiers and Jules Favre, the representatives of the new Government, were compelled, on the 21st February, 1871, to proceed to Versailles, where they learnt Bismarck's conditions for a preliminary peace, namely, the surrender of Alsace Lorraine and the payment of a war indemnity of 6,000,000,000 francs. Bismarck had discussed the financial side of the question with his confidential adviser, Bleichröder, and Henckel von Donnersmark, who had been summoned to the headquarters at Versailles. During his conversation with Jules Favre and Thiers on the 25th February, 1871, Bismarck specified the dates on which he thought this sum should be paid, and he

invited the French negotiators to hear what his financial advisers had to say on the matter.

The French said that Bismarck's proposals were somewhat unusual and technically complicated. "You have been able to prepare them at length," Thiers replied to Bismarck, "with the assistance of eminent financial experts. We ask for similar facilities. M. Alphonse de Rothschild is in Paris; like myself, you have a high regard for his experience and his absolute honesty. I shall send him a telegram, and after I have spoken to him I shall feel more confident that I am not making a mistake."

Bismarck could not well refuse this request, but it obviously displeased him. He said angrily that the negotiators were procrastinating and were trying to evade the conditions imposed upon France. With all their suggestions and excuses, they were slowly exhausting the patience of his Royal master. Prussia's great statesman pointed out that he was ill (he was suffering from lumbago). He said his strength was exhausted and that he was unable to continue negotiations which the other side obviously wished to come to nothing. With clever deliberation Bismarck assumed anger. As he strode up and down the room, he exclaimed explosively to the French negotiators, "It is exceedingly accommodating of me to take all this trouble which you are forcing on me; our conditions are an ultimatum—they must either be accepted or refused. I am not going to discuss the matter further. Bring an interpreter tomorrow—I shan't speak French in future." Bismarck did, in fact, proceed to discourse vehemently in German.

Thiers had remained calm during this painful scene, and waited silently until his opponent's anger should abate. Fortunately, it was now five o'clock, and dinner was announced. The French negotiators were invited to join in the meal, but they declined, although Thiers had eaten nothing since the morning.

The telegram to Alphonse Rothschild had been sent off, and the two negotiators were now waiting for him to arrive. He arrived at half-past seven the same day, the 25th February, 1871. Thiers immediately informed him of Bismarck's enormous demands, and of the German proposals with regard to payment, and the banker fully shared the opinion of Thiers, who was naturally still trying to resist the oppressive conditions.

Bismarck was angry that Rothschild, whose family was, after all, of German origin, should also be making difficulties, and that he should behave as though he were as French as the other two negotiators.

When Alphonse Rothschild, who was a puny little man, went up to the big Chancellor and began talking to him in French, " Bismarck treated him with scant courtesy, in fact with positive rudeness, while he treated the two other negotiators in a more friendly way, in order to make them forget his earlier outbursts. He was annoyed at Rothschild's acting as Thiers's second. He was also annoyed because of the Ferrières incident, and because a man of German-Jewish extraction was acting as though he were a full-blooded Frenchman, and not speaking German.

Bismarck wanted to get the matter settled speedily, and he was therefore also vexed because Alphonse Rothschild had not managed to discuss the necessary machinery with Bleichröder and Henckel that evening. Rothschild asserted that Thiers had not given him sufficient information, " and the result was that the agreements were not signed until the following day. These laid down the main lines of the arrangements whereby all the great money merchants of Europe were to be brought in as guarantors of the war indemnity, which, meanwhile, had been reduced to 5,000,000,000.

While these negotiations were being carried on, the wildest rumours were current in Paris regarding



THE EMPRESS EUGENIE

Bismarck's mad demands, such as that he demanded the surrender of several provinces, the payment of 10,000,000.000 of war indemnity, etc. Alphonse Rothschild's brother, Gustave, who after James's death had been appointed Austrian Consul-General, had been through the siege of Paris with his brother, and was still in the town. Count Vitzthum found an opportunity in the middle of February of having a conversation with him, and said, " that he was intimate with the most important people and had observed men and things at the closest possible quarters. Gustave Rothschild expressed himself very strongly to Vitzthum regarding General Trochu, the defender of Paris.

" He is an honourable man," said Gustave Rothschild, " but weak, indecisive, and soft ; he permitted the events of the 4th September, instead of quelling the rising and compelling the Regent (the Empress Eugenie) to liquidate the situation created by the incompetence of the Ministers and Generals of the Empire. It would always have been possible to change the form of Government after the Imperial Government had been compelled to sign the terms of peace. General Trochu, who became master of Paris on the 4th September, never succeeded in making good this early mistake. Terrorised by Belleville, " he exercised a most damaging influence upon the negotiations at Ferrières, which were so lamentably carried on by an inexperienced lawyer. The unfortunate phrase, " Not a foot of our territory, not a stone of our fortresses " originated with General Trochu, who thought that he would disarm the Faubourgiens, at the same time entertaining them with his marvellous war schemes which had never existed. Whenever there was any sign of trouble, General Trochu was nervous and undecided in dealing with the enemy."

Gustave Rothschild was convinced that towards the end of October, six weeks after the city had first been

invested, the armed resources of the capital would have been sufficient to break through the lines of the attackers, and compel them to raise the siege. He was also of the opinion that the sortie of the 2nd September, 1870, had every chance of being successful if only the French troops had been led by an energetic and competent general.

The Austrian Ambassador, Prince Metternich, and the British Ambassador, Lord Lyons, had left Paris for the seat of the French Government at Tours. Gustave Rothschild spoke of the unfortunate effect produced by their quitting Paris, for it had been believed, and it was still believed, that the presence of these two Ambassadors in Paris would have facilitated the negotiations at Ferrières and would have modified the terrors of the siege, and possibly prevented the bombardment. Gustave Rothschild also discussed the future, and the probable terms of peace, with Count Vitzthum.

“The moment,” he said, “for Austria and England to intervene actively and firmly has arrived. If the neutral Powers allow things to take their course they will have to pay dearly for their inaction. It is a mistake to suppose that the financial question takes precedence of the territorial question. The two questions are more related than is realised. I am not referring to the ten milliards. It is an absolute impossibility for France to raise such a sum. But I would request you to bear the following proposition in mind: if Prussia proves magnanimous, and forgoes any accession of territory, we shall easily be able to raise a large sum to indemnify her for the cost of the war. If, however, she should insist upon wresting from us the line of the Vosges from Belfort to Metz and Longwy, it will be exceedingly difficult for us to raise even a much smaller amount, as I shall explain.

“A mutilated and humiliated France will have but one thought—revenge, that is, war. If, however, she is shown consideration and left whole, she will

recover, and attribute her defeat and her sacrifices to the Empire. She will then only desire a lasting peace, guaranteed by a firm Government and an economical administration. There is no financier in Europe who does not appreciate this fact, or who does not therefore gauge the credit that may be granted to France by the conditions that will be imposed upon that country. M. Favre's fine phrases are absurd—it is no more dishonourable for France than for any other country to be forced to surrender a province after an unsuccessful war. At the same time, we financiers must calculate, and we are compelled to take into our calculations the qualities and defects of the peoples who require loans. Credit is determined by such considerations.

“Herr von Bismarck is in a position to ruin France. I do not, however, believe that this would be in the interests of Germany, and it would certainly not be in the interests of Austria, Russia, or England. I present facts as they are. If Austria does not succeed in bringing about a reasonable peace, let her reconcile herself to a struggle of desperation, a war without ceasing, battles without end, and a barbaric tyranny for which history can offer no counterpart.”

Gustave Rothschild was, moreover, of the opinion that a peace after Sedan or at Ferrières would perhaps have been even more devastating, since, as he said, the long resistance strengthened the nation's backbone, healed it of many illusions, and destroyed the Red party. Gustave Rothschild remarked with satisfaction that the Bonapartists, as such, had suffered a complete fiasco at the polls.

“The comradeship in arms,” he said, “the self-sacrifice of the rich, and the courage of the aristocrats have eliminated the fears that Paris might have felt of a repetition of the June fighting. Every day I drove in my brougham through Belleville and the most notorious

districts, and was never insulted by the populace, which seems to have forgotten its old hatred of the aristocrats. In this, at any rate, the disaster did good."

When Count Vitzthum informed Gustave Rothschild that Changarnier, the old friend of his House, had left for Bordeaux, with the intention of proclaiming "Long live the King! Long live Henry V!" Gustave Rothschild at first seemed surprised. Then, recollecting the good relations between his House and the Bourbon Royal Families, he suddenly exclaimed, "Upon my word, the General is right; it is the only possible thing to do!"

This conversation is interesting in more than one connection. On the one hand, it reveals an attempt of the House of Rothschild to intervene actively at the last moment, on behalf of France, in the peace negotiations that were in progress; also it clearly showed how little use the House of Rothschild had for the Imperial régime. It is true that Gustave Rothschild was mistaken as to the temper of the masses in Paris; and the rising of the Commune a few months later was to show him his mistake.

Meanwhile Thiers, Jules Favre, and Alphonse Rothschild had concluded the negotiations regarding the preliminary peace at Versailles. Bismarck's conditions for the surrender of Alsace Lorraine and the payment of five milliards had to be accepted with a heavy heart. Jointly with other bankers, Alphonse Rothschild guaranteed the financial arrangements, as well as the money necessary for revictualling the city, and the millions demanded as a contribution from the City of Paris.

The English Government had indeed, as Disraeli and Lionel Rothschild, who was behind him, so keenly desired, attempted at the last moment to propose that the amount of the war indemnity should be decided by arbitration. But England was too late, and nobody took any notice of her attempt at intervention.

On the 26th February, 1871, the preliminary Peace of Versailles was accordingly signed, concluding the war that affected the future more perhaps than any other of the nineteenth century.

Bismarck did not deny himself a small personal revenge on Rothschild. Three days after the signature of the preliminary peace Thiers's aide-de-camp, d'Hérisson, was dining at Versailles, and Bismarck deliberately told the story of the churlish behaviour of Rothschild's steward at Ferrières, passing on to some general remarks about the Rothschilds, whose grandfather had been "Court Jew" to the Elector of Hesse, and "private Jew" to innumerable noble families."

On the 11th March the Emperor William and the German General Staff left Versailles. There were, however, days of bloodshed and strife still in store for Paris. Gustave Rothschild had been too sanguine in his judgment of the social enmities. Just before and during the peace negotiations, disturbances broke out in Paris, which were directed against the new authorities in the State. On the 18th March the rising known as the Commune broke out in full force. The Government thought it best to leave the capital for the time being, and to withdraw to Versailles, whither the National Assembly had recently been transferred. Alphonse Rothschild, who was in constant touch with Thiers on questions affecting the finances, left the capital with the Government, and, Versailles being crowded out, he took a room in the Hotel des Réservoirs, which was converted into a kind of *apartement* by screens.

There Alphonse Rothschild lived through the terrors of the Paris Commune, during which there were numerous encounters with the Government's troops at the barricades just outside the Rothschilds' palace, and the house next it, which belonged to the Pereires. Strangely enough, although there was a terrible amount of looting, and even

the Tuileries were set on fire, the Rothschilds' house and their possessions on this occasion scarcely suffered at all.

Finally, at the end of May, the Government troops succeeded in quelling the rising and in restoring order in Paris by their energetic action. The Government departments, and the various fugitives, including the Rothschilds, returned to the capital, where they had to proceed with the work of actually carrying out the peace conditions.

The Rothschilds were referred to extensively, especially in connection with determining the instalments in which the war indemnity should be paid. Thiers and Favre had invited them to the peace negotiations rather than other bankers, because they knew that behind the Paris Rothschilds, who, like all other French bankers, had suffered heavy losses in the war, stood their cousins in the other capitals of Europe, especially those in London and Frankfurt. In view of the extraordinary position that Lionel had been able to achieve—and which was attributable, to no small degree, to his friendship with Disraeli, who had so long been Chancellor of the Exchequer, and in 1868 had been appointed Prime Minister—his financial support was necessarily of the greatest value to France.

Lionel did not disappoint the hopes that had been placed in him; he took the leadership of the syndicate of English bankers who, by maintaining the rate of exchange, facilitated the French payments of their war indemnity.

The English and French House of Rothschild also played an extensive part in the loan operations, which made it possible for France to pay off the five milliards fully two years earlier than had been contemplated, and thereby to secure that the French territory that had been occupied by the Germans should be evacuated proportionately earlier.

Thereby the Rothschilds earned the gratitude of the new authorities in the State and the new form of government, the Republic. They shed no tears over Napoleon III, and, now that the fine days of Bourbon rule seemed to be definitely over, they felt that there was no reason why they should not make friends with the Republic.

The Paris Rothschilds emerged from the upheavals of the war of 1870-1 financially unshaken, and able to point to themselves as men who had proved their patriotism for France.

Thus they succeeded in maintaining their position and their wealth in France, and under the new conditions, too, of the Third Republic, in playing an important, if not a decisive, part in the political and financial life of the State.

EPILOGUE

The Rothschilds from the Close of the Nineteenth to the End of the First Quarter of the Twentieth Century.

DURING the half-century after the Franco-German war the developments of the House of Rothschild were not so dramatic as they had been, but neither did it decline from the social and economic position that it had achieved. The social position of the family, as revealed by its residences outside Germany, had reached a point which, in view of the origin of the family, is surprising, and must be regarded as unique. Economically they succeeded through all the vicissitudes of the modern era in maintaining their wealth at a most impressive level, although they had to surrender to others the distinction of being the wealthiest in Europe.

Through the unique combination of high social position and great financial resources with the international connections of Jews, they have succeeded, by cleverly adapting themselves to the politics of the day, in playing an active part in important political and economic developments up to the present day. It is still impossible completely to ignore them in those countries in which the family is still established. But the general position of the House has somewhat changed as compared with earlier times. When the five brothers of the second generation disappeared from the scene, the close union between their Houses, and their intimate co-operation, became somewhat modified. This was partly a consequence of the fact that the members of the third generation almost completely adapted themselves to the nations in whose midst they were living and came to think and feel nationally. In England, France, and Germany the members of the Rothschild family had themselves naturalised; they were received in the highest social circles in these countries, and it was,

therefore, only natural that they should have endeavoured to outdo in patriotism the natural-born Englishman, Frenchman, or Austrian whose family had been settled in the country since time immemorial. This change came to be expressed in the regulation of the family property. Whereas during the time of the five brothers each brother shared in the profit or loss in every transaction according to conditions determined by contract every three or five years, now each of the four presiding Houses had its own private property, and it was only in certain big transactions, individually specified when they arose, that the four Houses acted together under special agreements, more or less constituting a single firm for such purposes. This did not prevent each House from assisting the other in its private transactions by supplying information or by other effective help, when opportunity offered. The most important men of the time have recognised, often reluctantly, the peculiar position which the Rothschilds have achieved in the world.

Bismarck, whose attitude to them has been shown to have been sometimes cynical, and at other times friendly, once said at a dinner which the Crown Prince was giving to the Reichstag, and at which Meyer Carl, the Frankfort Rothschild, was a guest, that he missed him in Berlin, that he ought to stay there more often and entertain; that he owed it to his House. Rothschild asked whether he should give dinners in a restaurant, whereupon Bismarck replied that it would be still better if he would buy a house of his own in Berlin, for the Paris and the London Rothschilds were not much use to him, and so the Frankfort one ought to do something in Berlin. This remark of Bismarck's confirmed the actual development under which the Rothschilds, after 1870, no longer formed *one* international bank as before, but constituted several national

banks, although there was a certain connection between them.

The suggestion of a Berlin branch came to nothing, and indeed the original Frankfort House declined more and more in importance under the Empire.

Meyer Carl, the head of the Frankfort House, had, contrary to the usual practice of the Rothschilds, taken an active part in politics. In 1867 he had been elected member for Frankfort in the Reichstag of the North German Confederation, and afterwards he became a member of the Prussian Upper Chamber, and of the Reichstag under the Empire. For two years he was actually a town councillor of the City of Frankfort, which not long before would have been quite inconceivable in the case of a Jew. Meyer Carl worked in close association with his brother Wilhelm, whereas Adolph, who had been in Naples, made his permanent home in Paris. Meyer Carl always felt that fate had treated him very cruelly in giving him only daughters, and no son. His brother Wilhelm also had no male descendants. Meyer Carl's ambition to achieve a high and honoured position in the Empire of William I revealed itself in later years in a positive craving for Orders. The Emperor William had given up his previous ideas with regard to granting Orders of a special design for non-Christians, and he wrote playfully to Bismarck when Meyer Carl was aspiring to a Grand Cross with broad Ribbon:

"Carl Meier, Baron von Rothschild, has developed a bad attack of tape-worm at the approach of the investiture ceremony. I can't provide a remedy for this, but I could cure *kreuzschmerzen* (lumbago). We must remember that during the war he spent an enormous amount on charity, for which his wife received the Cross of Merit; she, of course, spent the money which her husband gave her, but he received no distinction."

During the following years the commercial and political importance of the Frankfort House dwindled considerably. When Meyer Carl died in 1886, his brother Wilhelm became head of the bank—Meyer Amschel Rothschild & Sons. But he had not the qualities required to re-establish the importance of the Frankfort firm; and when he died in 1901 the parent firm ceased to exist.

It is represented indirectly at the present day by the Goldschmidt-Rothschild Bank. Minna Caroline, the daughter of Wilhelm von Rothschild, married Maximilian von Goldschmidt, who had an independent bank at Frankfort, and, after the marriage, added the name of Rothschild to his own. As this couple inherited a large proportion of the enormous wealth of the parent firm that had now disappeared from the scene, the Goldschmidt-Rothschild Bank soon acquired considerable importance.

The value of the inheritance may be inferred from the taxes paid, as well as from interesting estimates made by Bismarck. The latter remarked in the year 1875 during his campaign against Rome: "If I were to assess the Jesuit Order for income tax purposes, I should not, at the moment, assess it quite so high as the property of the late Rothschild, but at over half his wealth, that is to say at about 250 to 280 million thaler, or about one thousand million francs in capital value."

According to the diaries of the French Ambassador, Georges Louis, the Emperor William II, when his yacht *Hohenzollern* was in Palermo harbour in April 1908, received a young Paris Rothschild, whose yacht had also put into that harbour, and, as Bismarck had done on a previous occasion, suggested to him that a member of his family should settle in Berlin. The Ambassador asserts that the Emperor spoke for more than an hour to this young French Rothschild about the greatness

of his House, praising the services which it had rendered, and lamenting the fact that, although it had originated in the German town of Frankfort, it was no longer represented in Germany. He said that a member of the family ought to come to Germany again; that he, the Emperor, had no religious or race prejudices, and would give a branch of the Rothschilds in Germany a position that would actually excel the position of the Houses in Paris and London. Enquiries of a personage very closely connected with the Emperor William prove this story to be entirely imaginary, the Emperor never having had any such conversation, or made any such suggestion to a member of the House of Rothschild. However that may be, the fact remains that there was now no branch of the Rothschilds in the country whence they had set out to conquer Europe, and that, of the five original branches, only those of London, Paris and Vienna flourished.

On the other hand, Anselm had succeeded in re-establishing the prestige of his House in Austria, and in restoring the position of his family, which had been so much damaged by Solomon's flight in 1848. On the conclusion of the Franco-Prussian war a veritable fever of company promotion and unparalleled over-speculation broke out in Austria too; Anselm condemned these tendencies and kept aloof from them as far as possible. There was a general desire to imitate the *Creditanstalt*, founded by the Rothschilds, the value of whose shares had risen in a most extraordinary manner, on the part of persons who, however, lacked the financial solidity of the Rothschild Houses. This finally led to the notorious collapse of the 8th May, 1873, which Anselm alone was prepared for, and able to deal with, at a considerable cost, whilst the new companies and banks surrounding him came to grief. As the House of Rothschild alone emerged without serious damage from this catastrophe,

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it acquired many enemies and critics. When Anselm died in July 1874, his wealth was much greater than the inheritance to which he had succeeded; but this result had been achieved rather by caution in preserving what had come to him, and by the more or less automatic growth of a large fortune, than by new undertakings on a large scale.

His name is still associated with that beneficent institution, the Währing Hospital. Anselm had three sons, of whom the eldest, Nathaniel, had no taste for business at all, his preference being for good company and artistic interests, a fact which often caused trouble with his father. Anselm's houses, 17 Rue Laffitte, Paris, the Römische Kaiser in Vienna, the house in the Renngasse, the Gundelhof in the Bauernmarkt, and his estates at Schillersdorf and Beneschau, were divided amongst his children by his will, with the explicit injunction never to sell or mortgage any of them, but to maintain them faithfully in the male line. He distinguished in his will between the tastes of his sons Nathaniel and Ferdinand, who, as he wrote, had, like himself, a special liking for the arts, particularly for such artistic objects as are associated with the period of the Renaissance, and his son Albert, who preferred to occupy himself with business and practical matters.

In his will, Anselm emphasised the necessity for maintaining "that lively sense of brotherly unity" which had hitherto existed, and which, he had no doubt, would continue to exist in the future. He emphasised the importance of co-operating zealously for the family's prosperity, and of carefully watching over all the family interests.

Clauses 20 and 21 are reminiscent of the last will of the founder of the bank.

"I charge," he wrote, "all my dear children to live constantly in perfect harmony, not to allow family ties

to loosen, to avoid all disputes and unpleasantness, and legal actions ; to exercise forbearance and tolerance to one another, and not to let themselves be carried away by angry passions. In their gentleness of spirit and tranquil dispositions, let my children follow the example of their splendid grandparents ; for these qualities have always ensured the happiness and prosperity of the whole Rothschild family, and may my dear children never become unmindful of this family tradition.

“ In accordance with the exhortations of my father, the grandfather who so sincerely loved them, as contained in Clause 15 of his will, may they and their descendants remain constantly true to their ancestral Jewish faith.

“ I forbid them most explicitly, in any circumstances whatever, to have any public inventory made by the courts, or otherwise, of my estate. . . . Also I forbid any recourse to the courts, and any publication of the value of my estate. . . . Anyone who disregards these provisions and takes any kind of action which conflicts with them shall immediately be regarded as having disputed the will, and shall suffer the penalties for so doing.”

Anselm did not wish the courts to obtain too great an insight into the financial affairs of the House of Rothschild ; such as is always an inevitable consequence when legal disputes arise in a family.

Albert Solomon von Rothschild, Anselm's third son, now became head of the Vienna House, while the two elder sons followed their hobbies on a grand scale, Nathaniel living an extravagant life as a grand seigneur with a taste for art, while Ferdinand was a great sportsman. Born in 1844, Albert attended the Gymnasium at Vienna, followed by a University course at Bonn and training in a bank at Hamburg, after which he went on long journeys until 1874, when he took charge of the Vienna House. Two years later he married the daughter

of Alphonse Rothschild of Paris, thus following the example of his predecessors, who, with few exceptions, had married members of their own family bearing the Rothschild name.

His position in the world of finance and in Vienna society was much more important than that of his father. In Hungary he took a special part in the conversion of the 6 per cent. Gold Loan of 1881. In Vienna he was challenged by a grandiose attempt of the financial adventurer Bontoux to counter the Rothschild influence by founding the Länderbank, with the support of the Government. The Rothschilds lost a great deal of their influence in foreign affairs, while maintaining their influence fully in financial and social matters. They extensively increased their possessions of houses and lands in the Monarchy. In Vienna Nathaniel built the mansion in the Theresianumgasse, which is one of the features of the city. The precious objects which it contains are literally unparalleled, and the historical value attaching to many of them cannot be estimated. In the dining-room, for instance, four pictures by Vanloo had been let into the panelling representing the plastic arts which were originally commissioned by the Marquise Pompadour for her Château Bellevue. In a corner there is a small oval Louis XVI table with a porphyry top, formerly in the possession of Queen Marie Antoinette, which bears her monogram with crown. An enamelled Medici china set of the sixteenth century, consisting of twelve pieces, is to be seen in one of the electrically lighted glass cases. On a red table is a dagger with a rich gilt handle which once belonged to Wallenstein. Perhaps the most valuable article in this mansion is a golden toilet-box in a rosewood case with the Arms of Napoleon I, which he left behind in his carriage after the Battle of Waterloo. There are paintings by Fragonard and Boucher above the doors, while from the walls there

look down a Princess of Hanover by Lawrence, the Laughing Girl by Reynolds, Louis Philippe's mother by Lampi, Nattier's portrait of the Pompadour, and countless other priceless pictures.

The mansion which was built by Albert Rothschild, in the Louis XVI style, in the Prinz Eugenstrasse, suggests that it was deliberately constructed in such a way as not to be easily attacked from the street. The stone wall itself, on which a massive surrounding iron fence several metres in height is built, is taller than the normal height of a man. The mansion lies rather far back, there being a fairly wide empty space to cross after passing the railing. This scheme may have been adopted as a result of the painful experience of the 1848 revolution in Paris. Inside, the mansion is no less sumptuously furnished than the one in the Theresianumgasse.

The Vienna Gardens of the Rothschilds on the Hohe Warte are famous; they are an absolute paradise, in which every variety of rare flower and fruit is to be found in its season.

It is not surprising that, leading such a manner of life, the Rothschilds should also have wished to continue to improve their social position. Indeed, having regard to the circumstances of the time, they put forward the most audacious requests. Thus they had conceived a great longing to achieve the fullest competence to attend Courts, so as to be on an equal footing with the highly privileged great noble families of the country who could show hundreds of ancestors. They applied great pressure to secure this object. The Rothschilds had succeeded in putting many of the members of the highest nobility under obligations to them. Alphonse Rothschild in Paris induced King Albert of Saxony, the friend of the Emperor Francis Joseph, to use his influence to get this distinction conferred upon Alphonse's son-in-law. At first

there was a very obstinate opposition, and many a financial sacrifice had to be made in rendering services to the State and assisting in philanthropic objects before it was decided in the winter of 1887 to make an exception in favour of Albert Rothschild and his wife, and to admit them to Court. The other members of the House also secured this distinction in course of time, and the Rothschilds felt themselves thenceforward to be equal members of the so-called Vienna Court Society, and from that time to the present day they have moved almost exclusively in those circles.

There was no close personal bond between the House of Rothschild and the Emperor Francis Joseph. He maintained towards them, too, the attitude of the calm, deliberate Ruler, showing them neither hatred nor any special good will, although it is true that he was unable to ignore their position and their financial importance.

The Empress Elizabeth, on the other hand, was on friendly terms with the female members of the House of Rothschild. Baroness Julie Rothschild, the daughter of Anselm of Vienna, who was married to Baron Adolf, who lived in Paris, enjoyed her special favour. Julie Rothschild owned a delightful villa at Pregny on the Lake of Geneva, with extensive conservatories where she could devote herself to her favourite hobby of horticulture. The fact that the Empress also loved flowers more than anything else in the world gave an excuse for inviting the Empress to Pregny. This was in the fateful year 1898. The Empress, who had a weak heart, had been taking the waters at Nauheim, after which she spent one night at Munich in the room she had lived in as a girl. Thence she went to Switzerland, and on the 9th September arrived at Pregny by the ordinary passenger steamer. The Baroness had offered the Empress her yacht, but this had not been accepted, since Elizabeth had heard that the crew were not

allowed to accept presents, and she felt this fact to be embarrassing.

The Baroness, a lady of charm and distinction, received her Imperial guest, who was accompanied by the Countess Sztaray, at the entrance to the villa. A magnificent dinner was served; the china was old Vienna, and the glass was very old and precious cut crystal. At first the richly clad servants who were constantly fussing about the table distressed the Empress; but the easy charm and good-humour of her hostess, and the subdued Italian air played by a concealed orchestra, soon induced such a genial temper in the usually so *difficile* lady that she clicked champagne glasses with her hostess, a thing that she was very rarely known to do. The ladies then went into the garden to inspect the incomparably magnificent conservatories. Arranged according to countries and climates, the most magnificent blaze of flowers met their view. The orchids especially aroused the enthusiasm of the Empress. As she left, Elizabeth was handed the visitors' book, and after signing her name in a firm handwriting, she turned over a leaf to her hostess's surprise. Her face, beautiful still in her old age, paled, and without a word she passed the book to the Countess Sztaray. To her dismay that lady read the name Rudolph written in firm characters. This incident led the Empress, on her way home, although she had spent such a happy day, to talk about religion and death to the Countess Sztaray. When the latter observed that she looked forward to death without fear, Elizabeth replied: "But I fear death, although I often long for it; the transition and the uncertainty make me tremble, and especially the thought of the terrible struggle which one must undergo before reaching the other side." Little knowing what was in store for her, the unhappy Empress spent the night at the Hotel Beau Rivage in Geneva. On the following day the sharp,

thin dagger of the anarchist Luccheni pierced her heart. She herself did not realise what had happened, and she was spared the death struggle she had feared.

Albert Rothschild, head of the Vienna House, died on the 24th March, 1892; he had five sons, of whom Alfons and Louis to-day control the fortunes of the Vienna House of Rothschild.

Meanwhile the Rothschilds in France continued in their attitude of hostility towards Germany, a fact which, together with the financial services that they rendered, confirmed their position with the new republican authorities. There was, indeed, one incident which caused the German Ambassador, von Arnim, to protest strongly against the Rothschilds. Alphonse's wife had told a story in a salon that showed the Emperor William in a thoroughly ridiculous light. This gave rise to a keen diplomatic and social controversy, in the course of which Alphonse's wife denied everything.

As long as Thiers's conservative Government was at the helm everything went well, for the Rothschilds got on much better with the new form of Government than with the Empire which had preceded it. They would have welcomed even more joyfully, it is true, a restoration of the Bourbons, especially if it had been the House of Orléans, but they were careful to keep this wish to themselves.

The Monarchist-Clerical régime of Marshal MacMahon was less congenial to them; and they did not feel that he had the ability to remain at the head of the State.

After some keen party contests, the year 1877 saw the triumph of the republican idea in France, and a new Ministry in power, in which the friend of the House of Rothschild, Léon Say, who had remained true to his liberal principles, was again responsible for the finances. He was in a general way the friend and confidant of the House of Rothschild, and this connection brought several

advantages to the Bank. At the beginning of the eighties, when Gambetta was in power, the atmosphere was again less favourable to the Rothschilds. Gambetta was opposed to the private companies, which controlled the railways of France, and he was therefore also opposed to the Rothschilds as having the most important railway interests in France. His fall and death in the year 1882 again liberated the railways. An agreement was concluded between the French State and the six great railway companies, under which the former undertook not to avail itself for thirty years of its right to repurchase the private railways on repayment of the advances. The Rothschilds, who feared any new war as likely to interfere with the smooth running of their business, were not inclined, in spite of their strongly patriotic attitude, to support General Boulanger, who preached a war of revenge against Germany, although they exercised caution in showing their feelings. Alphonse continued with a sure touch to control the destinies of the Paris House.

The differences between France and England with regard to Egypt and the Suez Canal caused embarrassment to the Paris and London Houses, who were supporting their respective Governments in these questions. When the matter had been finally settled in favour of England, the path was clear for creating more friendly relations between the two countries. As early as 1877 the Prince of Wales, who was afterwards King Edward VII, had taken up this idea, and endeavoured through his personal friends in Paris, especially Alphonse Rothschild, to produce a congenial atmosphere for an *entente* between England and France."

At that time he was not successful, but a change in the world situation made France more amenable to the idea later. France's occupation of Tunis had led to ill-feeling in Italy, and at the beginning of 1883 that country joined the German-Austrian Dual Alliance.

This fact caused alarm in France as to the possibility of war on two fronts, and she endeavoured to ascertain the secret provisions of the Treaty of Triple Alliance, and if possible to detach Italy, whose association with Austria was only half-hearted, from her friends. During the following years the first efforts were made to secure an understanding between France and Russia.

Considerable progress had already been made in the matter of the understanding with Russia, when in April 1891 Paris proceeded to work with greater energy to detach Italy. The representative of the House of Rothschild in Rome, a certain Padova, was used for this purpose. Italy had appeared in the French Money Market in search of loans, and Padova¹¹ was instructed to state that no money could be lent to a State which might conceivably embark on a hostile action against the country of the persons supplying the money. In this way an attempt was made to ascertain the military provisions of the Treaty of Triple Alliance. The Austrian Ambassador in Rome actually reported that he had learnt from a reliable source that a representative of the House of Rothschild had made extensive promises of a financial nature on condition that Italy should remain neutral in a Franco-German war, or should acquiesce in the re-conquest of Alsace-Lorraine.

The attitude of the Rothschilds with regard to the Franco-Russian *rapprochement* was at first reserved. The Prussian Diskonto-Gesellschaft of Bleichröder and the Frankfort Rothschilds had refused Russian requests for loans (the financial situation was one of the principal reasons which drove Tsarist Russia into the arms of republican France). The Rothschild attitude was influenced to no small degree by the fact that the Jews were persecuted in Russia. When, however, the Alliance between France and Russia took shape, and the squadrons of the two countries united in friendly festivities at

Kronstadt in July 1891, it became a patriotic duty to assist Russia in her financial requirements, and the Rothschilds recognised that they would have to ignore the special interests of the Jews, as for the sake of their position in France, they could not stand aloof from participating in the big loans which that country was making available for Russia.

Towards Germany they excused their change of policy, principally on the ground that, whereas they had previously refused Russia a loan, since she oppressed the Jews, they were now attempting to get better conditions for the Russian Jews by granting such loans. Count Münster, German Ambassador in Paris, reported on this matter to the German Chancellor, von Caprivi, on the 23rd October, 1892, as follows: "Whereas I have hitherto always assumed that His Majesty the Emperor of Russia will never bind himself to the Democratic Republic, or enter into a treaty of alliance, I am now no longer quite certain whether some agreements have not been entered into. The Rothschilds, who have so far always asserted that nothing of the kind existed, no longer so definitely deny this; and they have suddenly changed their negative attitude towards Russia and are negotiating a 500,000,000 loan. The Rothschilds, who have so far been Royalists, have approached the Republic, and are now hand in glove with the Government, whereby they regain their influence. The prospect of making a profit, and, according to Alphonse Rothschild, the hope of attaining better conditions for the Jews in Russia, have induced the House here to enter into negotiations for a loan. The fact that the London House will have nothing to do with this loan shows how cunning these great Jews are. They always have a back door open. . . . That the wife of the new Finance Minister, Witte, whom Russian ladies here have described to me as being an intelligent and very intriguing Jewess, is of great help in bringing

about an understanding with the Jewish bankers, seems to me to be not improbable. The Paris Bourse is afraid of being overshadowed by the Bourse of Berlin, and the big Jews believe that if they can earn money they can best help the small Jews, with the result that, although the French market is saturated with Russian securities, the French give their good francs for bad roubles.”¹¹

In view of the international position of the House, there was always the possibility of diplomatic indiscretions, such as might have the most far-reaching consequences. Thus we now know from the memoirs of Prince von Eulenburg that the secret understanding regarding the Mediterranean between France and Italy, which paved the way for Italy's secession from the Triple Alliance, was known in Vienna and Berlin before the Treaty had been settled, through Nathaniel, the brother of the Vienna Rothschild, who had heard about it from his Paris cousin.¹²

The social position of the House of Rothschild continued to be maintained at the highest possible level. The male members of the House generally married only in their own family, or at any rate married girls of purely Jewish extraction, while the daughters, as in England, often married persons belonging to the highest aristocracy. Thus, for instance, the two Baronesses Marguerite and Bertha Rothschild married the Duke Agenor de Gramont, in 1878, and Alexandre Berthier, Duke of Wagram, a descendant of Napoleon I's famous Chief of the General Staff.

Like all members of his family, who in the course of time attained a positively legendary reputation for enormous wealth, Alphonse Rothschild was the victim of daily anonymous letters. In his case an attempt was made actually to carry out the threats. It may be that the shot fired at him one day while shooting at Ferrières

was an accident, but there can be no doubt that a parcel which was addressed to him, and which exploded when opened by a secretary, was directed against the life of Alphonse Rothschild. Besides being chief of the Paris House, Alphonse was also chairman of the Northern Railway of France, and, to his great joy, he was elected one of the forty immortals of the French Academy.

Alphonse Rothschild died on the 26th May, 1905, and his son, Edouard, succeeded him as chief of the French bank. Alphonse's brother Edmund has become famous for his support of Zionism and the idea of a Jewish colony in Palestine.

During recent years, and at the present day, the English Rothschilds have occupied the most important position of all the branches of the House of Rothschild. During the period after the Franco-German war this was especially attributable to the close relations between Lionel Rothschild and Benjamin Disraeli, Earl of Beaconsfield. When Gladstone was defeated in 1874, Disraeli again became Prime Minister, and succeeded in ingratiating himself with Queen Victoria to an extraordinary degree. Although Disraeli was a Christian, his Jewish descent was an important factor in making his friendship with Lionel, which dated from their youth, an exceedingly intimate one. Beaconsfield once wrote of the Rothschilds: "I have always been of the opinion that there could not be enough Rothschilds."

The fact that Lionel belonged to the Liberal and Disraeli to the Conservative Party was quite irrelevant. The banker and the Minister understood each other exceedingly well, and in questions affecting the emancipation of the Jews Lionel and Disraeli were so much of the same opinion that the Conservative Minister almost always voted against his own party. It is apparent that the House of Rothschild certainly did not suffer from this close friendship with England's Prime Minister,

but the Government and England also gained advantage from this connection. This was particularly the case in the matter of the Suez Canal question. The grandson of Mehemet Ali, the Khedive Ismail Pasha, who ruled in Egypt from 1863 to 1879, had incurred a perfectly monstrous load of debt. It is true that he inaugurated an era of unexampled progress in his country, but he had also increased the national debt by the year 1875 from about three hundred million marks to about two thousand million, his own personal extravagance having been a large factor in bringing this about. In the end the Egyptian State and the Khedive got so heavily into debt that the ruler was compelled to proceed to sell the 177,602 shares¹¹ in the Suez Canal which he held, to obtain money for his most pressing requirements.

It was essential that the cash should be made immediately available, and the Khedive had already got into touch with French financiers. Heinrich Oppenheim, a banker who had often lent the Khedive money, heard of the whole scheme which it was proposed to carry through; and informed both the journalist Frederick Greenwood and Lionel of this excellent opportunity for the British Government to secure their hold upon the maritime connection with India. Disraeli had for some time been thinking of securing a dominating influence in the canal by securing the 400,000 Suez Canal shares. But now it was essential to act quickly, for the Khedive had already granted an option to French financiers, so that the British could not afford to delay with their offer. Parliament was not sitting and could not be summoned quickly enough; and it was not such a simple matter to take £4,000,000 out of the Treasury without parliamentary sanction. In view of the importance of the matter, Disraeli ignored all these difficulties. "We have scarcely time to breathe, we must carry the matter through," Disraeli wrote to his Queen,¹² and through his friend

Lionel Rothschild the £4,000,000 required for the purchase was raised without parliamentary sanction. By the afternoon of the 26th November, 1875, the purchase had been carried through. The Rothschilds had advanced the money at 3 per cent., while Ismail had undertaken to pay 5 per cent. per annum until the dividends on the shares should again become payable.¹¹ Thus the British Government carried through an important political and a magnificent business deal.

Disraeli reported to his Queen in terms of the profoundest regard:

“Madam,—The business has gone through, you have the money. Four million pounds. There was only one House that could have done this, the House of Rothschild. They have behaved wonderfully, and have lent the gold and the money at a very low interest. The whole of the Khedive’s share is now in your Majesty’s hands.”

This transaction in particular revealed to the world at large the friendship between Rothschild and Disraeli. German Ambassadors and statesmen, such as Count Münster¹² and Hohenlohe,¹³ always spoke of the English Rothschilds as being intimate friends of the Premier.

It was not, however, the Prime Minister Disraeli alone who was on good terms with the Rothschilds living in England. The Prince of Wales, Prince Edward, who was then thirty-four years old, was also on the most friendly terms with the whole family. The Queen was positively shocked by the intimate friendship between him and the great Jewish financiers, Lionel, Anthony, and Meyer, the heads of the Rothschild family, and later with the younger generation, Nathaniel, Ferdinand, and Leopold. The Prince was often a guest at their magnificent country houses.

In Sydney Lee's biography of Edward VII we read " : "The Prince's business instinct enabled him to appreciate the financial acumen of the Rothschild clan, but he was more effectively drawn to its members by their profuse charity, their range of political information, their hospitalities, their patronage of sport, and their assiduity in collecting works of art."

The Prince himself was present as a guest at the marriage of Leopold Rothschild to Marie Perugia, in 1881, and was greatly impressed by the Jewish marriage ceremonial, which he had never seen before. The Prince of Wales was also frequently present at the Rothschild dances.

While the sons of the Rothschild House observed the family rule of marrying only girls of Jewish race, daughters of the House were already marrying members of the highest English aristocracy. The daughters of Lionel's younger brother, Anthony, Constance and Anna, married respectively Lord Battersea in 1877, and the Honourable Eliot Yorke, a son of the Earl of Hardwicke, in 1873. Moreover, a daughter of Lionel's fourth brother, Meyer Nathan, married in 1873 Archibald Philip Primrose, Earl of Rosebery, who was Under-secretary of State at the Home Office under Gladstone in 1881, and was Secretary of State for Foreign Affairs in Gladstone's third Ministry of 1886, and in his fourth Ministry of 1892 to 1894. In 1894 he succeeded Gladstone as Prime Minister. With such extensive and unique connections, it was not unnatural that the Rothschilds should continue to exercise a profound influence upon high politics.

When the Congress of Berlin met in 1878, and it was feared that the peace of the world was endangered by the Anglo-Russian conflict in the East, and Beaconsfield spoke in a menacing manner at the Congress, it was Lionel who had direct news from the Premier in a

contrary sense, and was able to calm his business friends throughout the world. The House of Rothschild still maintained the closest relations with Bleichröder; on the 15th June, 1878, Prince Chlodwig zu Hohenlohe-Schillingsfürst, who was then Ambassador in Paris, was staying in Berlin, and called on Bleichröder, who was able to show him a letter of Lionel's which had just arrived from London, and which definitely stated that Beaconsfield had gone to the Congress at Berlin with the most peaceful intentions."

Beaconsfield and Lionel did not fail to act in the interests of their common race at the Congress. Lionel wrote a letter to Beaconsfield requesting him in the name of humanity and civilisation to intervene on behalf of the ill-treated Jews in the east of Europe; this letter was read to the Congress in session. At the same time Lionel brought pressure to bear upon Bismarck through Bleichröder, and also sent an appeal to the French Delegate, Waddington, and to the Italian Delegate, Count Luigi Corti, with the result that Article 44 of the Congress of Berlin actually provided that all the members of all faiths in the Balkan Peninsula should be on an equal footing. The Austrian Delegate, Count Andrassy, had been appealed to in a similar way by the Vienna House of Rothschild.

Lionel had actually been the successful protagonist of Jewish emancipation in England. Sir Moses Montefiore and he shared the honours of having rendered this service to their fellow-Jews. When, on the 18th March, 1869, Lionel attended the consecration of the Jewish Synagogue in London, he exclaimed in the course of his speech: "We are emancipated, but if our emancipation should damage our faith, it would be a curse instead of a blessing." His chief source of pride lay in the fact that he had succeeded in getting into the House of Commons. Finally, in 1874, he lost his seat through opposing the

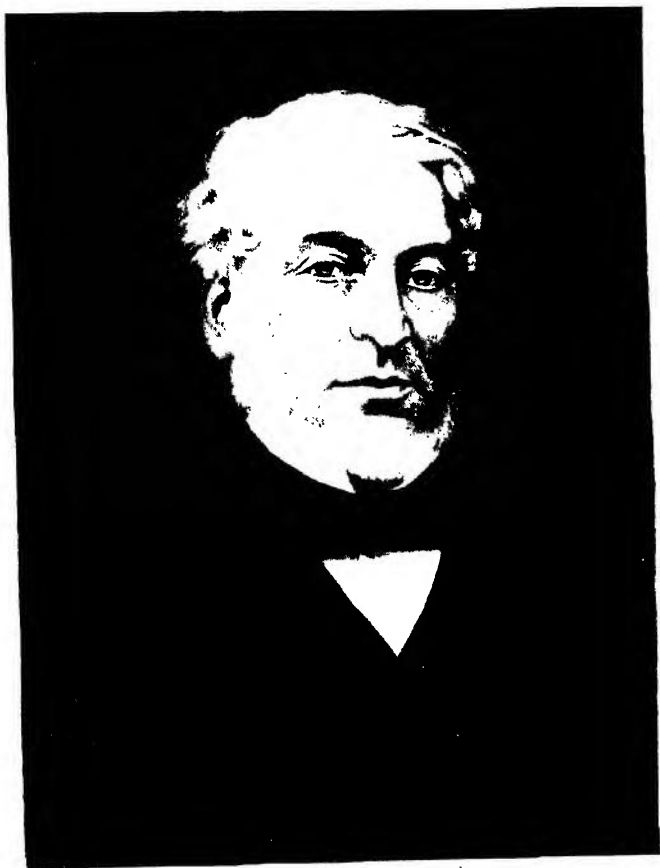
abolition of the income tax, which Gladstone was trying to carry through at the time. During his last years he suffered so acutely from gout that he could scarcely use his legs at all. Nevertheless, during the period of more than forty years during which he was chief at the London House, he was always extremely active. He died on the 3rd June, 1879, after a stroke.

Lionel had been most carefully prepared for his work by his father, and throughout his life he conducted the affairs of the bank with sound judgment, and prodigiously increased the wealth of the Rothschilds, while the activities of his brothers in art, sport, and social life furnished a background which obliterated the modest origins of his family. He floated about sixteen British State loans in the course of his life, and had also succeeded in getting on to good terms with the Prince Consort.

His eldest son, Nathaniel Meyer Rothschild, succeeded to the baronetcy of his uncle Anthony. In his way he was the complete Englishman, quiet and of few words; he spoke no language but English, was modest, warm-hearted, and always courteous. He was exceptionally interested in history, and Beaconsfield said of him on one occasion, when he was dining at Beaconsfield's house, 148 Piccadilly, "When I want to know a date in history I always ask Natty."

Beaconsfield died in 1881, and the Rothschilds lost in him one of the best and most powerful friends they had ever had. Their position was, however, so firmly established that the disappearance even of this man did not constitute more than an unfortunate episode.

During the Egyptian crisis, which preceded the occupation of Egypt by the British in 1882, the Rothschilds rendered the British Government services for which it was grateful, although without failing to remember their own financial interests; they granted the



BARON LIONEL DE ROTHSCHILD

Egyptian Government a loan of £8,500,000, which loan was guaranteed by Great Britain. Gladstone's Government rewarded their action by raising Nathaniel Rothschild to the House of Lords. He was the first Jew to be made a peer. Even Queen Victoria, who had hitherto been exceedingly cold to the Rothschilds, changed her attitude, and Ferdinand Rothschild, Lionel's son-in-law, had the honour of receiving the Queen of England in his house on the 14th May, 1890, having already entertained her daughter, the Empress Frederick of Germany, and the Shah of Persia. Ferdinand was a son of Anselm, the Vienna Rothschild, who had settled permanently in England after his marriage. The House of Rothschild was now more firmly established than ever. It was possessed of enormous wealth, and enjoyed the highest social prestige, whilst almost all its former great rivals had disappeared from the field. Where were the Fries, the Geymüllers? Where were Arnstein-Eskeles, the Foulds, the Pereires? The Rothschilds had survived them all.

In general world politics the Rothschilds continued to use their influence in favour of peace. They observed with dismay the growing opposition between the impulsive Emperor William II, who was always liable to make injudicious remarks, and the sensitive and ageing Prince of Wales. They also watched with concern the development of an increasing jealousy between England and Germany. The German Emperor's telegram congratulating the Boers on their attitude with regard to the Jameson Raid of 1895 was a matter of absolute despair to the English Rothschilds, who thought that this misfortune would immediately be the cause of war. Alfred, Lord Rothschild's younger brother, constituted himself a kind of unofficial diplomatic agent, working in close collaboration with the British Government, while he was also in touch with the German

Embassy, which was under the direction of Count Hatzfeld.

We know to-day from the writings of Baron von Eckardstein that Alfred Rothschild was one of the promoters of the idea of an alliance between England and Germany.

In view of the Russo-British rivalry in Asia (Port Arthur) and the Franco-British rivalry (Fashoda), towards the end of the nineteenth century there were moments when such a combination was not by any means out of the question, and towards the end of February 1898 secret discussions took place, generally in the house of Alfred Rothschild, between Count Hatzfeld and Chamberlain, who was then Secretary of State for the Colonies, and was acting on behalf of Lord Salisbury, Secretary of State for Foreign Affairs. But all this came to nothing ; indeed, at the end of 1898 there was a dispute between England and Germany regarding the ownership of Samoa, and William II agreed to the demand that a Commission of three representatives of the protecting Powers, together with one impartial representative, should be sent out if relations should be broken off against the wishes of Germany. Count Hatzfeld, the Ambassador, did not immediately transmit this command officially, since he feared the consequences of taking such a step. He preferred to warn the British Ministry unofficially of the serious consequences that might possibly arise from a further unfriendly attitude. The Rothschilds could always be made use of most conveniently for such a purpose, and Hatzfeld availed himself of their services with such skill that Salisbury accepted the German proposal.

The Rothschilds had contributed in no small degree to a friendly solution of the Samoa question ; although it is true that England's accommodating attitude was largely influenced by the fact that she was threatened with the Boer war.

The British Government also frequently had recourse to the Rothschilds when it wanted to get things done without committing itself officially. When in January 1900 the German steamer *Bundesrat* was held up by British ships in Delagoa Bay and searched, the German Government protested. The Rothschilds in London became nervous," scenting the possibility of a major European complication. Their fears were increased when in March" they received a telegram from their cousins in Paris to the effect that Germany had attempted to persuade France to intervene in the South African war. When the Emperor William heard of this he exclaimed, "An impudent lie!" The London Rothschilds, however, regarded this as an indirect attempt by the French Government to set Germany and England against each other, an endeavour that did not suit their plans at all. *The Times*, too, was exceedingly anti-German at this period, and exploited the *Bundesrat* affair for violent attacks upon Germany. The British Government, on the other hand, was at this time not at all inclined to add to her difficulties in South Africa by involving herself in a conflict with Germany. On the other hand, the Government did not wish to expose itself to attacks from *The Times* by being too accommodating in its attitude towards Germany. The Government therefore again had recourse to the Rothschilds, and Alfred" was persuaded to explain to the acting German Ambassador, Count von Metternich, that the Press was exceedingly independent of the Government. "Baron Rothschild," Metternich reported, "has confidentially informed me that since this (the attack in *The Times*) has displeased the Foreign Office a Cabinet Minister has urged him to make every effort to bring pressure to bear on *The Times* in this matter. Baron Rothschild was shortly to meet Mr. Buckle, the Editor-in-chief of *The Times*, and he told me that he intended to speak to him very strongly on

this matter. He said that this independent newspaper had only been confirmed in its opposition by the attempt of the Government to apply pressure, and by the effort of a Minister who sought to influence *The Times* through Rothschild's mediation."

The fact that, on account of the Boer war, the British Government was inclined to welcome a *rapprochement* with Germany entirely suited the Rothschilds, and they exploited any opportunity that offered for promoting this, as, for instance, when the question arose of appointing a commander-in-chief of the international expeditionary force for the suppression of the Boxer rising. Again it was Alfred Rothschild who made every possible effort to secure this command for Germany." He hoped thereby to secure a material improvement in the attitude towards England of the Emperor William, who was so especially proud of his army, while England was the most influential Power in the Far East.

Alfred Rothschild's attitude is best revealed in one of his letters, written to the German Ambassador, Baron von Eckardstein, for transmission to the Chancellor, Prince Bülow, the essential extracts from which read as follows":

"Your friends (my dear Eckardstein) know from experience that I have had the interests of the two countries at heart for many, many years; although during this period various subjects of discussion have arisen between the two Governments, taking it on the whole, great good will has subsisted with regard to Germany in the highest circles, in the Ministries and in the country itself, and successive Ministries have always done everything possible to meet Germany's wishes; I can prove personally that this is the case, for I have always been more or less behind the scenes, and I have always

done my best to produce satisfactory results. When Prince Bismarck was Chancellor he wanted to have a representative on the Egyptian *Caisse de la Dette*, and this was immediately agreed to ; later he embarked upon a colonial policy which, after discussion with Lord Derby, was also approved by the British Government (on the Samoa question an agreement was reached in accordance with Germany's wishes, and quite recently, at the special request of the German Government, British troops in China were placed under the supreme command of Count Waldersee), in a word, as far as I can recollect, the British Government has always done everything possible to meet the wishes of the German Government.

“ What is the position now ? For some months, it might indeed be said, for some years, the German Press has constantly written against England ; indeed, to such an extent that authoritative circles are beginning to wonder what is the aim of this aggressive policy, and whether Prince Bülow or the German Government cannot do something to prevent it. I am well aware that the Press in Germany is free, as it is in England, and that it will not have its policy prescribed for it, but when the Press of a country spreads rumours about a friendly Power that are absolutely false, the Government could have well taken the first convenient opportunity of stating how much it regrets that such false statements have been given currency.

“ This has occurred with regard to our Expeditionary Force in South Africa, and such allegations have not merely made the Germans resident in this country indignant . . . people here would have been glad to hear that the caricatures of our

Royal Family, which were sold in the streets of Germany, had been confiscated by the police—in a word, of recent years Germany's policy towards England has been a kind of "pinprick" policy, and, although a pin is not a very impressive instrument, repeated pricks may cause a wound, and, since I hope and pray with my whole heart that no serious wound may result, I am venturing to address these lines to you in the hope that you will clearly explain to Count Bülow how difficult my position in this matter has become with regard to the British Government, since I have done everything possible over such a long period of years, and that I feel now that you do not fully appreciate the great advantages of a genuine understanding with England. Possibly Count Bülow does not know that various German Ambassadors have often met famous English statesmen at my house, and it is not very long since the deceased Count Hatzfeld frequently met Mr. Chamberlain at my house, and they both shared absolutely identical views regarding the general policy of the two countries, in their mutual interests.

"In referring to these details in a very private way, my dear Eckardstein, I do so in order to show that I am not speaking *sans connaissance de cause*, and I should be infinitely sorry if the small *refroidissement* which at present obtains, and has absolutely no *raison d'être*, should continue, and possibly even increase. . . . I regard this, however, as absolutely impossible, and it would only need a slight effort on the part of Count Bülow to blow away the cloud which is at present hovering. Possibly you can prevail upon His Excellency to send me a few lines in reply to

my observations ; I would naturally show these only in the highest circles, and make the most discreet use of them ; I am convinced that a friendly *éclaircissement* would produce the most satisfactory result—and immediately. If you should have the opportunity, my dear Eckardstein, assure the Emperor of my complete devotion ; you know how greatly I esteem His Majesty.

“ Yours,

“ ALFRED VON ROTHSCHILD.”

Berlin received other accounts regarding the London Rothschilds from France. The German Ambassador in Paris said, with reference to the question of the attitude of the London Rothschilds to the question of an Anglo-Russo-French *rapprochement*, that the Rothschilds in general were, for social reasons, not well disposed towards Germany, because they had always been treated worse socially in that State than anywhere else. The London Rothschilds' aversion to Russia was also well known.”

Shortly afterwards Eckardstein reported from London²⁰ that the head of the London House was sensitive on the point that he felt that he had been badly treated by Germany. Bülow, in writing on this matter to the Emperor, observed that the House of Rothschild had previously rendered valuable services as mediators in difficulties with the Bank of England, and other matters.

“ I venture most submissively to suggest for Your Majesty's consideration,” Bülow wrote to the Emperor William II, “ whether Your Majesty's Ambassador in London should be specifically asked about any possible action to be taken with a view to dissipating any ill-feeling that the Rothschilds may have, or about any other points arising out of Eckardstein's report.”

Berlin had become exceedingly worried by the

tendency of Russia to join up with the Western Powers, and enquiries were made of Count Metternich in London whether the statements of the Ambassador in Paris with regard to the attitude of the Rothschilds were correct. Count Metternich said in his reply of the 2nd June, 1903, " that the object of Russia's financial policy was to bring England into the net ; nevertheless, there was for the moment no prospect of a Rothschild loan for Russia. Massacres of Jews had recently taken place in Russia.

In a general way, Münster wrote that the power of the Rothschilds in London had declined considerably.

"The London House," Metternich wrote, " enjoys great prestige, it is true, owing to its history, but for a long time no new business has come its way, and it contents itself with the safe investment of its wealth. For a long time it has ceased to undertake foreign loans on a large scale, the only exception is in the case of Brazil, to which country it occasionally lends money. Other important firms here, such as the Barings, are much more appropriate for the purpose than the Rothschilds, but these, even if they were willing, would not be competent to float a loan."

The provocative attitude of the Emperor William and the trend of public opinion in Germany caused England at the close of the Boer war, from 1903 onwards, to become markedly distant in her attitude towards Germany. The change of feeling first revealed itself clearly in the question of the construction of the Bagdad Railway. On this matter also the Germans had sounded Alfred and Leopold von Rothschild in London as to whether England would interest herself financially in the scheme, but the political aspect of the question was the predominant factor, and the Rothschilds learnt from an authoritative source that England did not wish to have anything to do with it, and it soon became apparent

that she was putting every possible obstacle in the way of the scheme going through.

In view of the friendship that had always subsisted between the Prince of Wales and the House of Rothschild, his accession to the throne on the 22nd January, 1901, as King Edward VII, greatly assisted in strengthening their position, but it also made them proceed more cautiously in their endeavours to promote an understanding between England and Germany, for King Edward, who had repeatedly suffered personal provocation from the Emperor William, stood for a *rapprochement* with France, and the only obstacle to a close understanding with that country was her alliance with Russia, which still threatened the road to India in Asia. The defeat of Russia in the Russo-Japanese war eliminated this danger. That war had also been unwelcome to the Rothschilds. Up to the last moment they had believed that it could be avoided, and refused to accept its possibility. Shortly before Christmas 1903 Alfred Rothschild gave a dinner at which, in addition to Lord Rothschild and Leopold, the Duke of Devonshire was present, who was convinced that war between Russia and Japan was imminent. Leopold wagered a walking-stick against it, asserting that there would be no such war for five years.

Baron Eckardstein, who was present at this scene, shortly afterwards told Count Hayashi, the Japanese Ambassador, about the wager, and he laughingly rejoined that the Duke would win, and that he did not believe in the possibility of a peaceful solution. Eckardstein wrote in this sense to Alfred Rothschild, who tried to convince his brother. On the 20th January Count Hayashi was at Alfred Rothschild's and asked him for financial support for Japan. Alfred Rothschild made certain that the British Government would have no objection, and then spoke of his sympathies with Japan's aspirations,

offering the prospect of the support of the House of Rothschild at a later opportunity. On 8th February, 1904, the Japanese suddenly attacked the Russian Fleet at Port Arthur. The war took its course. Russia attempted to secure financial assistance from the French House of Rothschild; but she found that it was not particularly cordial. The German Ambassador, Prince Radolin, reports on this matter :—

“The Paris House of Rothschild is hostile to Russia, and at the present time is standing somewhat aloof from Russian operations. Baron Alphonse said to me recently that Russia had made fine promises regarding the future treatment of his co-religionists, if only the money were forthcoming, but that his attitude was that these were empty promises. Since, however, as a good Frenchman he feels that he is more or less called upon to support the Russian Alliance (and that is what I infer), he will possibly soften in the end and open his purse, however unfavourable a view he may take of the present situation.”

These short extracts give us sufficient indication of the fact that the House of Rothschild was courted by the Great Powers until quite recent times, and that questions of high policy were most closely associated with their business transactions at all points. It must be left until a later period to deal with this in greater detail and more explicitly.

During the last ten years before the World War, during which those of the associations of the Great Powers were formed which subsequently ranged themselves on opposite sides in the conflict, the Paris and London Rothschilds naturally entirely identified themselves with the policy of the countries with which they were doing business; but both they and the Vienna House, which was in the camp of the Triple Alliance, hoped until the last moment that the great conflict

could be averted. The policy that the Rothschilds had followed since the fall of Napoleon, or indeed since they had come to possess a very large fortune, of always using their influence in the cause of peace, under whose protection they could preserve their money and develop their world-wide business without disturbance, continued to be their main inspiration throughout the period immediately preceding the World War. If ever the archives of this period should be made available to the public, it will probably be possible to show, by documentary evidence too (what we can now deduce only from the consistency of the Rothschild policy during a century, as shown by various indications and the information derived from certain responsible persons), that immediately before the outbreak of the World War the Rothschilds, especially the London Rothschilds (and to a far smaller extent the Paris Rothschilds), did everything possible to avert the catastrophe which was bound to constitute a serious blow to the unity of their House, which, in a certain sense, was still an important factor.

However, their complete impotence in intervening effectively in the important decisions regarding world policy during this century was only too obvious. They were not listened to, and when the Sarajevo murder snatched the reins out of the hands of the statesmen throughout the world and the steeds of destiny took the bit between their teeth as they headed for war, the Rothschilds too had to make the best of a bad job, and, like everyone else, submit to the course of events. They again found themselves faced with a situation which, although it was not new to them, was not by any means easy to deal with; again they had a foot in both camps. The London and Paris Houses were in the camp of the Entente, the Vienna House was in the camp of the Central Powers. The male members of the various Houses

who were of military age joined the colours of the countries which they had adopted, and a member of the London House, Evelyn Rothschild, actually fell in battle on November 1917, fighting against the Turks in Palestine. In general, the Rothschild Bank adopted a cautious reserve and waiting policy, such as was natural in their position. The result of the World War was as fortunate for them as was possible in the circumstances, since two branches of the Rothschilds, and those the more powerful and well established ones, were in the countries of the victorious Entente, while only one branch was affected by the consequences of defeat.

The Vienna House certainly suffered enormous losses, as did everybody in the conquered states, from the depreciation in securities and the value of money ; but scarcely had peace been concluded and the close relations between the three Rothschild Houses re-established, when everything possible was done by the two Houses operating in the victors' countries to assist the Vienna House in its great difficulties. A particularly fortunate coup was successfully carried through when the Morgan Bank came to the assistance of the depreciated French franc in 1924. The Rothschild Bank in Paris took part in this operation, and was therefore in a position to estimate to a day when the franc would rise, and naturally informed the Vienna House of Rothschild, advising it to deal in francs with a view to a rise, and not, as almost all the rest of Europe was doing, with a view to a fall.

In a manner entirely unintelligible to a layman endowed with ordinary common sense, even the most experienced financiers in Germany and Austria, and also in several other European States, speculated on a fall in the currency of the most powerful of the victorious States on the continent. A similar fate was prophesied for the franc as that which had been experienced by the

German mark. When the measures for assisting it began to take effect, and, instead of falling, the franc improved by almost a third of its value, the Rothschilds and the Vienna *Creditanstalt*, which they control, and which advised all its correspondents not to join in the francs speculation, won the day, whilst a large number of speculators, especially including the new rich, were forced to register extensive losses. By this move, amongst others, the Vienna Rothschilds have succeeded in making good a large proportion of their war losses, and even under present conditions their social position and their general prestige has survived undiminished in the small republic of Austria.

The Rothschilds are to-day, one and a half centuries after the foundation of the Bank, still firmly established ; their riches and the name are world famous. It would be idle to attempt to measure their wealth in figures, for wealth of this nature changes continuously, and cannot be registered in figures even by its possessors. Such figures as occasionally appear in the newspapers represent estimates of an entirely imaginary nature. It is sufficient for us to know that the wealth of the family as a whole is still enormous, and increases automatically ; even though it may be surpassed by many private fortunes in England and America. The wealth of the family has become proverbial ; in ancient times the name of Cræsus was a synonym for very great wealth. To-day the same idea is conveyed even amongst the uneducated by the name of Rothschild. We have endeavoured to show how this mass of wealth was acquired. It has always been done by maintaining the closest contact with those in charge of the world's destinies, and by a clever adaptation to events. The Rothschilds practically never opposed themselves to the Authorities in the State for the time being ; they almost always sought to come to terms with them, however

uncongenial they might sometimes be. This naturally involved an extensive opportunism, but their success increased the prestige and the power of the family. To-day the Rothschilds constitute a dynasty, with all the advantages and disadvantages which that word implies.

Every dynasty has been founded by exceptionally intelligent or exceptionally brave men, and certainly by men of unusual energy. In their way this was also true of the Rothschilds; but in-breeding, which they adopted as a policy, carrying it to even more dangerous lengths than many ruling houses, is undermining their spiritual and physical capital. Up to the present the advantage of concentrating their power and wealth by marrying within the family has overborne all other considerations. Bismarck once stated on this point: "I have known many members of the House, and I have always been struck by their lust for gold; this is attributable to the fact that each one of them wishes to leave to *every one* of his children *as much as* he himself has inherited, and that is surely absurd. . . . The Rothschilds are an outstanding example, but the —s provide a similar instance." (Bismarck here mentioned the name of an illustrious Prussian noble family.) "Between a hundred and a hundred and fifty years ago the —s furnished eminent statesmen and generals to the State, and they were fine men. To-day a — can scarcely be employed as a subordinate official or second lieutenant."

The future will show whether the Rothschilds will develop along similar lines. During the sixty years that have passed since the conclusion of the Franco-German war of 1870 the world has undergone profound changes. Scientific discoveries have produced revolutionary results in every field; conditions of life have been changed by the extraordinary development of a world Press, by th

discovery of the petrol engine, the aeroplane, wireless, and a thousand other things; all these have influenced the technique of finance and commerce. Throughout the centuries, however, one factor has remained constant—the power of money; indeed, the importance of this factor has increased. For the unequal distribution of money, which has existed throughout history, has become more extensive in its effects, since the total population, and therefore the numbers of those who lack money, has increased to an extraordinary degree.

Now, since the Rothschilds have maintained their wealth as well as the social position which they achieved with so much difficulty, it would be a mistake to believe that they have lost all influence upon the course of events at the present day. Their influence is certainly not comparable to that which they exercised in Europe in the second third of the nineteenth century; but if the correspondence and documents regarding recent events were as plentifully available as those of an earlier period the inference which has just been drawn would no doubt be substantiated.

One thing is certain, and that is that none illustrate better than the Rothschilds Björnson's saying: "A family that works together is invincible."

NOTES

CHAPTER I

¹ See *The Rise of the House of Rothschild*, p. 410. ² They consisted of Crown land mortgages to an amount of 21,547,000 reichsthaler, and Treasury bills to an amount of 14,058,000 reichsthaler. ³ Rother to King Frederick William III. Berlin, 8.IX.1830. Prussian Secret State Archives. ⁴ Rother to King Frederick William III. Berlin, 18.I.1831. Prussian Secret State Archives. ⁵ That is to say, the conversion of the 5 per cent. loan in return for the issue of 4 per cent. debentures. ⁶ Amschel Meyer von Rothschild to Count Lottum. Frankfurt. 22.III.1831. Prussian Secret State Archives. ⁷ About £145,700, which sum however, owing to various deductions, dwindled to £53,825. ⁸ Rother to King Frederick William III. Supplementary note dated 30.III.1831. Prussian Secret State Archives. ⁹ At first it was intended to arrange discounting facilities to the amount of 4,000,000 to 5,000,000 thaler; later on, Prussia wanted to go to much higher amounts. ¹⁰ King Frederick William III to Rother. Berlin, 7.IV.1831. Prussian Secret State Archives, Berlin. ¹¹ From the *Tagebüchern des Grafen Prokesch von Osten*, Vienna, 1909, p. 68. ¹² James Rothschild to Solomon. Paris, 14.II.1831. An extract forwarded by the latter to Metternich. State Archives, Vienna. ¹³ James Rothschild to Solomon. 16.II.1831. (Extract.) State Archives, Vienna. ¹⁴ Nathan Rothschild to Solomon. London, 5.III.1831. Extract made for Prince Metternich. State Archives, Vienna. The practice of making extracts naturally gave an opportunity to modify sentences for the Chancellor's benefit. ¹⁵ Heinrich Wilhelm Baron von Bulow, Prussian Ambassador in London. ¹⁶ Charles Maurice, Prince Talleyrand-Périgord, Ambassador in London after the July Revolution. ¹⁷ French financier and an enterprising banker. ¹⁸ Sir Robert Peel. Opposed Grey's Reform Bill. ¹⁹ Marie Jean, Marquis de Lafayette, the famous general and statesman of the great French Revolution, who again came into prominence, despite his seventy-three years, in the July Revolution of 1830. ²⁰ James Rothschild to Solomon. Paris, 7.III.1831. Extract made for Metternich. State Archives, Vienna. ²¹ Count St. Aulaire, at this time French Ambassador in Rome; sent to Vienna as Ambassador in 1832. ²² Casimir Périer, banker and financier. President of the Chamber after the July Revolution. ²³ France's leading bankers. ²⁴ James Rothschild's circular letter to his brothers. Paris, 9.III.1831. State Archives, Vienna. ²⁵ See *Tagebücher des Karl Friedrich Freiherrn Kübeck von Kuba*. vol. I, part II, p. 358. ²⁶ James Rothschild to Solomon. Paris, 11.III.1831. State Archives, Vienna. ²⁷ James Rothschild to Solomon. Paris, 14.III.1831. State Archives, Vienna. ²⁸ Nathan Rothschild to Solomon. Extract made for Metternich. London, 15.III.1831. State Archives, Vienna. ²⁹ James Rothschild to Solomon. Paris, 19.III.1831. State Archives, Vienna. ³⁰ Carl, Baron von Werthler. Prussian diplomat. ³¹ Sebastiani remained Minister for Foreign Affairs under Périer's new Ministry. ³² James Rothschild to Solomon. 31.III.1831. State Archives, Vienna. ³³ Nicolas, Marquis Maison, Marshal of France. Then Ambassador in Vienna. ³⁴ James Rothschild to Solomon. Paris, 1.IV.1831. State Archives, Vienna. ³⁵ James Rothschild to Solomon. Paris, 9.IV.1831. (Extract.) State Archives, Vienna. ³⁶ Kübeck; see former ref., vol. I, part II, p. 383. ³⁷ Kübeck; see former ref., vol. I, part II, p. 593. ³⁸ James Rothschild to Solomon. 11.IV.1831. (Extract.) State Archives, Vienna. ³⁹ Extract from James Rothschild's letter to Solomon. Paris, 20.IV.1831. State Archives, Vienna. ⁴⁰ James Rothschild to Solomon. 18.IV.1831. (Extract.) State Archives, Vienna. ⁴¹ Nathan

Rothschild to Solomon. London, 18.IV.1831. (Extract.) State Archives, Vienna. ⁴² James Rothschild to Solomon. Paris, 2.VI.1831. (Extract.) State Archives, Vienna. ⁴³ James Rothschild to Solomon Rothschild. 10 and 11.VI.1831. (Extract.) State Archives, Vienna. ⁴⁴ James Rothschild to Solomon. 22.VI.1831. (Extract.) State Archives, Vienna. ⁴⁵ Count Apponyi to Metternich. Paris, 7.VII.1831. (Private letter.) State Archives, Vienna. ⁴⁶ James Rothschild to Solomon. Paris, 9.VII.1831. State Archives, Vienna. ⁴⁷ James Rothschild to Solomon. Paris, 5.VIII.1831. State Archives, Vienna. ⁴⁸ Count Apponyi to Metternich. Paris, 24.VII.1831. State Archives, Vienna.

CHAPTER II

¹ Kübeck ; see former ref., vol. II, part II, pp. 412 and foll. ² Solomon Rothschild to Metternich. Vienna, 17.VI.1831. State Archives, Vienna. ³ Prince Esterházy to Solomon Rothschild. Vienna, 14.VII.1831. State Archives, Vienna. ⁴ Solomon Rothschild to Metternich. Vienna, 21.VI.1831. State Archives, Vienna. ⁵ For further details see Kübeck ; vol. I, part II, p. 466. ⁶ Count Lebzelter to Metternich. Naples, 26.VIII.1831. State Archives, Vienna. ⁷ Count Lebzelter to Metternich. Naples, 23.IX.1831. State Archives, Vienna. ⁸ James Rothschild to Count Apponyi. Paris, 1.XII.1831. State Archives, Vienna. ⁹ Solomon Rothschild to Metternich. Munich, 15.IX.1832. State Archives, Vienna. ¹⁰ Kübeck ; vol. II, part II, p. 544. ¹¹ Castelli, J. F. : *Memoiren meines Lebens*. Munich. chap. II, p. 271. ¹² M. G. Saphir to Solomon Rothschild. Munich, 30.X.1831. State Archives, Vienna. ¹³ Solomon Rothschild to Metternich. Munich, 2.XI.1831. State Archives, Vienna. ¹⁴ From the *Tagebüchern des Grafen Prokesch von Osten*. Vienna, 1909, p. 103. ¹⁵ Reported by Baron Hügel to Metternich, 20.I.1832, and by Apponyi to Metternich, Paris, 28.I.1832. State Archives, Vienna. ¹⁶ Solomon Rothschild to Metternich. Frankfurt, 5.I.1832. State Archives, Vienna. ¹⁷ James Rothschild to his brothers. Paris, 7.II.1832. State Archives, Vienna. ¹⁸ Solomon Rothschild to Metternich. Paris, 11.II.1832. State Archives, Vienna. ¹⁹ Solomon Rothschild to Metternich. Paris, 26.III.1832. State Archives, Vienna. ²⁰ Apponyi to Metternich. (Personal letter.) 3.IV.1832. State Archives, Vienna. ²¹ *Wellington's Despatches* ; see former ref. VIII.308. London, 1867. ²² Solomon Rothschild to Leopold von Wertheimstein. Paris, June 1832 (no nearer date given). State Archives, Vienna. ²³ Solomon Rothschild to Metternich. Vienna, 25.IV.1833. State Archives, Vienna. ²⁴ *Aus den Tagebüchern des Grafen Prokesch von Osten*. 1830-34. Vienna, 1909, p. 58. ²⁵ *Tagebücher von Friedrich von Gentz*. Vienna, 1920, p. 204. ²⁶ An Indian ruling house of fabulous wealth. ²⁷ *Tagebücher von Friedrich von Gentz*. See former ref., 30.XII.1830, p. 247. ²⁸ *Tagebücher von Friedrich von Gentz*. See former ref., 30.XII.1830, p. 247. ²⁹ *Briefe von und an Friedrich von Gentz*. Munich-Berlin, 1909. Part II of vol. III, p. 340. ³⁰ Cordier to the Duke of Blacas in Prague, from the Hague, 6.VIII.1833. State Archives, Vienna. ³¹ Baron Keutzing to the Duke of Blacas. Frankfurt, 4.I.1833. State Archives, Vienna. ³² Cordier to the Duke of Blacas in Prague. The Hague, 7.I.1833. State Archives, Vienna. ³³ Nathan Rothschild to James. London, 15.I.1833. State Archives, Vienna. ³⁴ Solomon Rothschild to Metternich. Vienna, 3.V.1834. State Archives, Vienna. ³⁵ Rother to King Frederick William III of

Prussia. 30.V.1832. Prussian Secret State Archives. ³⁶ Rother to Count von Lottum. 3.II.1833. Prussian Secret State Archives. ³⁷ Solomon Rothschild to King Frederick William. 1833. Prussian Secret State Archives. ³⁸ Nathan Rothschild to the King. 7.V.1833. Prussian Secret State Archives. ³⁹ Rother to King Frederick William III. Berlin, 21.I.1834. Prussian Secret State Archives. ⁴⁰ Rother to King Frederick William III. 25.V.1834. Prussian Secret State Archives. ⁴¹ Rother to King Frederick William III. 25.V.1834. Prussian Secret State Archives. ⁴² Viktor Bibl. : *Der Zerfall Österreichs, Kaiser Franz und sein Erbe*. Chap. I, p. 385. ⁴³ Kübeck ; see former ref., vol. II, p. 677.

CHAPTER 141

¹ Leland Hamilton Jenks : *The Migration of British Capital*. Ed. 1875. New York, 1927. p. 130. ² *Die Ersten 50 Jahre der Kaiser-Ferdinands-Nordbahn*, 1836-86. ³ Solomon Rothschild to Count Mittrowsky. 11.XII.1835. State Archives, Vienna. ⁴ Solomon Rothschild to Count Mittrowsky. 11.XII.1835. State Archives, Vienna. ⁵ Solomon Rothschild's preliminary memorandum, 20.II.1836. State Archives, Vienna. ⁶ Solomon Rothschild to the Emperor Ferdinand. 15.IV.1835. State Archives, Vienna. ⁷ Report of Baron von Drohsdiek of 23.V.1835. State Archives, Vienna. ⁸ Solomon Rothschild to His Excellency the Head of the Treasury. Vienna, 5.XII.1835. State Archives, Vienna. ⁹ Full details given in *Die Ersten 50 Jahre der Kaiser-Ferdinands-Nordbahn*. See former ref. ¹⁰ Minute by Baron von Drohsdiek, dated 24.XII.1835. State Archives, Vienna. ¹¹ Minute by Baron von Drohsdiek, dated 25.II.1836. State Archives, Vienna. ¹² Solomon Rothschild to the Head of the Treasury. Vienna, 7.III.1836. State Archives, Vienna. ¹³ Presidential address by Count Mittrowsky of 12.III.1836, note by Count Kolowrat of 18.III.1836, the Emperor Ferdinand's Imperial Resolution dated 19.III.1836. State Archives, Vienna. ¹⁴ Solomon Rothschild to the Emperor Ferdinand. 29.III.1836. State Archives, Vienna. ¹⁵ Solomon Rothschild to Metternich. Vienna, 30.III.1836. State Archives, Vienna. ¹⁶ Metternich to the Emperor Ferdinand. 23.X.1836. ¹⁷ Count Mittrowsky to the Emperor Ferdinand. 3.IV.1836. State Archives, Vienna. ¹⁸ State Archives, Vienna. ¹⁹ Ludwig, Baron von Pereira, to the Committee of the Kaiser-Ferdinands-Nordbahn. 30.V.1836. Transport Archives, Vienna. ²⁰ The Emperor Ferdinand to Count Mittrowsky, Schonbrunn. 13.VI.1836. Transport Archives, Vienna. ²¹ Count Mittrowsky to Leopold von Wertheimstein. 16.VI.1836. Transport Archives, Vienna. ²² Baron Solomon von Rothschild's Declaration, dated Vienna, 2.VI.1836. Transport Archives, Vienna. ²³ Provisional Board of Management of the Kaiser-Ferdinands-Nordbahn to Count Mittrowsky. 27.VI.1836. Transport Archives, Vienna. ²⁴ Opinion on Baron Pereira's counter-memorandum. Vienna, 28.VI.1836. Transport Archives, Vienna. ²⁵ The draft had the word *Geschmies* (vermin). ²⁶ Count Mittrowsky to the Emperor Ferdinand. 10.III.1837. State Archives, Vienna. ²⁷ Josef Wak, stationmaster at Florisdorf, in *die Volks-Zeitung*. ²⁸ J. H. Chapman : *The Economic Development of France and Germany*, 1815-1914. Cambridge, 1921. p. 144.

CHAPTER IV

¹Apponyi to Metternich. 25.VI.1835. State Archives, Vienna. ²Count Apponyi to Metternich. 2.XI.1837. State Archives, Vienna. ³Von Hummelauer to Metternich. London, 12.IX.1835. State Archives, Vienna. ⁴Count Apponyi to Prince Metternich, private and confidential. Paris, 24. VI. 1835. ⁵Extract from a letter of James Rothschild's. London, 23.VI.1835. State Archives, Vienna. ⁶Hummelauer to Metternich. London, 12.IX.1835. State Archives, Vienna. ⁷Hummelauer to Metternich. London, 24.VI.1835. State Archives, Vienna. ⁸Solomon Rothschild to Wertheimstein. Paris, 24.VI.1835. State Archives, Vienna. ⁹Charles Maurice de Talleyrand Perigord, the revolutionary bishop, and subsequently Napoleon's Minister for Foreign Affairs, who, as early as 1812, had approached and succeeded in getting on friendly terms with the Bourbons, later becoming Louis XVIII's Minister for Foreign Affairs; had transferred his allegiance at the right moment to Louis Philippe. In 1835, although eighty-one years old, he was still actively engaged in affairs, and in 1834, he had brought into being the quadruple alliance between England, France, Portugal and Spain, for the protection of the constitutional principle in Western Europe. ¹⁰The Duke of Broglie was then Minister for Foreign Affairs and President of the Council. ¹¹The statesman and historian, Guizot, was then Minister of Education. ¹²François Manguin. Extremely radical lawyer and parliamentarian. ¹³Thiers was Minister of the Interior at this time. ¹⁴Solomon's daughter, whom James, of Paris, married. ¹⁵Hummelauer to Metternich. London, 30.X.1835. State Archives, Vienna. ¹⁶Hummelauer to Metternich. London, 15.VI.1836. State Archives, Vienna. ¹⁷Extract from a letter of Nathan Rothschild to James. London, 20.XII.1835. State Archives, Vienna. ¹⁸Metternich to Solomon Rothschild. Vienna, 29.XII.1835. State Archives, Vienna. ¹⁹Hummelauer to Metternich. London, 15.IV.1836. State Archives, Vienna. ²⁰Memo. concerning the financial relations of the House of Rothschild with Spain, sent to Prince Metternich, on 28.IV.1836 by Solomon and Anselm Rothschild. State Archives, Vienna. ²¹Hummelauer to Metternich. London, 26.IV.1836. State Archives, Vienna. ²²Apponyi to Metternich, 22.V.1836. State Archives, Vienna. ²³Solomon Rothschild to Metternich. 3.VIII.1836. State Archives, Vienna. ²⁴Solomon Rothschild to Moritz Goldschmidt and Leopold Wertheimstein. Frankfurt, 4.VIII.1836. State Archives, Vienna. ²⁵Solomon Rothschild to Metternich. Frankfurt, 10.VIII.1836. State Archives, Vienna. ²⁶... von Treskow: *Biographische Notizen über Nathan Meyer Rothschild*. Quedlinburg, 1837. p. 18. ²⁷Dr. Eduard Heyden: *Galerie berühmter und merkwürdiger Frankfurter*. Frankfurt, 1861. p. 56. ²⁸Karl Gutzkow: *Gesammelte Werke*, vol. II, p. 188. ²⁹Memoirs of Sir Thomas Buxton; see former ref., pp. 343 and fol. ³⁰Varigny: "Les grandes fortunes en Angleterre," *Revue des deux mondes*, June 1888. ³¹Karl Gutzkow to Kolb. Frankfurt, 12.VIII.1836. Cotta Archives, Stuttgart. ³²Hummelauer to Metternich. London, 6.X.1836. State Archives, Vienna. ³³Baron von Hügel to Metternich. Paris, 8.VII.1837. State Archives, Vienna. ³⁴Apponyi to Metternich. 20.IX.1837. State Archives, Vienna. ³⁵Lionel to his uncles, a circular letter. London, 22.IX.1837. Copy in the State Archives, Vienna. ³⁶Emissary of the English Parliament. ³⁷Metternich to Baron Hügel, Vienna, 4.IX.1837. State Archives, Vienna. ³⁸Hügel to Metternich. Paris, 13.IX. 1837. State Archives, Vienna. ³⁹Apponyi to Metternich. Paris, 2.XI.1837. State Archives, Vienna. ⁴⁰Count Apponyi to Metternich. Paris, 18.III.1838. State Archives, Vienna.

CHAPTER V

¹ *75 Jahre Österreichischer Lloyd, 1836–1911*. Trieste, 1911. p. 9. ² Note in the Emperor's own hand. Vienna, 26.X.1835. State Archives, Vienna. ³ See Princess Melanie's diary (Metternich's posthumous papers), vol. VI, p. 92. State Archives, Vienna. ⁴ Lebzelter to Metternich. Naples, 23.VIII.1835 and 10.IX.1835. State Archives, Vienna. ⁵ Baron von Handel to Metternich. Frankfurt, 8.I.1836. State Archives, Vienna. ⁶ Imperial Rescript dated 20.II.1836. State Archives, Vienna. ⁷ Extract from the Protocol of the Senate of the Free City of Frankfurt, 13.IV.1836. ⁸ Anselm Rothschild to Metternich. 16.III.1836. State Archives, Vienna. ⁹ Baron von Eichhoff to Metternich. Vienna, 17.XI.1835. State Archives, Vienna. ¹⁰ Note from the Chancellor to the President of the Treasury. Vienna, 30.X.1836. ¹¹ Hummelauer to Metternich. Ryde, 28.IX.1836. State Archives, Vienna. ¹² Hummelauer to Metternich. London, 6.X.1836. State Archives, Vienna. ¹³ Hummelauer to Metternich. London, 16.X.1836. State Archives, Vienna. ¹⁴ Wertheimstein to Metternich. Vienna, 20.II.1837. State Archives, Vienna. ¹⁵ A. F. Pribram : *Urkunden und Akten zur Geschichte der Juden in Wien*. Vienna-Leipzig, 1918, vol. II, p. 376. ¹⁶ Solomon Rothschild to Metternich. Paris, 9.I.1837. State Archives, Vienna. ¹⁷ Goldschmidt, p.p. S. M. von Rothschild to Metternich. Vienna, 20.VIII.1834. State Archives, Vienna. ¹⁸ Solomon Rothschild to Metternich. Vienna, 9.IV.1838. State Archives, Vienna. ¹⁹ Solomon Rothschild to Count Kolowrat. Vienna, 26.III.1838. State Archives, Vienna. ²⁰ Solomon Rothschild to the Emperor Ferdinand. 27.III.1838. State Archives, Vienna. ²¹ One of these receipts, held on 18.VII.1838, is described in Montefiore's diary, p. 142. ²² Note to the Chancellery, Vienna, 18.VIII.1838 ; permission by Solomon dated 16.VIII.1838. Vienna, Police Archives. A silk handkerchief of the type described was attached to the documents ; this, however, was recently destroyed on the 15th of July, when the Palace of Justice in Vienna was burnt down. ²³ James Rothschild to Solomon. Paris, 17.IV.1838. State Archives, Vienna. ²⁴ Lionel Rothschild to Metternich. 18.VI.1838 and 31.V.1838. State Archives, Vienna. ²⁵ Solomon Rothschild to the President of the Treasury. Vienna, 10.IX.1838. State Archives, Vienna. ²⁶ Solomon to Metternich. Vienna, 26.IX.1839. State Archives, Vienna. ²⁷ Solomon Rothschild to Baron von Kübeck, undated. State Archives, Vienna. ²⁸ Report of Baron von Eichhoff, dated 10.III.1839. State Archives, Vienna. ²⁹ Count Apponyi to Metternich. Paris, 12.II.1839. State Archives, Vienna. ³⁰ Solomon Rothschild to Richtenberger. Paris, 2.II.1839. State Archives, Vienna. ³¹ Count Apponyi to Metternich. Paris, 12.II.1839. State Archives, Vienna. ³² Richtenberger to the House of Rothschild in Paris. Brussels, 16.II.1839. State Archives, Vienna. ³³ Solomon Rothschild to his Branch in Vienna. Paris, 18.II.1839. State Archives, Vienna. ³⁴ Count Apponyi to Metternich. Paris, 1.VII.1838. State Archives, Vienna. ³⁵ Solomon Rothschild to Metternich. Frankfurt, 26.IX.1839. ³⁶ Princess Melanie's diary (Metternich's posthumous papers), vol. VI, p. 312. ³⁷ Count Apponyi to Metternich. Paris, 30.X.1840. State Archives, Vienna. ³⁸ See the author's *Biographie Leopold I von Belgien*, pp. 104 and foll. ³⁹ Baron von Münch-Bellinghausen to Metternich. Frankfurt, 1.VIII.1840. ⁴⁰ James to Solomon. Paris, 3.VIII.1840. State Archives, Vienna. ⁴¹ Anselm and Solomon to Amschel Meyer. Paris, 3.VIII.1840. State Archives, Vienna. ⁴² Lionel Rothschild to his uncle on the Continent. London, 3.VIII.1840. State Archives, Vienna. ⁴³ Lionel Rothschild to his uncle on the Continent. London, 3.VIII.1840. State Archives, Vienna. ⁴⁴ Anselm to his father. Paris, 5.VIII.1840. State Archives, Vienna.

⁴⁴ Anselm to his father. Paris, 6.VIII.1840. State Archives, Vienna. ⁴⁵ James to Solomon. Paris, 6.VIII.1840. State Archives, Vienna. ⁴⁷ Lionel and his brothers to their uncles. London, 18.VIII.1840. State Archives, Vienna. ⁴⁸ Lionel to his uncles. London, 11.VIII.1840. State Archives, Vienna. ⁴⁹ James to Solomon. Paris, 13.VIII.1840. State Archives, Vienna. ⁵⁰ James to Solomon. Paris, 13.VIII.1840. State Archives, Vienna. ⁵¹ James to Solomon. Paris, 16.VIII.1840. State Archives, Vienna. ⁵² Nathaniel to Solomon. Paris, 18.VIII.1840. State Archives, Vienna. ⁵³ The three brothers in London to James and Nathaniel. London, 22.VIII.1840. State Archives, Vienna. ⁵⁴ Nathaniel Rothschild to Solomon. Paris, 6.IX.1840. State Archives, Vienna. ⁵⁵ Nathaniel Rothschild to Solomon. Paris, 7.IX.1840. State Archives, Vienna. ⁵⁶ James to his brothers. Paris, 9.IX.1840. State Archives, Vienna. ⁵⁷ James to his brothers. Paris, 11.IX.1840. State Archives, Vienna. ⁵⁸ Nathaniel to his uncles. 22.IX.1840. State Archives, Vienna. ⁵⁹ James to his brothers. Paris, 25.IX.1840. State Archives, Vienna. ⁶⁰ James to Solomon. Paris, 5.X.1840. State Archives, Vienna. ⁶¹ Published in the *Constitutionnel*, 13.X.1840. ⁶² Count Apponyi to Metternich. Paris 27.X.1840. State Archives, Vienna. ⁶³ James to his brothers. Paris, 30.X.1840. State Archives, Vienna. ⁶⁴ Solomon Rothschild to Wertheimstein and Goldschmidt. Frankfurt, 10.XII.1840. State Archives, Vienna. ⁶⁵ James to his brothers. Paris, 18.XII.1840. State Archives, Vienna.

CHAPTER VI

¹ Karpeles : *Biographische Einleitung zu Heinrich Heine's gesammelten Werken*, vol. I, p. xxiii. ² Report on the German Revolutionaries. Paris, 28.X.1835. Appended to a similar report of Apponyi's to Metternich. State Archives, Vienna. ³ Ludwig Börne : *Gesammelte Schriften*. Reclam Edition, vol. III, p. 354. ⁴ Heine to Baron Anselm Rothschild. 16.XII.1855. Published in Friedrich Wirth's essay, "Heine und Rothschild," in the *Deutsche Rundschau*, October-December 1915, p. 276. ⁵ *Heinrich Heine*, by Ludwig Börne. ⁶ Karl Kraus in a polemic against Friedrich Hirth, "Heine's published correspondence with the Rothschild family." See "Die Feinde Goethe und Heine," *Die Fackel*, October 1915, p. 78. ⁷ Heinrich Heine, *Lutetia*, Paris, 5.V.1813. Part I, Karpeles Edition, vol. VI, p. 385. ⁸ Heine on the French situation, in a letter from Paris, 19.IV.1832. ⁹ Heine : *Gedanken und Einfälle*, Elster, VII, p. 432. ¹⁰ *Heines vermischte Schriften*, Ludwig Marcus, Elster, VI, p. 23. ¹¹ Heinrich Heine to Baroness Betty Rothschild. Paris, 9.XI.1854. Published by Friedrich Hirth in the *Deutsche Rundschau*, January-March 1915. ¹² Grillparzer : *Selbstbiographie und Bildnisse*. Vienna, 1923, p. 202. ¹³ Karpeles, Dr. G. : *Heinrich Heine*, p. 78. ¹⁴ Consul von Laurin to Rothschild. 16.IV.1840. State Archives, Vienna. ¹⁵ James Rothschild to Solomon. Paris, 7.IV.1840. State Archives, Vienna. ¹⁶ A Jewish teacher, born in Babylon, a contemporary of Christ. ¹⁷ See A. F. Pribram : *Urkunden und Akten zur Geschichte der Juden in Wien*, chap. II, pp. 479-86. ¹⁸ Solomon Rothschild's petition to Court. Vienna, 13.VII.1841. State Archives, Vienna. ¹⁹ Imperial Resolution of 15.VIII.1842 and 17.XII.1842. State Archives, Vienna. ²⁰ Schwemer ; see former ref., III., p. 386. ²¹ Schwemer ; see former ref., III, p. 386. Dönhoff to the King of Prussia, 16.VIII.1846. ²² Baron von Mensshengen to Metternich. Frankfurt, 30.VII.1841. State Archives, Vienna. ²³ Metternich to

Kübeck. Vienna, 6.VI.1841. *Metternich und Kübeck, Ein Briefwechsel, Vienna, 1910, p. 7.* ²⁴ Report from Hummelauer to Metternich, by order of the President of the Treasury. Vienna, 11.VIII.1841. State Archives, Vienna. ²⁵ Prince Metternich's answer to Hummelauer's report. Königswart, 14.VIII.1841. State Archives, Vienna. ²⁶ Metternich's posthumous papers; Princess Melanie's diary. 26.V.1841. Vol. VI, p. 491. ²⁷ Metternich's posthumous papers; Princess Melanie's diary. End of July, 1846. ²⁸ Metternich's posthumous papers; Princess Melanie's diary. ²⁹ Metternich's posthumous papers; Princess Melanie's diary, vol. VI, p. 512. ³⁰ Note in the Emperor's hand, dated 31.XII.1842. ³¹ Baron Solomon Rothschild to Metternich. Vienna, 21.V.1842. State Archives, Vienna. ³² Report by Kübeck, the Head of the Treasury, dated 20.X.1843. State Archives, Vienna. ³³ Imperial Ratification dated 14.XI.1843. ³⁴ Report by Kübeck, 12.II.1844. ratified by the Emperor, 27.II.1844. State Archives, Vienna. ³⁵ Solomon Rothschild to the Emperor Ferdinand. 15.XI.1843. State Archives, Vienna. ³⁶ Presidential Report of von Inzaghy, the Lord High Chancellor, 13.II.1844. State Archives, Vienna. ³⁷ The four Moravian Estates to the Emperor. Brünn, 18.IX.1844. Copy. Annex to Presidential speech by Count Inzaghy, dated 27.X.1844. State Archives, Vienna. ³⁸ The Emperor Ferdinand's Despatch. Vienna, 22.II.1845. State Archives, Vienna. ³⁹ Police Report from Pressburg, 29.VI.1844, from the now destroyed Legal Archives, Vienna. ⁴⁰ Petition of Solomon Rothschild on behalf of the Coal Mining Company of Dalmatia and Istria. State Archives, Vienna. ⁴¹ Contract between Solomon Rothschild and the Austrian Government regarding the construction of salt-works at Venice. 14.XII.1845. State Archives, Vienna. ⁴² Letters from Metternich to the Minister at Frankfurt, and from Frankfurt to Metternich, of 11.X.1845. ⁴³ Münch-Bellinghansen in Frankfurt to Metternich, 8.VIII.1841. State Archives, Vienna. ⁴⁴ Herr von Thom to Metternich. Paris, 21.X.1841. State Archives, Vienna. ⁴⁵ From Apponyi's report to Metternich. Paris, 3.III.1843 and 10.III.1843. State Archives, Vienna. ⁴⁶ Solomon Rothschild to his "dear friends and brothers." Vienna, 7.IV.1844. State Archives, Vienna. ⁴⁷ Metternich to Apponyi. Vienna, 11.XII.1845. See Metternich's posthumous papers, vol. VII, p. 101. ⁴⁸ Hillebrand: *Geschichte Frankreichs*, vol. II, p. 646. ⁴⁹ Alexander Weil: *Rothschild und die europäischen Staaten*. Stuttgart, 1844. ⁵⁰ Anselm Rothschild to the Prussian Minister of State. 22.X.1846. State Archives, Vienna. ⁵¹ Metternich. posthumous papers; see former ref., vol. VII, p. 155. ⁵² Report of the Allied Chanceries, 4.VI.1847. State Archives, Vienna. ⁵³ Kolowrat's notes on above. State Archives, Vienna. ⁵⁴ Solomon Rothschild's petition to His Majesty, 11.VI.1847. This was to include: Koritschau in Moravia, valued at 800,000 florins, the town houses Nos. 138 and 139 (Renngasse), valued at 600,000 florins, and the house No. 588 in the Bauernmarkt, 500,000 florins. ⁵⁵ Memorandum by the Head of the Treasury, Baron von Kübeck, dated 12. XII.1847. It was a question of the sale of 3,775,000 florins 4 per cent. bonds, which sum had stood in the books since 1830, being held in reserve for unforeseen circumstances. "They cannot, however, be issued on the Austrian Bourse," the memorandum stated, "since such a transaction emanating from the Treasury could not be kept secret, and it would produce most unpleasant and damaging results for credit and the money market. Besides, it is not possible even approximately to ascertain the price at which they could be sold, in view of the fact that such reliable and timely help as is essential cannot be expected. Danger to Austrian credit can only be averted by disposing of them in the strictest secrecy to a solid bank. The Head of the House of Rothschild, who happens to be in Paris, has therefore been asked to state his conditions."

⁵⁴ *Metternich und Kübeck, Ein Briefwechsel*; see former ref. Metternich to Kübeck. Vienna, 20.XI.1847. p. 35. ⁵⁵ See von Srbik's book, *Metternich*, Munich, 1925, vol. II, p. 258. ⁵⁶ Metternich to Kübeck. Vienna, 23.I.1848. See *Ein Briefwechsel*, vol. VI, p. 36. ⁵⁷ Battersea: *Reminiscences*. London, 1922. p. 75. ⁵⁸ *Caussidière, Mémoires de*, vol. I, pp. 210 and foll. ⁵⁹ Capefigüe: *Histoire des grandes opérations financières*, vol. III, p. 241. ⁶⁰ Count Apponyi to Metternich. Paris, 10.III.1848. State Archives, Vienna. ⁶¹ *La révolution de 1848 en France*. Rapport de J. Tolstoi. Édition d'État. Leningrad, 1926. ⁶² Von Srbik: *Metternich*, vol. II, p. 249. ⁶³ Baron von Dietrichstein to Metternich. London, 6.III.1848. State Archives, Vienna. ⁶⁴ Von Srbik; see former ref., vol. II, p. 289. ⁶⁵ Solomon Rothschild to the Ministry for Foreign Affairs. Vienna, 15.VI.1848. State Archives, Vienna. ⁶⁶ Herr von Thom to Baron von Wessenberg. Paris, 4.VIII.1848. State Archives, Vienna. ⁶⁷ See Corti; *Maximilian und Charlotte von Mexiko*. ⁶⁸ Count Woyna to Baron Wessenberg. Brussels, 24.IX.1848. State Archives, Vienna. ⁶⁹ Herr von Thom to Baron Wessenberg. Paris, 8.XI.1848. State Archives, Vienna. ⁷⁰ Baron von Helfert: *Die Wiener Octoberrevolution*, 1848, Vienna, 1910, pp. 163 and foll. ⁷¹ Hermann von Goldschmidt: *Einige Erinnerungen aus längst vergangenen Tagen*, Vienna, 1917, p. 62. ⁷² Hermann von Goldschmidt: *Einige Erinnerungen aus längst vergangenen Tagen*, Vienna, 1917, pp. 64 and foll.

CHAPTER VII

¹ See Aton Bettelheim's Biography of Balzac. Munich, 1926. ² Hübner to Schwartzberg. Paris, 13.VI.1815. State Archives, Vienna. ³ Alphonse Rothschild to his uncle in Frankfurt. "*Très particulier*." Paris, 9.X.1850. State Archives, Vienna. ⁴ Hübner to Schwartzberg. Paris, 27.X.1850. State Archives, Vienna. ⁵ Hübner to Schwartzberg. Paris, 2.XII.1851. State Archives, Vienna. ⁶ See *Lebenserinnerungen*, by Belli Gontard, p. 283. Also quoted by Barghooffer; see former ref., p. 174. ⁷ King James II of England and his heirs were declared to have forfeited their right to the throne by Parliament in 1689. He and his son, James III, as well as the latter's son, Charles Edward, frequently sought, with the assistance of their supporters, the "Jacobites," to regain the British throne. ⁸ Report on Lionel's election to the House of Commons. Baron Koller to Schwartzberg. London, 1.VIII.1850. State Archives, Vienna. ⁹ See the excellent description in Egon Scheffer's *Der Siegzug des Leihkapitals*, p. 172. Vienna, 1924. ¹⁰ Counsellor Weil on the financial situation in France for the year 1852. State Archives, Vienna. ¹¹ Count Moritz Esterházy, Austrian Envoy to the Pope, to Schwartzberg. Naples, 6.I.1850. State Archives, Vienna. ¹² Hübner to Schwartzberg. Paris, 17.I.1850. State Archives, Vienna. ¹³ Monsignor Fornarini, Bishop of Nizza, Papal Nuncio, to James. Paris, 24.I.1850. State Archives, Vienna. ¹⁴ The loan consisted of the sum of 50,000,000 francs at 5 per cent. Immediately on its conclusion, 15,000,000 were guaranteed at 75, to be paid at fortnightly intervals in instalments of 1,000,000. The Rothschilds further asked for 13,000,000 at 77½, but this was not done until two months after ratification. The balance was to be sold on the best terms possible for the Papal Government. In respect of the first 28,000,000, they asked 3 per cent. commission and their costs. ¹⁵ Count Rothschild to Schwartzberg. Naples, 20.V.1850. State Archives, Vienna. ¹⁶ The Jewish Community in Rome to James Rothschild. Rome, 27.VIII.1851. State

Archives, Vienna. ¹⁷ James to Hübner. Paris, 27.VIII.1851. State Archives, Vienna. ¹⁸ On 30.IX.1849. ¹⁹ Cavour to de la Rue. 4.X.1849. See André Bert : *C. Cavour, nouvelles lettres inédites*, Turin, 1889. p. 343. ²⁰ Cavour to de la Rue. Turin, 5.X.1849. See Bert, p. 344. ²¹ Carlo Bombini, banker. ²² Cavour to de la Rue. Turin, 6.X.1849. See Bert, p. 346. ²³ G. Landau, Agent of the House of Rothschild in Turin. ²⁴ Cavour to de la Rue. 8.X.1849. See Bert, p. 348. ²⁵ Cavour to de la Rue. 11.I.1850. See Bert, p. 367. ²⁶ Cavour to de la Rue. 26.VIII.1850. See Bert, p. 395. ²⁷ Cavour to de la Rue. 21.IX.1850. See Bert, p. 398. ²⁸ Cavour to de la Rue. 6.X.1850. See Bert, p. 399. ²⁹ For further details see "Mémoires sur les opérations financières exécutées sous le ministère de M. de Cavour, 1852" in Chiola, *Lettere edite ed inedite di Camillo Cavour*, vol. I, p. 564. ³⁰ Cavour to de la Rue. 24.XII.1850. See Bert. ³¹ Cavour to de la Rue. 22.III.1851. See Bert, p. 416. ³² Cavour to Marquis d'Azeglio. Turin, 25.IV.1851. Nicomede Bianchi : *La politique du Comte de Cavour de 1852 à 1862*, pp. 1 and 2. ³³ Cavour to Count Ottavio di Revel. Turin, July 1851. See Chiola, *Lettere*, vol. I, p. 447. ³⁴ See Chiola, *Lettere*, vol. I, pp. 5-6. ³⁵ Cavour to Revel. Turin, 9.VI.1851. Chiola, *Lettere*, vol. I, p. 459. ³⁶ *The Times* had published an article at this time dealing with the unfavourable economic and political situation in Sardinia. ³⁷ Cavour to Count Revel. Turin, 5.VII.1851. Chiola, *Lettere*, vol. I, p. 455. ³⁸ Count Luigi Corti, afterwards Italy's Minister for Foreign Affairs and Ambassador to London. A great-uncle of the author. ³⁹ Cavour to Count Revel. Turin, 10.IX.1851. Chiola, *Lettere*, vol. I, p. 495. ⁴⁰ Count Apponyi to Prince Schwarzenberg. Turin, 20.I.1852. State Archives, Vienna. ⁴¹ Cavour to Revel. Turin, 8.I.1853. Chiola, *Lettere*, vol. II, p. 8. ⁴² Count Luigi to Cavour. Paris, 21.I.1853. Archives of the Marchese Gaspare Corti. Taino. ⁴³ Corti to Cavour. Paris, 22.I.1853. Corti Archives, Taino. ⁴⁴ Cavour to Count Luigi Corti. Turin, 25.I.1853. Corti Archives, Taino. Chiola, *Lettere*, vol. II, p. 375. ⁴⁵ Corti to Cavour. Paris, 28.I.1853. Draft from Corti Archives. Taino. ⁴⁶ Corti to Cavour. Paris, 10.II.1853. Corti Archives. ⁴⁷ Corti to Cavour. Paris, 14.II.1853. Corti Archives. ⁴⁸ Corti to Cavour. Paris, 27.II.1853. Corti Archives. Chiola, vol. II, p. 376. ⁴⁹ Cavour to Corti. Turin, 25.I.1853. Corti Archives. Chiola, vol. II, p. 376. ⁵⁰ Cavour to Corti. Turin, 25.I.1853. Corti Archives. ⁵¹ Cavour to de la Rue. Turin, 2.III.1853. Bert, p. 452. ⁵² Cavour to Corti. Turin, 3.III.1853. Telegram, Corti Archives. ⁵³ Cavour to Corti. Turin, 2.III.1853. Corti Archives. Chiola, vol. II, p. 387. ⁵⁴ Bismarck to his wife. Frankfort, 18.V.1851. *Fürst Bismarcks Briefe an seine Braut und Gattin*. Stuttgart. ⁵⁵ Bismarck to his wife. Frankfort, 18.V.1851. *Fürst Bismarcks Briefe an seine Braut und Gattin*. Stuttgart. ⁵⁶ Bismarck to his wife. Frankfort, 18.V.1851. *Fürst Bismarcks Briefe an seine Braut und Gattin*. Stuttgart, p. 266. ⁵⁷ Bismarck ; *die Gesammelten Werke*, vol. I, p. 43. Bismarck to Manteuffel. ⁵⁸ Schwemer : *Geschichte der Freien Stadt Frankfurt*, vol. III, p. 61 ; also mentioned by Arnold Oskar Meyer : *Bismarcks Kampf mit Osterreich am Bundestag zu Frankfurt (1851-9)*. Leipzig. ⁵⁹ This is shown by Paolo von Manteuffel's letter to Bismarck, 30.XII.1852, appended to *Gedenken und Erinnerungen : Bismarcks Briefwechsel*, p. 111. ⁶⁰ Arnold Oskar Meyer, p. 73. ⁶¹ Thun to Schwarzenberg. 12.I.1852. State Archives, Vienna. ⁶² Thun to Schwarzenberg. Frankfort. 12.I.1852. State Archives, Vienna. ⁶³ Bismarck to Wetzels. 10.I.1852. Bismarck : *Gesammelte Werke*, vol. I, p. 125. ⁶⁴ Thun to Schwarzenberg. Frankfort, 12.I.1852. State Archives, Vienna. ⁶⁵ Thun to Schwarzenberg. Frankfort, 12.I.1852. Draft, State Archives, Vienna. The original report has been removed from the files. ⁶⁶ Wetzels to Bismarck. 11.I.1852. Bismarck : *Gesammelte Werke*, vol. I, p. 126. ⁶⁷ Thun to Bismarck. Frankfort,

13.I.1852. Published in the *Bismarck-Jahrbuch*, vol. III, p. 58, and in Arnold Oscar Meyer, p. 77. ⁶⁸ Bismarck to Thun. Berlin, 19.I.1852. *Bismarck-Jahrbuch*, p. 58. ⁶⁹ Thun to Schwartzenberg. Frankfurt, 29.I.1852. State Archives, Vienna. ⁷⁰ Bismarck to Manteuffel. 11.III.1852. Bismarck : *Gesammelte Werke*, vol. I, p. 146. ⁷¹ Bloch to Bodelschwingh. 10.IV.1852. Prussian Secret Archives, Berlin. ⁷² Manteuffel to Bismarck. Berlin, 30. XII.1852. *Gedanken und Erinnerungen*, appendix. *Bismarcks Briefwechseln*, p. 111. ⁷³ Bismarck to Manteuffel. 5.I.1853. Poschinger : *Preussen im Bundestag*, 1851-9, vol. VI, p. 132. ⁷⁴ Bismarck to Manteuffel. 10.I.1853. The original document is dated wrongly 1852. Bismarck : *Gesammelte Werke*, vol. I, p. 278. Prussian Secret State Archives, Berlin. ⁷⁵ Manteuffel to Bismarck. 20.I.1853. Prussian Secret State Archives, Berlin. ⁷⁶ Bismarck to Manteuffel. 21.I.1853. Bismarck : *Gesammelte Werke*, vol. I, p. 284. ⁷⁷ Manteuffel to Bismarck. 12.II.1853. Prussian Secret State Archives. ⁷⁸ Manteuffel to Bismarck. 15.II.1853. Prussian Secret State Archives. ⁷⁹ Bismarck to Manteuffel. 6.XII.1853. Bismarck : *Gesammelte Werke*, vol. I, p. 395. ⁸⁰ Bismarck to Manteuffel. 5.XII.1853. ⁸¹ Bismarck to Manteuffel. 9.XII.1853. ⁸² *Denkwürdigkeiten des Ministerpräsidenten Otto Freiherr von Manteuffel*. Published by Heinrich Poschinger, Berlin, 1901, vol. II, p. 468. ⁸³ *Denkwürdigkeiten des Ministerpräsidenten Otto Freiherr von Manteuffel*, vol. II, p. 469. ⁸⁴ Bodelschwingh to Gerlach. 21.VI.1854. See Manteuffel, vol. II, p. 471, note 2. ⁸⁵ Bismarck to Seibald. 5.VII.1854. Bismarck : *Gesammelte Werke*, vol. I, p. 463. ⁸⁶ Bismarck to Manteuffel. 22.I.1857. Prussian Secret State Archives. ⁸⁷ Meyer Carl Rothschild to Bismarck. 28.V.1857 and 3.VI.1857. Prussian Secret State Archives, Berlin. ⁸⁸ Bismarck to Manteuffel. 9.VI.1857. Prussian Secret State Archives, Berlin. Also published in *Preussen am Bundestage*, vol. III, p. 85. ⁸⁹ Manteuffel to Bismarck. 10.VII.1857. Prussian Secret State Archives, Berlin. ⁹⁰ Bodelschwingh to Manteuffel. 9.VII.1857. Prussian Secret State Archives, Berlin. ⁹¹ Von Patow to von Usedom. 18.I.1860. Prussian Secret State Archives, Berlin. ⁹² Usedom to Patow. Frankfurt, 14.XI.1859. Prussian Secret State Archives, Berlin. ⁹³ Bismarck to Manteuffel. 4.VII.1853. Bismarck : *Gesammelte Werke*, vol. I, p. 343. ⁹⁴ Manteuffel to Bismarck. 25.III.1857. Bismarck : *Gesammelte Werke*, vol. I, p. 343. ⁹⁵ Bismarck to Manteuffel. 31.III.1858. Bismarck : *Gesammelte Werke*, vol. I, p. 343. ⁹⁶ Bismarck : *Gesammelte Werke*, vol. VII, p. 423. A dinner-table conversation at Versailles, 30.XI.1870.

CHAPTER VIII

¹ Alexander Hübner to Count Buol-Schauenstein. Paris, 27.X.1853. State Archives, Vienna. ² Debraux to Baron Kübeck. Paris, 2.I.1853. State Archives, Vienna. ³ Debraux to Baron Kübeck. Paris, 23.I.1853. State Archives, Vienna. ⁴ Debraux to Baron Kübeck. Paris, 5.III.1853. State Archives, Vienna. ⁵ Hübner to Count Buol. 25.XI.1853. State Archives, Vienna. ⁶ Count von Hübner : *Neun Jahre der Erinnerungen eines österreichischen Botschafters in Paris unter dem zweiten Kaiserreich*, 1851-9, Berlin, 1904, p. 203. ⁷ Ernest II, Duke of Saxe-Coburg-Gotha : *Aus meinem Leben und aus meiner Zeit*, Berlin, 1888, vol. II, p. 143. The Memoirs of the Duke should, however, in many cases be read with considerable caution. ⁸ Count Esterházy to Count Buol. Berlin, 3.XI.1854. State Archives, Vienna. ⁹ Kübeck ; see former ref., vol. II, p. 66. ¹⁰ Birk

Alois von Negrelli, Vienna, 1925, p. 126. ¹¹ Kübeck; see former ref., vol. II, p. 80. ¹² Baron Anselm von Rothschild to the Minister of the Interior, Baron von Bach. Vienna, 22.II.1855. State Archives, Vienna. ¹³ Dr. N. N. Gelber: *Zur Vorgeschichte des Zionismus*, Vienna, 1927, p. 87. ¹⁴ Petition from the brothers Rothschild, 12.IX.1856, and reply from the Board of Trade, 28.IX.1856. State Archives, Vienna. ¹⁵ Anselm Rothschild to Count Buol. London, 8.VIII.1857. State Archives, Vienna. ¹⁶ Anselm Rothschild to Count Colloredo, in Rome. Vienna, 30.VIII.1857. State Archives, Vienna. ¹⁷ Cavour to Count T. di S. Rosa. Turin, 22.VIII.1856. Luigi Chiala: *Lettere*; see former ref., vol. VI, p. 36. ¹⁸ Hübner; see former ref., vol. II, p. 22. ¹⁹ *Denkwürdigkeiten des Ministers Otto Freiherr von Manteuffel*, vol. III, p. 197. ²⁰ Hübner; see former ref., vol. II, p. 145. ²¹ Hübner to Count Buol. Paris, 14.I.1859. State Archives, Vienna. ²² "Mark my words, no peace, no Empire." ²³ Hübner to Count Buol. Paris, 31.I.1859. State Archives, Vienna. ²⁴ *Il Carteggio Cavour-Nigra*. Cavour to Prince Napoleon. 13.II.1859. Vol. II, p. 13. Also in the Chiala: *Lettere*; see former ref., vol. VI, p. 365. ²⁵ *Cavour-Nigra*; see former ref. Cavour to A. Bixio. 13.II.1859. Vol. II, p. 11. ²⁶ Hübner to Count Buol. Paris, 27.II.1859. State Archives, Vienna. ²⁷ Hübner; see former ref., 10.III.1859, vol. II, p. 193. ²⁸ Bert; see former ref., p. 547. ²⁹ *Cavour-Nigra*; see former ref. Cavour to Nigra. Turin, 4.III.1859. Vol. II, p. 50. ³⁰ *Cavour-Nigra*; see former ref. Cavour to Nigra. Turin, 9.III.1859. Vol. II, p. 71. ³¹ Telegram from Count Rechberg to Richard Metternich. 24.VIII.1859. State Archives, Vienna. ³² Prince Richard Metternich to Rechberg. Paris, 25.VIII.1859. State Archives, Vienna. ³³ Prince Richard Metternich to Rechberg. Paris, 28.X.1859. State Archives, Vienna. ³⁴ Count Carl Vitzthum von Eckstädt: *St. Petersburg und London in den Jahren 1852-64*, vol. II, p. 51. ³⁵ Count Vitzthum to Rechberg. Paris, 23.IV.1860. State Archives, Vienna. ³⁶ Prince Richard Metternich to Rechberg. Paris, 8.IV.1860. State Archives, Vienna. ³⁷ Prince Richard Metternich to Rechberg. 10.IV.1860. State Archives, Vienna. ³⁸ Count Rechberg to Count Széchenyi. 29.VIII.1860. State Archives, Vienna. ³⁹ Count Széchenyi to Count Rechberg. Ga-ta, 24.IX.1860 and 20.X.1860. State Archives, Vienna. ⁴⁰ Count Rechberg to Count Széchenyi. Vienna, 16.X.1860. State Archives, Vienna. ⁴¹ Captain Frantzl to Count Széchenyi. Ga-ta, 4.XII.1860. State Archives, Vienna.

CHAPTER IX

¹ Disraeli to Mrs. Williams. 17.X.1863. See Froude: *The Earl of Beaconsfield*, London, 1890, p. 186. ² C. de B. to James Rothschild. Confidential report. Paris, 21.II.1865. State Archives, Vienna. ³ See the author's Biography of Leopold I of Belgium. ⁴ Count Zichy to the Empress Charlotte. 24.IV.1866. Mexican Archives in the State Archives, Vienna. ⁵ *Aufzeichnungen und Erinnerungen aus dem Leben des Botschafters Josef Maria von Radovitz*, Bern-Leipzig, 1925, vol. I, p. 85. ⁶ Wilnowski: *Meine Erinnerungen an Bismarck*, p. 190. ⁷ Count Apponyi to Mensdorff. London, 1.VII.1866. State Archives, Vienna. ⁸ Count Apponyi to Mensdorff. London, 7.IV.1866. State Archives, Vienna. ⁹ Richard Metternich to Rechberg. Private. 17.IV.1866. State Archives, Vienna. ¹⁰ Goltz to King William. 17.III.1866. See Oncken: *Die Rheinpolitik Kaiser Napoleons III und der Ursprung des Krieges von 1870-1*, Berlin-Leipzig, 1926,

vol. II, p. 118. ¹¹ Bismarck to Goltz. 13.III.1866. Oncken; see former ref., vol. I, p. 120. ¹² Baron von Wächter to Baron von Varnbühler. Paris, 11.IV.1866. The Baron had this news at third hand. See Oncken, vol. I, p. 132. ¹³ *Aufzeichnung und Erinnerung aus dem Leben des Botschafters Josef Maria von Radowitz*, Berlin and Leipzig, 1925, vol. I, p. 92. ¹⁴ Radowitz; see former ref., vol. I, p. 93. ¹⁵ Karl Friedrich Graf Vitzthum von Eckstädt: *London, Gestein und Sadova*, 1864-6, p. 245. ¹⁶ See above ref., p. 246. ¹⁷ See above ref., p. 350. 13.IX.1866. ¹⁸ Scheffer: *Der Siegeszug des Leihkapitals*. See former ref., p. 181. ¹⁹ Scheffer: *Der Siegeszug des Leihkapitals*, p. 182. ²⁰ Beust to James Rothschild. 28.V.1868. State Archives, Vienna. ²¹ Richard Metternich to Beust. 30.V.1868. State Archives, Vienna. ²² Hermann Hofmann: *Fürst Bismarck, 1890-9*, Stuttgart, 1913, vol. I, p. 149. ²³ Morley: *The Life of W. E. Gladstone*, London, 1911, vol. II, p. 246. ²⁴ See Oncken above, vol. III, p. 416. Thele to Abeken 77 (870). ²⁵ Count Apponyi to Beust. London, 12.VII.1870. Telegram, State Archives, Vienna. ²⁶ See Morley, vol. II, p. 249. ²⁷ Busch: *Tagebuchblätter*, vol. I, p. 317. ²⁸ H. Salingré: *Im grossen Hauptquartier, 1870-1*, p. 91. ²⁹ See Busch, vol. I, p. 213. Bismarck: *Gesammelte Werke*, vol. VII, p. 350. ³⁰ See Salingré, p. 144. ³¹ See Busch, also Bismarck, above ref., vol. VII, p. 352. ³² *Gouvernement de la défense nationale*, by Jules Favre, Paris, 1875, vol. III, p. 112. ³³ See Heinrich Otto Meissner: *Kaiser Friedrich III Kriegstagebuch von 1870-1*, Berlin, 1926, p. 410. ³⁴ Poschinger: *Fürst Bismarck und der Bundesrat*, Stuttgart, 1898, vol. II, p. 43. ³⁵ Vitzthum to Beust. Brussels, 24.II.1871. State Archives, Vienna. ³⁶ A district in the 20th Arrondissement, the inhabitants of which are notorious for their radical sentiments. ³⁷ See Bismarck: *Gesammelte Werke*, vol. VII, p. 489; "Versailles Table Talk"; also Busch, *Tagebuchblätter*.

EPILOGUE

¹ See Bismarck, former ref. A dinner-table conversation recorded by Busch. Vol. V, p. 466. ² Appendix to Bismarck's *Gedanken und Erinnerungen*. Stuttgart-Berlin, 1901. Emperor William to Bismarck. Berlin, 16.I.1875. ³ A pun, *Kreuzschmerzen*, etymologically, could mean "desire for a Cross," but actually means lumbago. ⁴ Ernst Ludwig von Gerlach: *Aufzeichnungen aus seinem Leben und Werken 1795-1877*, published by Jakob v. Gerlach, vol. II, p. 391. ⁵ Entry in the diary of Louis, dated 9.V.1908. ⁶ Will of Baron Anselm von Rothschild. State Archives, Frankfurt. ⁷ Viktor von Tritschke: *Bilder aus dem österreichischen Hof und Gesellschaftsleben*, Vienna, 1914, p. 227. ⁸ Countess Irma Sztaray: *Aus den letzten Jahren der Kaiserin Elisabeth*, Vienna, 1909, pp. 214 and foll. ⁹ When the Republican régime again came into power in France, the deputy Lucius wrote in 1876 to Bismarck about the marshal: "According even to such a cautious and reticent person as the Paris Rothschild, MacMahon is an absolute oaf. He cannot utter three consecutive words, has to have everything written down beforehand that he is to say, and then cannot say it correctly. The newspapers of course publish what he ought to have said." See Bismarck, vol. VIII, p. 211. ¹⁰ Sidney Lee: *King Edward VII*, London, 1925, p. 347. ¹¹ For further details see the collection of documents, *Die grosse Politik der europäischen Kabinette, etc.*, VII, p. 91. ¹² Pribram: *Die politischen Geheimverträge Oesterreich-Ungarn 1879-1914*. Vienna-Leipzig, 1920. ¹³ Johannes Haller: *Aus dem Leben*

Fürsten Philipp zu Eulenburg Hertefeld, vol. II, p. 135. ¹⁴ Constance Battersea, *Reminiscences*. London, 1922. ¹⁵ Battersea; see above ref., p. 48. ¹⁶ About half the total shares, most of the remainder being in French hands. ¹⁷ André Maurois: *La vie de Disraeli*, pp. 274 and foll. ¹⁸ This did not occur again until 1891. ¹⁹ Count Münster to the Emperor William. 25.VI.1876. Wertheimer: *Graf Andrassy*, Stuttgart, 1913, vol. II, p. 314. ²⁰ Hohenlohe; see former ref., vol. II, p. 234. ²¹ See Sidney Lee, p. 176. ²² See Hohenlohe, pp. 234 and foll. ²³ Branlenburg: *Von Bismarck zum Weltkrieg*, p. 109. ²⁴ See *Die grosse Politik*, vol. XV, p. 473. Private letter of Eckhardstein to Holstein. 15.I.1900. ²⁵ See *Die grosse Politik*, vol. XV, p. 534. Count Metternich to Prince Hohenlohe. 20.III.1900. ²⁶ See *Die grosse Politik*, vol. XV, p. 496. Count Metternich to Prince Hohenlohe. 24.III.1900. ²⁷ See *Die grosse Politik*, vol. XVI, p. 12. ²⁸ Hermann Baron von Eckardstein: *Lebenserinnerungen und politische Denkwürdigkeiten*, vol. II, p. 381. Letter of Alfred Rothschild. London, 20.II.1892. ²⁹ Prince Radolin to Bülow. 18.V.1903. *Die grosse Politik*, vol. XVII, p. 582. ³⁰ Bülow to the Emperor William. 20.V.1903. Same ref. ³¹ Metternich to Bülow. 2.VI.1903. Same ref. ³² Metternich to Bülow. 2.VI.1903. Same ref. ³³ Radolin to Bülow. 9.VIII.1904. Same ref., vol. XIX, p. 208. ³⁴ See Bismarck, vol. VIII, p. 291. A dinner-table conversation of Bismarck's at Friedrichsruhe. ³⁵ Björnson: *Ein Fallissement*, vol. III, p. 6.

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INDEX

NOTE.—I. refers to *The Rise of the House of Rothschild*; II. to *The Reign of the House of Rothschild*.

A

AACHEN, CONGRESS OF, I. 222, 225;
 Napoleon visits, I. 55
Aberdeen, Lord, I. 402
Adélaïde of Orléans, Madame, I. 425
Adrianople, Peace Treaty of, I. 408
Aguado, I. 416; II. 14
Akkon, Pasha of, II. 190
Albert, King of Saxony, II. 437
Albrecht, Archduke, II. 265
Alessandria, rising in, I. 265
Alexander of Russia, Tsar, I. 116, 147, 404
Ali, Mehmet, II. 197, 198, 203, 223, 446; invades Syria and Arabia, II. 190; Powers take action against, II. 200; reconciled to Sultan, II. 211
Allgemeine Zeitung attacks House of Rothschild, I. 292, 293
Alliance Insurance Company, I. 34
Almada quicksilver mines, II. 120, 121, 158
 "Alpine Kingdom," I. 348
Alsace Lorraine, II. 438, 424, 442
Amélie, Princess, II. 366
America, inauguration of steamship service with, II. 180; suggested annexation of Cuba, II. 379; War of Secession, II. 387
Amiens, Treaty of, I. 43
Amsterdam Bourse, decline of, I. 36
Ancona, French landing at, II. 59
Andrássy, Count, II. 241
Angoulême, Duke of, leads French army into Spain, I. 316; sets up Regency in Madrid, I. 317
Apponyi, Count, I. 376, 421; II. 21, 32, 49, 81, 126, 132, 157, 161, 191, 198, 201, 203, 262, 269, 397
Arago, Dominic François, II. 113, 260
Arfothnot, Mr., II. 64
Ardouin, banker, II. 123, 132
Arnim, von, II. 246, 440
Arnstein and Eskeles, Vienna bankers, I. 97, 98; II. 100, 225, 229
Arnsteiner, Baron, I. 197
Aspern, Battle of, I. 93
Auersperg, Prince, II. 361
Auerstadt, Battle of, I. 59
Busterlitz, Battle of, I. 57, 72
Austria, Francis II proclaimed Emperor of, I. 55; joins coalition against Napoleon, I. 56, 143;

Austria continued:

English financial help for, I. 57; financial straits of, I. 78; relations with France, I. 87, 97; State finances of, I. 97; appeals to William of Hesse for loan, I. 98, 99; status of Jews in, I. 171, 239; House of Rothschild establishes business with, I. 181; at war with Italy, I. 258 *et seq.*, financial position in, I. 298, 324 *et seq.*, 376; evacuates the two Sicilies, I. 377; conversion of loans, I. 414; recognises new King of France, II. 10; proposed mobilisation of Inner, II. 16; Modena occupied by, II. 17; Parma and Bologna occupied by, II. 22, 23; evacuates Papal States, II. 26, 27; financial situation in, II. 39, 316, 364; receives loan of Federal money, II. 40; Jews forbidden to acquire property in, II. 43; again enters Papal States, II. 59; steamships introduced into, II. 165; campaign in Syria, II. 200; secret loan to, II. 253; represented on Frankfurt Diet, II. 315 *et seq.*; adopts anti-Jewish measures, II. 347; threatens Russia, II. 356; Paris Press campaign against, II. 374; at war with France, II. 377; at war with Prussia, II. 396 *et seq.*, 402; defeated at Königgrätz, II. 402; change of foreign policy, II. 407
Austrian Lloyd S.S. Line, II. 165, 182
Austrian State Railway Co., II. 357, 364

B

BACHER, BARON, I. 89, 92, 117
Bagdad Railway, II. 458
Baldacci, Baron von, II. 110
Balkans, concessions to Jews in, II. 449
Ballabene, I. 83
Balzac, Honoré de, II. 282
Bamberg, anti-Jewish demonstrations in, I. 232
Barandon, London representative of Prussian Mercantile Marine, I. 210
Barbina, Dominik, offers loan to Neapolitan Government, I. 270, 271; applies for lease of Court Theatre, I. 290
Barbier, Nikolaus von, protects Austrian financial interests, I. 98;

Barbier—continued:

entrusted with raising of Austrian loan, I. 98; William of Hesse sends scheme for loan to, I. 99; accompanies Metternich to Imperial Conference, I. 148; negotiates concerning subsidies, I. 154 *et seq.*; President of War Indemnity Conference, I. 186; becomes supporter of Rothschilds, I. 189; on wisdom of obtaining security for loans, I. 251

Baring Bros., I. 186, 225, 228, 321, 330, 338

Baruch, Jakob, represents Frankfort Jews at Vienna Congress, I. 171; signs petition to Diet for Jewish citizenship, I. 204

Basel, Peace of, I. 38, 51

Bassano, Duchess, II. 48

Battersa, Lord, II. 4-8

Baumgartner, Professor von, II. 346, 349

Beaconsfield, Lord. *See* DISRAELI

Beauclerk family, II. 395

Beethoven in Vienna, I. 250

Behrend, Bernhardt, II. 362, 363

Belgian Congress, II. 27

Belgium breaks away from Holland, I. 433, 436; independence of, II. 24, 25; unrest in, II. 27; Prince Leopold of Coburg takes over government in, II. 32; invaded by Holland, II. 34; England and France intervene in, II. 34, 72; railway construction in, II. 114, 185; renewed dispute with Holland, II. 185; refused loan by Rothschilds, II. 188

Belin, Monsieur, I. 319

Belliard, General, II. 27

Benzel-Sternau, Count Christian von, I. 120

Beresina, Napoleon's crossing of the, I. 141

Berghoeffer, I. 33

Berlin, rising in, II. 267; Bleichröder represents Rothschilds in, II. 410; Meyer Carl Rothschild asked to open branch in, II. 430; Congress of, II. 448

Berry, Duke of, I. 242

Berthier, Alexandre, Duke of Wagram, II. 444

Bethmann, Moritz von, on the Rothschilds, I. 299; Goethe's friendship with, I. 400. *See also* II. 327, 334

Bethmann, Simon Moritz von, I. 30, 47, 59, 75, 120, 148; II. 227; fined for harbouring colonial goods, I. 107; approached regarding subsidies, I. 104; attitude towards Jews,

Bethmann—continued:

I. 212; Rothschilds try to divert business from, I. 416 *et seq.*

Beust, Baron von, II. 407

Beyrout, bombardment of, II. 202

Biedermann, financier, II. 93

Bineau, M., II. 311

Bismarck, Otto von, first contact with Rothschilds, II. 313; represents Prussia on Frankfort Diet, II. 315, 316; on Ansehel Meyer Rothschild, II. 316; on Rothschilds' attitude in Austro-Prussian dispute, II. 324, 325; reconciled with Rothschilds, II. 328 *et seq.*; recommends Carl Rothschild for decoration, II. 331; attitude towards Austria, II. 334; on speculation through political knowledge, II. 343; anti-Austrian policy, II. 396; dealings with Rothschilds, II. 397; on Rothschilds' attitude towards war, II. 399; aims at German unity under Prussia, II. 410; supports Hohenzollern candidature in Spain, II. 412; installed at Ferrières, II. 416; conditions for peace, II. 418, 420; desire for a Berlin branch of Rothschilds, II. 430; assessment of Rothschild wealth, II. 432; on Rothschilds' desire for wealth, II. 464

Bixio, M., II. 375

Björnson, II. 465

Blacas, Duke of, II. 73

Blanchemil, Monsieur de, II. 56

Bleichröder, Gerson von, II. 396, 397, 410, 442

Bloch, Herr, II. 327, 328

Bodenschwingh, Finance Minister, II. 327, 336 *et seq.*

Boer War, II. 452 *et seq.*

Boers, William, congratulates, II. 451

Bohemia, proposed mobilisation of, II. 16

Bologna, end of temporal power of the Pope declared at, II. 10; Austrians occupy, II. 22, 59

Bombelles, Count Louis Philippe de, I. 358

Bombrini, Carlo, II. 301

Bontoux, II. 436

Börne, Ludwig, represents Frankfort Jews at Vienna Congress, I. 171; signs petition to Diet for Jewish citizenship, I. 204; goes to Paris, II. 213; attacks on Rothschilds, II. 214

Boschan, Josef, II. 180

Boucher, II. 392, 436

- Boulanger, General, II. 441
 Bourbon dynasty, end of, I. 424
 Boxer rising, II. 454, 455
 Brazil, breaks away from Portugal, I. 335; abdication of Emperor of, II. 30; railway construction in, II. 387; loans to, II. 458
 British Government sanction smuggling, I. 131; approve Rothschilds' money exports, I. 133; obtain Nathan Rothschild's help in financing Wellington, I. 136; subsidies for allies, I. 150 *et seq.*, 179
 Brockhaus publishing firm, I. 368
 Broglie, Duke of, II. 132, 133
 Bruck, Baron, II. 382
 Brunswick, Duke of, I. 420
 Brussels, inauguration of postal service between Vienna and, I. 45; revolution in, I. 433
 Bubenetsch Castle bought by William of Hesse, I. 97
 Bubna, Count von, I. 263
 Buchholz, Dr., represents Jews at Aachen Congress, I. 226
 Buckle, Mr., editor of *The Times*, II. 453
 Buderus, Carl Friedrich, Privy Councillor, I. 26, 48; introduces salt tax, I. 27; relations with Meyer Anselm Rothschild, I. 27, 30; relations with Wolf Solomon Schnapper, I. 30; supports Rothschilds in financial loans, I. 50, 59; transfers power of attorney to Rothschilds, I. 62; flight from Cassel, I. 63; appeals to London for money, I. 65; returns to Hanau, I. 69; watches over William of Hesse's interests, I. 70; pleads the Rothschilds' cause, I. 74, 109, 110; Napoleon suspicious of, I. 84; arrest of, I. 82; confidential agreement with the Rothschilds, I. 85; discourages Hessian loan to Austria, I. 98; silhouette of, I. 100; appointed Director of Finance Committee of Diet, I. 100; entrusts Hessian property to Carl Rothschild, I. 105, 106; suggests transfer of Hessian business to Rothschilds, I. 111; obtains loan to support allies, I. 143; report on the firm of Van der Notten, I. 170; promotion to Privy Councillor, I. 182; intervenes on behalf of home to Crown Prince of Hesse, I. 219; death of, I. 229
 Bülow, Count von, II. 12, 65, 197
 Bülow, Prince, II. 455, 456
 Buol-Schauenstein, Count, I. 203, 234, 251; II. 366; on freedom for Jews, I. 185; Snidt report to, on Rothschilds, I. 289; instructed to stop repression of Jews, I. 290, 291; Jewish campaign against, I. 323
 Buonaparte, Jerome, King of Westphalia, I. 74, 76, 88, 89; II. 404
 Buonaparte, Joseph, I. 360
 Buonaparte, Lactitia, mother of Napoleon I, I. 360
 Buonaparte, Napoleon. *See* NAPOLEON
- C
- CADIZ, KING OF SPAIN PRISONER IN, I. 317; French capture, I. 320
 Calceolaria, Duke of, I. 296
 Calkeghan, banker, I. 344
 Cambacères, Duke of, II. 354, 409
 Cambridge, Duke of, II. 395
 Cambridge, Prince George of, II. 179
 Campe, publisher, II. 222
 Canning, George, I. 403
 Caprivi, von, Chancellor, II. 443
 Carbonari, Secret League of, I. 252, 274
 Carême, II. 217
 Carl Albert, King of Piedmont, II. 258, 269, 299
 Carl Anselm of Thurn and Taxis, Prince, I. 44
 Carl, Archduke, II. 79, 80
 Carl August von Weimar, Duke, I. 24
 Carlists, II. 118, 139
 Carlos of Spain, Don, II. 117, 138, 143, 144, 156, 163
 Carlsbad Conference, I. 232
 Carlshausen, Carl Friedrich Buderus von. *See* BUDERUS
 Carl Theodor von der Pfalz, Duke, I. 24
 Caroline of Denmark, Princess, I. 24
 Caspérier, accountant, II. 365
 Casarus, II. 20
 Cassel, Wilhelm of Hanau sets up his Court in, I. 28; French refugees in, I. 34; French troops enter, I. 61, 62
 Castlereagh, Lord, attends Aachen Congress, I. 222
 Caussidière, Prefect of Police, II. 260
 Cavaignac, Eugène, II. 270, 271, 274, 279, 286
 Cavour, Count Camillo, II. 209 *et seq.*, 368, 369, 374
 Chamberlain, Joseph, II. 452, 456
 Changarnier, Nicolas Théodule, II. 271, 274, 283, 285, 286, 424
 Charlemagne, I. 55
 Charles V, II. 392

- Charles X, King of France, I. 346, 404, 423, 426; II. 55, 72, 117
- Charlotte of Belgium, Empress of Mexico, II. 274, 387, 394
- Chartres, Duke of, I. 420
- Chateaubriand, I. 305, 341
- Chaumont, Treaty of, I. 153
- Cholera, epidemic in Vienna, II. 35, 40, 165; in Paris, II. 63, 218
- Chorinsky, Madame, II. 167
- Chotek, Count, II. 226, 361
- Christine, Queen of Spain, II. 384
- Clarendon, Lord, II. 193, 397, 398, 413
- Cloth trade in early nineteenth century, I. 127, 128
- Clotilde of Savoy, Princess, II. 372, 374
- Coburg, Duke Ernest of, II. 356
- Coburg, Prince Leopold of. *See* LEOPOLD, KING OF BELGIUM
- Coffee smuggling, I. 67
- Cohen, banker, II. 126
- Cohen, Hannah. *See* ROTHSCHILD, HANNAH
- Cohen, Judith, wife of Moses Montefiore, I. 130
- Concession Decree of 1836, II. 93
- Confederation of the Rhine, founded by Napoleon, I. 55; Frankfurt joins the, I. 67; exchanges Hanau and Fulda for Regensburg, I. 100; collapse of, I. 144
- Consols, I. 349
- Continental blockade against England, I. 67, 105, 117, 131
- Conversational Encyclopaedia*, bibliography of House of Rothschild in, I. 368 *et seq.*
- Cordier, Legitimist agent, II. 73, 74
- Corti, Count Luigi, II. 308, 449
- Cotta, publishing firm, I. 292, 293
- Creditanstalt für Handel und Gewerbe*, II. 361, 364, 463
- Credit Mobilier*, II. 292, 293, 353, 355-7, 361, 362, 364, 387-8, 393-4, 405
- Cremerieux, lawyer, II. 217
- Crimean War, II. 356-60, 363, 369, 395
- Crown Agents, duties of, in eighteenth century, I. 26, 27
- Crüger, Treasury official, II. 324
- Cuba, secession from Spain, II. 379
- Custine, General de, leads French army across Rhine, I. 35
- Dalberg—*continued*:
Frankfort, I. 100; obtains loan from Rothschilds, I. 108; grants passport to James Rothschild, I. 109, 132; grants rights of citizenship to Frankfort Jews, I. 119; negotiates purchase and sale of Fulda and Hanau, I. 120; resigns Grand Duchy of Frankfort, I. 144; leaves Frankfort, I. 170
- Dalberg, Duke of, visits James Rothschild, I. 402
- d'Andrea, Marchese, I. 272
- Darby, John, I. 400
- d'Argout, II. 63
- David, Veidel, Crown Agent at Cassel, I. 26, 30
- Davillier, Charles, Paris banker, I. 132, 136
- Davoust, Marshal, I. 137, 138
- d'Azeglio, Marchese, II. 303, 353
- Debraux, journalist, II. 354
- Decazes, Duke of, I. 420
- de la Tour, House of. *See* THURN AND TAXIS
- Delessert, banker, I. 313
- della Torre, House of. *See* THURN AND TAXIS
- Denmark, financial assistance for, I. 47; gives up her neutrality, I. 76
- Derby, Lord, II. 367, 405, 455
- Desmarest, Police Prefect, I. 138, 139
- Devonshire, Duke of, II. 459
- d'Hérisson, II. 425
- Disraeli, Benjamin, Lord Beaconsfield, supports Lionel Rothschild, II. 366; at Evelina Rothschild's wedding, II. 395; on question of mediation in Franco-Prussian dispute, II. 415; desire to arbitrate on Franco-Prussian peace terms, II. 424; appointed Prime Minister, II. 425; friendship with Lionel Rothschild, II. 445; buys Suez Canal shares, II. 446-7; at Congress of Berlin, II. 448-9; death of, II. 450
- Dollfuss, firm of, I. 361
- Donnersmark, Henckel von, II. 418
- Drohsdick, Baron von, on railway construction, II. 91; on rival claims of Rothschild and Sina, II. 95
- Duponchel, M., II. 219
- Dupuytren, Dr., II. 217

D

DALBERG, CARL VON, made Primate of Confederation of the Rhine, I. 67, 89; given title of Grand Duke of

E

EAST INDIA COMPANY, I. 135
Eberl, Colonel, I. 347
Eckhardstein, Baron von, II. 454, 459

- Edward VII, King of England, works for Entente, II. 441; friendship with Rothschilds, II. 447; attends wedding of Leopold Rothschild, II. 448; opposition to Emperor William II, II. 451; succeeds to the throne, II. 459
- Egypt, dispute regarding, II. 441, 450
- Elehanan, Isaak, I. 17
- Elizabeth, Empress of Austria, II. 359, 438-40
- Ellisson & Speyer transfer offices to Offenbach, I. 287
- Elssler, Fanny, II. 46, 70
- England purchases Hessian soldiers, I. 25, 35; at war with France, I. 35; foreign loans to, I. 51; relations of Hesse and, I. 51; Continental blockade against, I. 67, 105; illicit trading with, I. 109; difficulties of communicating with, I. 113, 115-16; commercial importance of, after French Revolution, I. 127; supplies subsidies to Imperial Powers, I. 150 *et seq.*, 179; demands repayment of Austrian loan, I. 328; financial activity in, I. 348; opposed to Russo-Turkish war, I. 406; peace policy of, II. 20; makes loan to Spain, II. 140; campaign in Syria, II. 200 *et seq.*; status of Jews in, II. 252; concludes alliance with Turkey, II. 356; takes part in Crimean war, II. 356; alarmed at Napoleon III's power, II. 379; attempts to arbitrate on Franco-Prussian peace terms, II. 424; dispute with France over Egypt and Suez, II. 441; disputes with Germany, II. 451 *et seq.*
- Eskeles, Baron Daniel, II. 100, 357
- Eskeles, Herr von, Vienna banker, I. 97-8, 188, 197, 294; II. 17, 93
- Espartaco, General, II. 157, 162, 243
- Esterházy, Count Carl, II. 241
- Esterházy, Count Moritz, II. 296, 298-9
- Esterházy, Prince Paul Anton von, I. 206, 245, 402; II. 125, 196; in financial straits, II. 41; interviews Nathan Rothschild on Spanish policy, II. 129
- Esterházy, Princess Marie, II. 167
- Estorff, General von, meets Meyer Amshel Rothschild, I. 18; goes to Hanau to Wilhelm of Hesse, I. 19; introduces Meyer Amshel Rothschild to the Prince, I. 20
- Eugénie, Empress, II. 350, 352, 387, 395, 416, 421
- Fulenburg, Prince von, II. 444
- Europe, change in general politics in, I. 96; conditions in, after French Revolution, I. 127; repercussion of French July revolution in, I. 433; financial difficulties in, during Paris revolution, II. 8; threatened war between Eastern and Western, II. 33

F

- FABER, FIRM OF, I. 136
- Falkenstein, Gertrud, Countess of Schaumburg and Princess of Hanau, II. 227
- Favre, Jules, II. 416, 418, 424
- Ferdinand, Emperor of Austria, II. 80, 81, 92, 99, 265
- Ferice and I, King of Naples, I. 252; II. 342 *et seq.*, 345
- Ferdinand VII, King of Spain, I. 251; asks France for armed help, I. 305; imprisoned at Cadiz, I. 317; release of, I. 320; question of succession to, II. 117; death of, II. 118
- Ferrara, oppression of Jews in, II. 176
- Ferrières, James Rothschild's château, II. 390 I; Prussia headquarters established at, II. 416
- Fettmilch, leader of anti-Jewish rising, I. 16
- Fiequenchont, Count, I. 260, 264, 272, 273; efforts concerning repayment of Neapolitan loan, I. 285 G; on Neapolitan war burdens, I. 295, 343; on settlement of Neapolitan debt, I. 377 8
- Flahault, II. 286
- Fornarini, Monsignor, II. 297
- Fould, Achille, II. 281, 286, 291-2, 309 *et seq.*, 352-3, 389, 407
- Fould, Adolf, II. 357, 376
- Fould, Benoit, I. 325; II. 113, 225, 291 2, 294
- Fourcyron, M., II. 180
- Fragonard, II. 436
- France, relations with Austria, I. 87, 97; attitude of Rothschilds towards, I. 104; effect of Continental blockade on, I. 105; contributions payable to Allies, I. 160 I; war indemnities from, I. 186; invades Spain, I. 316; political disturbances in, I. 404, 407, 420 *et seq.*; issue of Rentes in, I. 415; campaign in Algiers, I. 416; European countries recognise new king of, II. 10; peace policy of, II. 19; goes to assistance of Belgium, II. 34; revolution in, stops railway plans, II. 87 railway construction in,

France—*continued* :

II. 112 *et seq.*, 240 ; makes loan to Spain, II. 140 ; attitude to Quadruple Alliance and Syrian question, II. 198 *et seq.* ; Revolution of 1848, II. 259 ; Republic declared, II. 262 ; Louis Napoleon elected President of, II. 275 ; political situation in, II. 279 *et seq.* ; concludes alliance with Turkey, II. 356 ; concludes alliance with Sardinia, II. 371 ; Press campaign in, against Austria, II. 371 ; at war with Austria, II. 377 ; financial position about 1860, II. 388 ; outcry at Hohenzollern candidature in Spain, II. 412 ; defeated in Franco-Prussian war, II. 415 ; dispute with England over Egypt, II. 441 ; occupies Tunis, II. 441 ; alliance with Russia, II. 442

Francesconi, Crown surveyor, II. 110

Francis I, King of Naples, I. 345, 379

Francis II, Emperor of Austria, heads union of German princes, I. 34 ; relations with William of Hesse, I. 39 ; proclaimed Emperor, I. 55 ; invites William of Hesse to Austria, I. 76-7 ; efforts to obtain loan, I. 79, 80 ; declines the scheme for loan, I. 99 ; meets Napoleon in Dresden, I. 122 ; confers with Emperor of Russia and King of Prussia, I. 147 ; urges realisation of British subsidies, I. 151 ; confers title of nobility on Rothschild brothers, I. 198 ; orders higher pay for army, I. 261 ; loan to King of Naples, I. 267 ; views on Neapolitan loan, I. 271 ; agrees to further loan from Rothschilds, I. 299 ; attends Congress of Sovereigns at Verona, I. 305 ; appoints Nathan Rothschild Consul-General, I. 312 ; illness of, I. 365 ; II. 79 ; death and will of, II. 80

Francis Joseph, Emperor of Austria, receives James Rothschild in audience, II. 290 ; journey to Northern States, II. 346 ; condolences at James Rothschild's death, II. 409 ; attitude towards House of Rothschild, II. 438

Franco-Prussian War, causes leading to, II. 412 *et seq.* ; declaration of, II. 415

Frank & Co., Viennese bankers, I. 62, 79

Frankfort-on-Main, early development of, I. 15 ; status of Jews in, I. 15 *et seq.* ; Ghetto of, I. 16, 17 ; original home of Rothschilds in, I. 17 ; fairs

Frankfort-on-Main—*continued* :

held in, I. 20-1 ; bombardment of, I. 36 ; bankers flourish in, I. 36 ; end of political independence of, I. 67 ; incorporated in Confederation of the Rhine, I. 67 ; political changes in, I. 100 ; increased prosperity of, I. 100 ; refuses to carry out blockade orders, I. 106 ; search for English goods in, I. 106 7 ; new Rothschild bank built in, I. 142 ; bankers in, negotiate English subsidies, I. 152 ; Rothschilds' efforts on behalf of Jews in, I. 183 *et seq.* ; anti-Jewish disturbances in, I. 233 ; slump in the Bourse after French Revolution, I. 428 ; rioting in, II. 267 ; Diet of, II. 314 *et seq.* ; decline of Rothschild branch in, II. 431, 432

Frankl, banker, II. 228

Frantz, Captain, II. 384

Frederick, Empress, II. 451

Frederick V, King of Denmark, I. 19

Frederick William, King of Prussia, Rother's report on Prussian loan to, II. 2 *et seq.* ; agrees to Rother's recommendation, II. 5, 9 ; confers order on Meyer Carl Rothschild, II. 342

Freiburg, Imperial headquarters moved to, I. 152

French Empire shattered, II. 415

French Revolution, effect of, in Europe, I. 33, 127 ; aftermath of, I. 43

Friedrich II of Hesse, I. 19, 20, 24-5

Friedrich Wilhelm I, Elector, II. 227

Frimont, Baron, I. 188, marches on Naples, I. 258, 379

Fugger, Anton, II. 392

Fulda, exchanged for Regensburg by Confederation of the Rhine, I. 100 ; bought and re-sold by von Dalberg, I. 120-1

Fulton, shipowner, II. 83

Fürstenberg, Prince, II. 361, 364

G

GABRIEL FAMILY, II. 241

Galicja, first railway in, II. 87

Galliera, Duke of, II. 292, 364, 376

Gambetta, II. 441

Garibaldi, II. 382, 383

Gentz, Friedrich von, I. 148, 152 ; visits Rothschilds in Frankfort, I. 223 ; meets Rothschilds at Aachen Congress, I. 226 ; returns to Munich

Gentz—continued :

- I. 227; private opinion of Rothschilds, I. 228; supports lottery loan, I. 248; intermediary between Metternich and Carl Rothschild, I. 267-8; protests against Press attacks on Rothschilds, I. 292; intimacy with Rothschilds, I. 293; II. 46; receives gratuity from Court of Naples, I. 301; attends Congress of Sovereigns at Verona, I. 305; interview with Solomon Rothschild, I. 307, 322; presses claims of Jews, I. 323; on French debt reduction scheme, I. 341; propaganda work for, and relations with, Rothschilds, I. 368; II. 69; use made of, by Rothschilds, I. 407; death of, II. 69
- George III, King of England, I. 19; II. 366
- George IV, King of England, I. 51
- German-Austrian Dual Alliance, II. 441
- German Federation, constitution of, I. 172; loan to, II. 40; financial position of, II. 250; political working of, II. 313
- Germany, liberation of, in 1813, I. 134; anti-Jewish activities in, I. 232 *et seq.*; disturbances in, after French July revolution, I. 433; disputes with England, II. 351 *et seq.*
- Geymüller & Co., I. 97, 188, 241, 325
- Geymüller, Herr, banker, approached for military loan, II. 17; sells *Métalliques*, II. 66; subscribes to Galician railway fund, II. 93; in financial difficulties, II. 225
- Gheya, Carl, II. 109
- Giorgione, II. 392
- Gladstone, Mr., II. 413, 448, 450
- Glyn, Halifax, Mills & Co., II. 85
- Goethe, I. 17, 24, 33, 149; anti-Jewish attitude of, I. 399; on growth of House of Rothschild, I. 400
- Göhaus, Director of Police, I. 193
- Goldschmidt, Maximilian von, II. 432
- Goldschmidt, Moritz, Solomon Rothschild's manager in Vienna, I. 397; II. 47, 68, 150, 167, 176, 189, 190, 209, 276, 331
- Goldschmidt-Rothschild Bank, II. 432
- Goldschmidt, Stuber Hesse, I. 110
- Goltz, von der, II. 399
- Gontard, firm of bankers, I. 163-4, 322. *See also* ROTHSCHILD and GONTARD
- Gordon, Sir Robert, I. 378
- Gratop Castle, William of Hesse flies to, I. 64
- Gravelines, Mibel, II. 260, 263
- Grat Fries & Co., Vienna bankers, I. 97
- Gramont, Duke of, II. 413
- Gramont, Duke Agenor de, II. 444
- Granville, Lord, II. 413
- Gravelines, the recognised centre of smuggling, I. 131
- Greece, rising in, I. 305
- Greenwood, Frederick, II. 446
- Gregory XVI, Pope, confers order on Carl Rothschild, II. 51
- Grey, Lord, Liberal Prime Minister, II. 13; and Reform Bill, II. 64; resignation of, II. 64; returns to office, II. 65
- Grillparzer, I. 174; II. 297
- Grisi, Giulia, II. 179
- Groeditzberg, Herr Benecke von, I. 45
- Großolla, Dukedom of, ceded to Marie Louise, I. 381
- Guizot, Minister of Education, II. 132-3, 195, 197, 208, 243, 259
- Gumprecht, J. J., Meyer Amschel Rothschild's partner, I. 118, 171
- Gunnersbury House, home of Lionel Rothschild, II. 364
- Gunther, Dr., II. 79
- Gutzkow, Karl, II. 15-16

H

HAITI SURRENDERED TO THE FRENCH, I. 353

Hambro, C. J., & Son, II. 306

Hamburg, fire of, II. 230

Hannau, Eva. *See* ROTHSCHILD, EVA

Hannau, Princess of, II. 227

Hannau, Wilhelm of Hesse established in, I. 19, 20; exchanged for Regensburg by Confederation of the Rhine, I. 100; von Dalberg buys and sells, I. 120

Handel, Baron von I. 192, 237, 242-3; II. 168

Hanover, House of, I. 19

Hanover, Meyer Amschel Rothschild goes to, I. 18

Hapsburg dynasty, II. 378

Hardenberg, Carl August, Prince von, I. 99, 182, 183; agrees to protection of Frankfurt Jews, I. 185; recommends loan from England, I. 210, 212; Rothschild's letter to, on behalf of Jews, I. 225; bibliography of, I. 457

Hardwicke, Earl of, II. 448

Hartig, Count, II. 232

Hatzfeld, Count, II. 452, 456

Hayashi, Baron, II. 459

Haynau family, I. 24

- Hebenstreit** fined for harbouring colonial goods, I. 107
Heidelberg, Conference at, II. 336
Heimrod family, I. 24
Heine, Heinrich, II. 283; goes to Paris, II. 213; meets James Rothschild, II. 214; opinion of Rothschilds, II. 216 *et seq.*; admiration of Betty Rothschild, II. 220-1
Heine, Solomon, II. 221, 231, 292
Heralds' College of Austria on Rothschild coat-of-arms, I. 200; objection to granting of baronetcy to Rothschilds, I. 302
Herries, John Charles, I. 136, 146, 153, 154, 167, 177; II. 13; suggested as Chancellor of the Exchequer, I. 402; made Master of the Mint, I. 403; bibliography of, I. 457
Hertelendy family, II. 241
Herz, Adelheid. *See* ROTHSCHILD, ADELHEID
Herz, Herr von, Frankfort banker, I. 150
Hess, Councillor, II. 79
Hesse, Carl, Landgraf of, I. 117
Hesse-Cassel, William IX of, goes to Denmark, I. 19; established in Hanau, I. 20; characteristics of, I. 20, 24-5; relations with Meyer Amschel Rothschild, I. 21, 24, 28-9; married Princess Caroline of Denmark, I. 24; children of, I. 24; business interests of, I. 25-7; succeeds to throne of Hesse-Cassel, I. 28; joins Union of German Princes, I. 34; drives French force from Frankfort, I. 35; made Field-Marshal of Prussia, I. 35; withdraws from war, I. 35; acts as banker, I. 38; relations with Emperor of Austria, I. 39; makes loans to England, I. 51; proclaimed Elector, I. 51; incurs Napoleon's displeasure, I. 52; declines Napoleon's invitation to Mainz, I. 55; obtains title for Caroline von Schlotheim, I. 57; makes loan to Prussia, I. 57; neutrality during Napoleonic wars, I. 59, 60; takes steps to safeguard his possessions, I. 60, 62; Napoleon's ultimatum to, I. 61; flight from Cassel to Rendsburg, I. 62; arrival at Castle Goltop, I. 64; moves to Itzehoe, I. 72; life in exile breeds distrust, I. 72-3; goes to Carlsbad and Prague, I. 76-7; tries to promote insurrections in Germany, I. 82; makes British investments, I. 86, 95; calls for Hessian rising to
- Hesse-Cassel—continued:**
 support Austria, I. 88; vicissitudes during Napoleonic campaign, I. 93-4; appeals for reinstatement, I. 94, 96; financial position of, I. 97; appealed to, for loan to Austria, I. 98; devises scheme for payment of debts, I. 98-9; satisfaction with Rothschilds' dealings, I. 108; returns to Hesse, I. 122; demands reinstatement, I. 143; returns to Cassel, I. 144; demands compensation for losses, I. 153; relations with Rothschilds after Napoleonic wars, I. 183; death of, I. 222, 274
Hesse, Crown Prince of, in financial difficulties, I. 217 *et seq.*; appointed Elector of Hesse, I. 275
Hesse, Friedrich II of, I. 19
Hesse, House of, I. 18-19; influence of, on House of Rothschild, I. 20; Napoleon's attitude towards, I. 62; censorship of correspondence to, I. 117; Amschel Rothschild's relations with, II. 227
Hesse, Wilhelm VIII of, I. 19, 20
Hessenstein, Countess von (Caroline von Schlotheim), Wilhelm of Hesse's mistress, I. 56; granted title, I. 57; declines loan to Crown Prince of Hesse, I. 221
Hessenstein family, I. 24
Hessian soldiers sold to England, I. 25
Heyden, Dr. Eduard, II. 154
Hinle, Counsellor of Embassy, I. 234
Hirz, Naftali, I. 17
Hohenlohe, II. 447
Hohenlohe-Schillingsfürst, Prince Chlodwig zc, II. 449
Hohenzollern, Princess von, II. 352
Hohenzollern-Sigmaringen, Prince Leopold of, II. 412, 414
Holland, conquest of, by France, I. 36; Hessian loan to, I. 170-11; separation of Belgium and, I. 423; II. 24; mobilises on Belgian frontier, II. 27; marches on Belgium, II. 34; England and France take steps against, II. 72; renewed dispute with Belgium, II. 186
Holzförster, I. 219
Hope, banking firm, II. 73, 228
Hormayr, Director of Vienna State archives, I. 348
Hottinguer, Paris banker, I. 132, 136, 313
Houman, French banker, II. 14
Hübner, Herr von, II. 269, 283, 283-47, 352-3, 372

- Hügel, Baron von, I. 100, 151, 170, 176; II. 55, 158
 Humann, M., Finance Minister, II. 208, 243
 Humboldt, Alexander von, I. 213; social intercourse with Nathan Rothschild, I. 215; at Congress of Sovereigns in Verona, I. 307
 Humboldt, Baron von, I. 149, 171, 203
 Humboldt, Caroline von, I. 216
 Humboldt, Wilhelm von, report on the Rothschilds, I. 214; social intercourse with Nathan Rothschild, I. 215
 Hummelauer, Herr von, II. 125, 129, 139, 143, 146, 156, 176
 Hungary, railway construction in, II. 240; revolution in, II. 275
 Huskisson, Mr., I. 351

I

- IBRAHIM PASHA, II. 199
 Idria quicksilver mines, II. 121
 Inglis, Sir Robert, II. 289
 Inzaghy, Count, II. 236, 238
 Ireland, disturbances in, I. 344; proposed recruiting in, for Naples, I. 344
 Irish Famine Loan, II. 252-3
 Irving, John, banker, I. 321
 Isabella, Queen, II. 244-5
 Israelite Religious Community, I. 119
 Italy, effect of Paris revolution on, II. 10; Austrian troops sent to, II. 12; proposed mobilisation of, II. 16; evacuated by Austria, II. 26-7; concludes alliance with Prussia, II. 399; joins German-Austrian alliance, II. 441
 Itzstein, Herr von, Director of Police, I. 118; made President of Israelite Religious Community, I. 119; rewarded for services, I. 121

J

- JAB. ONOWSKY, PRINCE LUDWIG DE, I. 361-3
 Jamson Raid, II. 451
 Japan defeats Russia, II. 459
 Jena, Battle of, I. 79
 Jerome, King of Westphalia, I. 74, 76, 88-9; II. 404
 Jesuit Order, II. 432
 Jews, status of, in Middle Ages, I. 15 *et seq.*, in Austria: I. 171, II. 43; in England, (I. 252; "protected," I. 16; tolerance of Wilhelm of Hesse

Jews—continued:

- towards, I. 24-5; given more freedom, I. 36; attitude towards Rothschilds in Cassel, I. 52; taxes payable by, in Cassel, I. 52; Rothschilds' activities on behalf of, I. 118, 183; II. 174, 296, 298, 329; granted citizenship in Frankfurt, I. 119, 120; petition for citizenship in Austria, I. 204; Hindenburg's efforts on behalf of, I. 211, 212; German campaign against, I. 232 *et seq.*; Metternich's efforts on behalf of, I. 288-91; improved social status of, in 1820, I. 288-9; concessions granted to, in Frankfurt, I. 323-4; permission to marry Christians, I. 399; hostility to, in Damascus, II. 223; election to English Parliament, II. 252, 367; English opposition to emancipation of, II. 288; Austrian veto on purchase of estates by, II. 347; concession for, in Balkans, II. 440; emancipation of, in England, II. 449; massacres of, in Russia, II. 458
 Joel, Crown Agent, I. 243
 Johann, Archduke, I. 48; II. 79, 80, 265
 Jordan, Sylvester, I. 203
 Josef, Archduke, II. 79, 80
 Josephine, Empress, I. 96

K

- KAISER - FERDINANDS - NORDBAHN, Emperor gives patronage to, II. 99; first meeting of, II. 99, 100; Pereira on difficulties in constructing, II. 100-3; Rippe's views on constructing, II. 104 *et seq.*
 Kaula Bros., I. 193
 Krehner, Herr, II. 125, 171
 Klindworth (Appay's agent), II. 157, 162, 178
 Knatz, War Secretary, I. 84
 Kober, V., publisher, II. 222
 Koller, General, I. 295, 343
 Kolowrat, Count, II. 16, 26, 92, 150, 239, 251, 253, 346; recommends Austrian conversion loan, I. 414; flight during cholera epidemic, II. 46, 47; omitted from Emperor Francis' will, II. 81; opposes Rothschilds building Pressburg railway, II. 96; social relations with Rothschilds, II. 166; opposes State support of Austrian Lloyd, II. 184
 Königgrätz, Battle of, II. 402
 Kossuth, II. 275

- Kotzebue, I. 232
 Kraus, Karl, II. 217
 Kübeck, Baron von, I. 381; II. 26-7, 39, 51, 81, 229, 232, 254, 257, 345, 358, 359
 Kunkel, Hessian agent, I. 93
- L
- LABLACHA, II. 179
 Lafayette, General, II. 13, 32
 Laffitte, banker, and later Finance Minister and Prime Minister, I. 313, 325, 353, 437; II. 12, 13, 14
 Lagrange, General, appointed Governor of Hesse, I. 59; Napoleon's orders to, I. 64-5; sells the Hesse securities, I. 66
 Laibach, Congress of Kings at, I. 253
 Laing, Mr., II. 364
 Lamartini, M., II. 260
 Lämcl, Jewish banker, I. 223; II. 261
 Lampi, II. 437
 Landau, Herr von, II. 301, 312
 Länderbank, II. 436
 Lansdowne, Lord, I. 403
 Latour, Count, II. 275
 Laurin, Anton von, report on Nathan Rothschild, I. 275; efforts on behalf of Damascus Jews, II. 223
 Lawaetz, Hamburg banker, I. 40, 50, 54, 59, 70
 Lawrence, artist, II. 437
 Lebzelter, Count, Austrian Minister at Naples, II. 48-9
 Lederer, Baron von, report on the House of Rothschild, I. 195 *et seq.*; sceptical views of Nathan Rothschild's securities, I. 277; objects to Rothschild's receiving title of Baron, I. 302; on Austrian loan in England, I. 332
 Ledru-Rollin, Minister of the Interior, II. 263, 280
 Lee, Sir Sydney, II. 448
 Lehmann, Lieut., II. 227
 Leipzig, Battle of, I. 144
 le Monnier, Secretary of Legation, I. 243
 Lennep, Military Counsellor, I. 50, 70, 82
 Lennox family, II. 395
 Leopold I, King of Belgium, visit to Naples, I. 378; arrives in Brussels, II. 83; interest in railway construction, II. 114, 188; financial dealings with Rothschilds, II. 274; death of, II. 394, *See also* II. 30, 32, 185
 Leopold II, Grand Duke of Tuscany, I. 259
 Leopold II, King of Belgium, II. 409
 Letronne, II. 217
 Leuchtenberg, Princess von, II. 292
 Levy, Herr, I. 89, 91, 110
 Liechtenstein Palace, residence of Wilhelm of Hesse, I. 78
 Lieven, Count, Russian Ambassador, I. 409
 Lieven, Countess, I. 291
 Lieven, Prince, Austrian Ambassador, II. 74
 Lieven, Princess, II. 197, 201
 Limburger, Chevalier von, I. 154, 165, 177, 181
 Lis, Bertram de, Spanish banker, I. 314-15
 Liverpool, Lord, Prime Minister, I. 146, 349
 Liverpool-Manchester Railway, II. 84, 88, 181
 Lloyd Steamship Co., origin of, II. 165
 Lombard-Venetian Railway, II. 364, 368
 London, Nathan Rothschild makes his home in, I. 128; Neapolitan securities on the market in, I. 275; Conference of, on Belgium's independence, II. 25, 34; Jewish synagogue opened in, II. 449
 Lonyay family, II. 241
 Lorentz, agent for Wilhelm of Hesse in London, I. 112-13, 130
 Lottery loan, outcry at, I. 240 *et seq.*
 Lottum, Count von, II. 5, 77
 Louis XVIII, King of France, I. 242, 252, 319; II. 279; assisted financially by Rothschilds, I. 167; flight from Paris, I. 172; appealed to for help by King of Spain, I. 305; death of, I. 346; biography, I. 457
 Louis, George, Ambassador, II. 432
 Louis Napoleon. *See* NAPOLEON III
 Louis Philippe, King of France, I. 282, 424, 426; II. 117; averse to war, II. 10, 191; changes his Prime Minister, II. 14; honours James Rothschild, II. 55; attitude towards Spain, II. 146; complains of Quadruple Alliance, II. 194; views on Quadruple Alliance, II. 198 *et seq.*; attack made on his life, II. 207; flight of, II. 259
 Lowenburg, Castle of, I. 61
 Lucca, Duke of, I. 378, 384, 390-1
 Luccheni, anarchist, II. 440
 Ludwig, Archduke, II. 79, 80, 92
 Lanéville, Treaty of, I. 43, 51
 Luxemburg, dispute concerning, 31-2, 185; neutrality of, II. 412
 Lyons, Lord, II. 413, 422
 Lys, Don Vincente Bertram de, II. 18

M

- MACMAHON, MARSHAL, II. 440
- Madrid occupied by French, I. 347
- Magne, Pierre, II. 372
- Mahmud, Sultan, II. 190, 210
- Mähren, Napoleon advances on, I. 94
- Mainz, Napoleon visits, I. 55; demanded by Napoleon III, II. 405
- Mallet Frères, Paris bankers, I. 132, 313, 416
- Maltzahn, Madame, II. 167
- Manguin, François, II. 133
- Manteuffel, II. 327 *et seq.*, 337-9
- Marcus, Ludwig, II. 220
- Marenna, scheme for draining, I. 359
- Maria, Queen of Naples, II. 384
- Marie Antoinette, Queen, II. 395, 436
- Marie Christine, Queen of Spain, II. 117 *et seq.*, 156, 243
- Marie Louise of Austria, marriage to Napoleon, I. 96; gives birth to a son, I. 108; character and life of, I. 381; attachment to Count von Neipperg, I. 382; financial arrangements for, I. 383 *et seq.*; grants audience to Solomon Rothschild, I. 397; reinvestment of money, I. 415; flight from Parma, II. 10; stays at Ischl, II. 239
- Marion, I. 133
- Marmont, August Friedrich, Marshal de, I. 354, 423, 458
- Martignac, I. 404
- Martin, Herr von, Secretary to Emperor Francis, I. 334
- Martins, Major, I. 216
- Maximilian of Austria, II. 387
- Maximilian I, Emperor, I. 45
- Mayer, Abraham, houses the Hessian treasures, I. 93
- Medici, Luigi Cavaliere de', I. 252, 362; appointed Finance Minister, I. 296; Carl Rothschild's business dealings with, I. 342; on burden of finance in Naples, I. 376; applies for loan to Naples, I. 378; Metternich opposes decoration for, I. 379
- Melbourne, Lord, II. 202
- Mendizabal, Don Juan Alvarez y, II. 124, 132, 138, 141, 156, 172
- Meniers, Prosper, II. 269
- Mensshenger, Baron von, II. 228
- Mercy, Count von, I. 254
- Mérode, M. de, II. 187
- Métalliques Loan, I. 244, 261, 330-1; II. 17, 57, 66
- Metternich, Count von, II. 453, 458
- Metternich, Prince Clemens Lothar, appointed Foreign Minister, I. 94; interview with Napoleon, I. 143; at Frankfort Conference, I. 147; lack of financial ability, I. 148; joins Imperial headquarters in Freiburg, I. 152; prevents expulsion of Jews from Vienna, I. 171; confidence in Rothschilds, I. 181; appealed to on question of recognising Rothschilds' services, I. 198, 205-6, 284; private financial transactions, I. 223; attends Aachen Congress, I. 225; meets Rothschild brothers, I. 226; presides over Carlsbad Conference, I. 232; reorganises Austrian finance, I. 244; entrusts more business to Rothschilds, I. 250-1; summons congress to discuss Italian situation, I. 252; on Neapolitan loan, I. 254-5; on Neapolitan expedition, I. 263; invites aid of Carl Rothschild, I. 263; instructions to General Vincent, I. 268; supports James Rothschild's appointment as Consul General, I. 284; instructions regarding Neapolitan repayment, I. 285; promotes emancipation of Jews, I. 288, 290-1; dines with Anselm Meyer Rothschild, I. 291; obtains private loan from Rothschilds, I. 301; restores peace in Apennine peninsula, I. 305; attends Congress of Sovereigns at Verona, I. 305; supports Rothschilds for Austrian loan, I. 326; makes terms for repayment of English loan, I. 328; on Rothschilds' courier service, I. 347; on annuity for Marshal Marmont, I. 355; refuses to sanction Joseph Buonaparte's return to Europe, I. 360; opposes decorations for Medici and Carl Rothschild, I. 379; arranges inheritance for Marie Louise's children, I. 384 *et seq.*; on question of Russian loan, I. 405; appealed to, on behalf of exiled monarchs, II. 10; sends Austrian troops to Italy, II. 12; demands military preparations, II. 16; agrees to Austrian evacuation of Italy, II. 26; approaches Solomon Rothschild for loan for Esterházy, II. 41; attitude during cholera epidemic, II. 47; approaches Solomon Rothschild regarding Papal loan, II. 49; engages Saphir, II. 54; trouble with State finances, II. 66; drafts Emperor Francis' will, II. 80-1; in favour of railway de-eloquent, II. 88 *et seq.*; endorses Rothschilds'

Metternich—continued :

- petition to Emperor, II. 98 ; supports Carlists in Spain, II. 118 ; distrust of Rothschilds' Spanish policy, II. 125, 129 ; on Anglo-French loan to Spain, II. 141 ; on James Rothschild's interference in politics, II. 159 ; social relations with Rothschilds, II. 166 ; appoints Anselm Rothschild Consul-General, II. 168 ; calls conference to discuss question of Jewish rights, II. 175 ; visits Frankfurt, II. 189 ; intervenes on behalf of Damascus Jews, II. 224-5 ; confidence in Solomon Rothschild, II. 228-30 ; plans to support Don Carlos, II. 244 ; on French branch of Rothschilds, II. 245 ; public dissatisfaction with, II. 255 ; resignation of, II. 264 ; flight of, II. 265-6 ; returns to Vienna, II. 345 ; biography of, I. 458
- Metternich, Prince Richard, II. 379, 382, 402, 422
- Metternich, Princess Melanie, II. 167, 189, 230
- Metternich, Princess Pauline, II. 402
- Metternich, Prince Victor, visits James Rothschild, I. 401
- Metzler, Mayor, I. 234
- Mexican loan, failure of, II. 303
- Mexico, Empire of, II. 387
- Mignet, Don, II. 29
- Mirabaud, Solomon Rothschild's partner, I. 391, 395
- Mirés, Jules, II. 294, 378, 388
- Mittrowsky, Count, II. 87, 96, 106, 109 *et seq.*
- Modena, Duke of, II. 10, 31
- Modena, occupied by Austrians, II. 17 ; oppression of Jews in, II. 176
- Moldavia, occupied by Russia, II. 348 ; railway construction in, II. 365
- Molé, Count de, I. 431 ; II. 158
- Mollien, Count von, I. 132-3, 137
- Moltke, General von, II. 416
- Montalivet, Minister, II. 159
- Mont Cenis tunnel, II. 369
- Montefiore, Judith (*née* Cohen), I. 130
- Montefiore, Sir Moses, II. 449
- Montenuovo, Albertine, I. 382, 398
- Montenuovo, Wilhelm Albrecht, Count of, I. 382, 398
- Montgomery family, II. 395
- Monticelli, Marchese, II. 375
- Montijo, Countess, II. 350, 352
- Montijo, Eugénie de. *See* EUGÉNIE, EMPRESS
- Morel, firm of, I. 136
- Morny, Duke of, II. 286, 357, 388
- Mortier, Marshal, as envoy to Wilhelm of Hesse, I. 61 ; occupies Cassel, I. 63
- Moscow, Napoleon's advance on, I. 122
- Motz, Herr von, Finance Minister, I. 411 ; II. 6
- Moustier, Countess de, II. 417
- Mühlen Brothers, bankers, I. 148
- Müller, Adam, I. 227, 373
- Münch-Bellinghansen, Baron von, grants concessions to Jews, I. 323-4 ; conveys news of Paris revolt to Metternich, I. 427
- Münster, Count, II. 443, 447

N

- NABASDY, Count, I. 377 ; succeeds Stadion, I. 336 ; investigates Austrian finances, I. 363 ; Solomon Rothschild reports to, on conversion loan, I. 416
- Napier, Admiral, II. 200, 208
- Naples, revolution in, I. 251-2 ; Austrians enter, I. 267 ; revolution collapses, I. 272 ; Carl Meyer Rothschild takes up residence in, I. 207 ; financial straits of, I. 342-3, 375-6 ; merged into Italy, II. 384 ; Rothschild branch at, given up, II. 385
- Napoleon Buonaparte, victories of, I. 35 ; refused loan by Wilhelm of Hesse, I. 52 ; tours Rhine provinces and founds Confederation of the Rhine, I. 55 ; concentrates against Austria, I. 56 ; wins sixteen German States, I. 58 ; orders occupation of Hesse and Cassel, I. 59 ; ultimatum to Wilhelm of Hesse, I. 61 ; attitude towards House of Cassel, I. 59, 64 ; declares Continental blockade against England, I. 67 ; learns of proposed Hessian rising, I. 81 ; returns from Spain and threatens Austria, I. 87 ; campaign against Austria, I. 93 ; returns to Paris, I. 94 ; marriage contract, I. 96 ; birth of hisson, I. 108 ; collects the Grande Armée, I. 121 ; advance on Russia, I. 122 ; defeated in Russia and Germany, I. 122, 141 ; negotiates with English smugglers, I. 131 ; campaign in Saxony, I. 142 ; abdication of, I. 153 ; leaves Elba and returns to France, I. 172 ; defeat at Waterloo and banishment, I. 177
- Napoleon III (Louis Napoleon) lands in France, II. 194, 284 ; activity after revolution, II. 272 *et seq.* ; electe

Napoleon III—*continued*:

President, II. 275, 279; attitude towards Rothschilds, II. 281, 287; dissolves National Assembly, II. 285-6; dealings with Rothschilds' rivals, II. 291; proclaimed Napoleon III, II. 293; sends troops to Rome, II. 295; marriage of, II. 350; interest in unification of Italy, II. 369; attempt on life of, II. 370; visits James Rothschild at Ferrières, II. 390; relations with Tsar destroyed, II. 395; demands Rhenish territories, II. 405; lowered prestige of, II. 405; desire to annex Luxemburg, II. 411-12; opposition to Hohenzollern candidature in Spain, II. 413; taken prisoner and capitulates, II. 415

Napoleon, Prince, II. 372, 374 6

National Workshops, II. 270

Nattier, II. 437

Navarino, Battle of, I. 404

Neapolitan expeditionary force, I. 261; loans, I. 254 *et seq.*, 288; loan repayment, I. 285 *et seq.*; kingdom restored, I. 295

Neipperg, Adam Adalbert, Count von, attendant on Marie Louise, I. 381; marries Marie Louise, I. 383; death of, I. 397; biography of, I. 458

Nell, Baron von, II. 320

Nesselrode, Count, Russian Minister, I. 255

Neumann, Baron von, I. 176; II. 75, 197, 204

Nice, French annexation of, II. 380

Nicholas of Russia, Tsar, I. 404; II. 54, 73, 198, 348-9, 360

Niebuhr, Herr, II. 336-7

Nigra, Giovanni, II. 299 *et seq.*, 376

Nobili, Count, II. 266

Notten, Van der, Amsterdam bankers, I. 26, 115, 160, 170

O

O'DONNELL, COUNT, AUSTRIAN CHANCELLOR OF THE EXCHEQUER, I. 79, 83

Ofen, floods in, II. 177

Olmütz, Napoleon's advance on, I. 94

Oppenheim, firm of, Meyer Amschel Rothschild joins, I. 18

Oppenheim, Heinrich, II. 446

Order of St. John conferred, order on Meyer Amschel Rothschild, I. 47; loan made to, I. 50

Ordinances in France, I. 423, 428

Orléans, Duke of, II. 55, 63, 194, 196, 204

Orléans, Louis Philippe, Duke of. *See* LOUIS PHILIPPE, King of France

Orsini, attempt on life of Napoleon III, II. 370

Outram, Mr., II. 83

Ouvrard, Paris bankers, I. 186, 317, 341; II. 13, 21, 73, 144

P

PACCARD, B., I. 264

Padova, Rothschilds' representative in Rome, II. 442

Pages, Garnier, II. 269

Palmerston, Lady, II. 264

Palmerston, Lord, II. 13, 20, 188, 191, 195, 197, 202 3, 274, 381

Papal States, evacuation of, II. 26, 27; loan for, II. 47, 294 *et seq.*

Paris, Napoleon returns to, I. 94; von Dalberg visits, I. 108; James Rothschild goes to, I. 109, 132; Solomon Rothschild goes to, I. 124; police suspicion of Rothschilds' activities in, I. 138 9; reputation of James Rothschild in, I. 140; entered by Allies in 1813, I. 153; Treaty of, I. 153, 169; Neapolitan securities on the market in, I. 275; revolt in, I. 423; revolution of 1830 in, II. 1; cholera epidemic in, II. 63, 218; proposed State bank in, II. 291; Alphonse Rothschild becomes head of branch in, II. 410; Prussian army reaches, II. 418; rising of the Commune in, II. 425

Parish, David, I. 97, 223, 235, 241, 322; associated with Rothschilds in lottery loan, I. 246 *et seq.*; connected with Neapolitan loan, I. 258; proposed Austrian loan from Rothschild and, I. 300, 324; reproaches the Rothschilds, I. 367; commits suicide, I. 367; biography of, I. 458

Parish, John, I. 97, 223, 360

Parliament, election of Jews to, II. 252 *et seq.*, 367

Parma, Dukedom of, ceded to Marie Louise, I. 381; loan to government of, I. 385 *et seq.*; flight of Marie Louise from, II. 10; Austrians occupy, II. 22

Paul, S., II. 375

Pedro, Don, of Portugal, I. 335; II. 138

Peel, Sir Robert, I. 402; II. 13, 20, 288

Pepe, General, I. 252, 420

Percy, Major Henry, Wellington's envoy, I. 178

Pereira, Ludwig, Barco von, II. 100,

357

Pereire, Isaac, II. 113, 291-2, 353, 357, 361, 365, 378, 393, 406
 Pereire, Jacques Emil, II. 112-13, 217, 282, 291-2, 294, 353, 357, 365, 393, 406
 Périer, Casimir, I. 311, 437; offered Premiership, II. 14; James Rothschild's opinion of, II. 15; appointed Prime Minister, II. 18; on Austrian evacuation of Italy, II. 25; recalls troops from Belgium, II. 34; intervenes on Austrian entry into Papal States, II. 59; contracts cholera and dies, II. 63
 Persia, Shah of, II. 451
 Persigny, Jean, II. 281, 284-6, 391
 Perugia, Marie, marries Leopold Rothschild, II. 448
 Perzoune, Herr, II. 240
 Pesth, floods in, II. 177
 Peyronnet, M., I. 421-2
 Pfalz, Duke Carl Theodor von der, I. 24
 Piacenza, Dukedom of, ceded to Marie Louise, I. 381
 Piedmont, disturbances in, I. 265-6
 Pillersdorff, Baron von, I. 299; II. 238
 Pitt, the younger, I. 127
 Pius IX, Pope, II. 250, 295 *et seq.*
 Plettenburg family, loan to, I. 111 12
 Poland, rising in, II. 393
 Polignac, Prince de, I. 407, 420-1; II. 388
 Pompadour, Marquise, II. 436-7
 Pope, temporal power of the, declared ended, II. 10
 Portugal, Brazil breaks away from, I. 335; loan to, II. 138; proposed union with Spain, I. 412
 Post Office claims compensation if interests damaged by railways, II. 92
 Postal system introduced into the Tyrol, I. 45; unreliability of, after European wars, I. 187; methods of "interception" in, I. 241
 Pozzo di Borgo, Count, II. 23, 74-5, 136
 Prague, Wilhelm of Hesse goes to, I. 77; Chief of Police of, reports on Meyer Anselm Rothschild, I. 83; Wilhelm of Hesse buys palace in, I. 97
 Preye and Jordis store the Hesse treasures, I. 66
 Primrose, Archibald Philip, II. 448
 Prokesch, Baron von, II. 10
 Prokesch-Osten, Baron von, II. 335
 Prussia, defeated by French in 1792, I. 35; withdraws from war, I. 35; Wilhelm of Hesse made Field-Marshal of, I. 35; King of, forced

Prussia—*continued*:
 into exile, I. 76; joins Russia against France, I. 142; King of, confers with Emperors of Russia and Austria, I. 147; British subsidy for, I. 173; financial state of, in 1818, I. 212; State loan for, I. 412; receives loan of Federal money, II. 40; represented on Diet by Bismarck, II. 315; defeated at Olmütz, II. 317; war with Austria, II. 396 *et seq.*, 402; concludes alliance with Italy, II. 399
 Prussian Diskonto-Gesellschaft, II. 442

Q

QUADRUPLE ALLIANCE OF 1840, II. 190 *et seq.*
 Quicksilver mines, II. 120-2, 161, 163

R

RÁDAY FAMILY, II. 241
 Radetzky, Count, II. 59, 269, 299
 Radolin, Prince, II. 460
 Radowitz, Josef Maria von, Ambassador, II. 401
 Ragusa, Duke of, I. 354
 Railways, origin of the, II. 83; construction of, in England, II. 88; in Austria, II. 89 *et seq.*, in Brazil, II. 387, in Hungary, II. 240, in Moldavia II. 365; Lionel Rothschild's interest in, II. 181; sale of Austrian State, II. 358
 Reehberg, Count von, II. 189, 379, 381, 384
 Reform Bill, II. 14, 29, 57, 64, 65
 Regensburg exchanged for Hanau and Fulda by Confederation of the Rhine, I. 130
 Reichenbach, Treaty of, I. 143
 Reichstadt, Napoleon François Charles Joseph, Duke of, birth of, I. 108; question of inheritance of, I. 384-5, 397
 Reid-Irving, banker, I. 330
 Reiner, Archduke, II. 226
 Rendsburg, Wilhelm of Hesse escapes to, I. 62
 Renevier, M., I. 357
 Rentes in France, Rothschilds underwrite 80 million, I. 415; slump in, after French revolution, I. 424, 429; conversion of, II. 378, 390; fluctuations in, I. 351, 435, 439; II. 10-11, 14-15, 18, 25-6, 28, 30, 34, 196, 200, 262, 364, 372
 Revel, Count, II. 306 *et seq.*

- Rhine, crossed by French army in 1792, I. 35; Confederation of the, I. 55, 67, 100, 144; Confederate fortress built on, I. 250
- Richelieu, II. 216
- Richtenberger, Rothschilds' agent, II. 187
- Riepel, Franz Xavier, foresees importance to mines of railways, II. 86; visits England to see railway progress, II. 93; on construction of Kaiser-Ferdinands-Bahn, II. 104
- Rieti, Battle of, I. 264
- Ritter-Lindenthal, Frau von, I. 27, 50
- Robespierre, II. 216
- "Rocket," The, II. 84
- Roman Empire, Holy, Prince of Thurn and Taxis Postmaster-General of, I. 44
- Romano, architect, II. 266
- Rome, riots in, II. 295
- Roquirol, M., II. 76
- Rosa, Count T. di S., II. 369
- Rossi, Countess, II. 177
- Rossini, I. 311; II. 147, 179, 213, 217, 221, 392, 408
- Rother, Christian von, efforts to obtain a loan for Prussia I. 212-13; makes terms with Nathan Rothschild, I. 214; opinion of Nathan Rothschild, I. 215; negotiates new Prussian loan, I. 411; President of Seehandlung Bank, II. 12; on cancellation of loan agreement, II. 3 *et seq.*; advises acceptance of Rothschilds' terms, II. 4; financial dealings with Rothschilds, II. 76; recommends Solomon Rothschild for Prussian Order, II. 77; secures title for Nathaniel Rothschild, II. 78; biography of, I. 458
- Rothschild, Adelheid (*née* Herz), marries Carl Rothschild, I. 225; visited by von Gentz, I. 226; joins Carl in Naples, I. 297; friendship with Princess Metternich, II. 167; sings at charity concert, II. 177; death of, II. 360
- Rothschild, Adolph, Baron, takes over Naples branch, II. 361; watches developments in Italy, II. 370; leaves Naples, II. 383; settles in Paris, II. 385, 431
- Rothschild, Albert Solomon, Baron, II. 434; becomes head of Vienna house, II. 435; marries Bettina, daughter of Alphonse, II. 435; financial activities of, II. 436; social position in Vienna, II. 437; death of, II. 440
- Rothschild, Alfons Meyer, in control of Vienna house, II. 440
- Rothschild, Alfred Charles, intermediary between England and Germany, II. 451; 453; letter to German Ambassador, II. 454; consulted regarding Bagdad railway, II. 458; pro-Japanese sentiments of, II. 459
- Rothschild, Amschel Meyer, Baron, birth of, I. 23; taken into the business, I. 37, 40; marriage to Eva Hanau, I. 37; obtains protection in Cassel, I. 54; takes steps to protect interests during Napoleonic wars, I. 59; police report on, I. 92; terror during Napoleon's advance on Austria, I. 93; partner in the reconstituted firm, I. 102; benefits under his father's will, I. 123; present at his father's death, I. 124; builds new bank in Frankfort, I. 142; tries to obtain Metternich's interest, I. 148; first financial dealings with Austrian Government, I. 152; evades military service, I. 175; title of nobility conferred on, I. 198; submits design for coat-of-arms, I. 199; petitions for Jewish citizenship, I. 204; efforts to obtain title of Consul for James and Nathan, I. 205-6; efforts on behalf of Jews, I. 210; endeavours to obtain Prussian business, I. 212; negotiates loan to Prussia, I. 216; contretemps regarding loan to Crown Prince of Hesse, I. 216 *et seq.*; interview with von Gentz, I. 224; suggested flight from Frankfort, I. 232; makes loans to important persons, I. 275; invites Metternich to dine, I. 290; granted title of Baron, I. 302; negotiates French loan, I. 318; collaborates with Frankfort bankers, I. 346; letter of congratulation on Emperor's recovery, I. 366; on Austrian conversion loan, I. 418; joins Frankfort civic guard, I. 428; on settlement of Prussian loan, II. 5; attitude towards Spain, II. 120; attends Lionel's wedding, II. 147; organises charity concert, II. 177; attends family conference at Frankfort, II. 189; activities of, II. 227-8; visits Metternich, II. 230; annoyance at Press attacks, II. 248; rioters attack house of, II. 267; anxiety at French situation, II. 284; on financing political newspapers, II. 314; calls on Bismarck, II. 335; Bismarck's opinion of, II. 316; attitude towards

- Rothschild, Amschel Meyer—*continued*:**
 Austro-Prussian dispute, II. 320 *et seq.*; death of, II. 344, 362; characteristics of, II. 362-3
- Rothschild, Anna, marries Hon. Eliot Yorke, II. 448**
- Rothschild, Anselm Solomon, Baron, sent to delay signing of Prussian loan, I. 413; marries his cousin Charlotte, I. 400; visits Berlin to obtain cancellation of loan agreement, II. 2; increases his demands, II. 5; made Austrian Consul-General in Frankfort, II. 168; on Quadruple Alliance, II. 192, 194; appeals to Government to stop Press attacks, II. 248; treasurer of German Federation, II. 250; granted freedom of City of Vienna, II. 251; takes over control of Vienna branch, II. 290, 345, 361; calls on Bismarck, II. 328; appeals to Vienna for intervention on behalf of Jews, II. 329, 366; opposes Austrian State railway, II. 358; efforts to control Vienna-Trieste Railway, II. 368; watches developments in Italy, II. 370, asked to underwrite Austrian loan, II. 381; attitude towards Austro-Prussian War, II. 402-3; alarmed at threat of war, II. 414; raises prestige of Austrian branch, II. 433; death of, II. 434; will of, II. 434-5**
- Rothschild, Anthony, Baron, II. 78, 230, 252, 366; visits Goethe, I. 400; created Baron, II. 288; on English colonies, II. 405; friendship with King Edward VII, II. 447; daughters of, II. 448**
- Rothschild, Bertha Marie, Baroness, marries Duke of Wagram, II. 444**
- Rothschild, Betty, Baroness, I. 400; II. 134, 152, 167, 220, 283; marries James Rothschild, I. 345; flight to England during Revolution, II. 290; entertains Napoleon III, II. 392; at Tuileries ball, II. 395**
- Rothschild, Carl (Kallmann) Meyer, Baron, birth of I. 31; supervises Wilhelm of Hesse's business, I. 71; share in reconstituted firm, I. 102; entrusted to carry Hessian property to Prague, I. 105; visits Wilhelm of Hesse in Prague, I. 114; goes to London and smuggles cheque back, I. 115; engaged on Electoral business, I. 116; benefits under his father's will, I. 123; present at his father's death, I. 124; intermediary for money for Wellington, I. 153,**
- Rothschild, Carl Meyer—*continued*:**
 138; negotiates with von Barbier to obtain Imperial business, I. 155 *et seq.*; evades military service, I. 175; efforts on behalf of Jews, I. 183; title of nobility conferred on, I. 198; efforts to obtain title of Consul for James and Nathan, I. 206; interviews Crown Prince of Hesse regarding loan, I. 217; interview with von Gentz, I. 224; attends Aachen Congress, I. 225; marries Adelheid Herz, I. 225; suggested flight from Frankfort, I. 232; visits Vienna and Laibach regarding Neapolitan loan, I. 259, 260; negotiations with Metternich, I. 264; disagreement with Stadion, I. 268; arrives in Florence, I. 270; interview with Prince Ruffo, I. 270; arrives in Naples and is interviewed by Government, I. 271-2; issues Neapolitan loan, I. 273; reports to Metternich, I. 274; arranges repayment of Neapolitan loan, I. 286-7; arranges second Neapolitan loan, I. 288; takes up residence in Naples, I. 297; obtains gratuity for von Gentz, I. 301; granted title of Baron, I. 302; meets Solomon and James in Vienna, I. 310; financial transactions in Naples, I. 342; negotiations for Spanish loan, I. 345; Neapolitan sympathies of, I. 376-7; makes loan to Naples, I. 378; Metternich opposes decoration for, I. 379; visits Berlin regarding Prussian loan, II. 5; negotiates Prussian loan, II. 39; negotiates loan for Papal States, II. 47 *et seq.*; Papal Order conferred on, II. 51; attitude towards Spain, II. 120; attends Lionel's wedding, II. 147; attends family conference at Frankfort, II. 189; position in Naples after French Revolution, II. 267; negotiates Papal loan, II. 296; efforts on behalf of Jews, II. 296, 298; calls on Bismarck, II. 328; death of, II. 360
- Rothschild, Charlotte, daughter of Carl and wife of Lionel Rothschild, II. 147**
- Rothschild, Charlotte, daughter of Nathan and wife of Anselm Rothschild, I. 400; II. 353**
- Rothschild, Constance, marries Lord Battersea, II. 448**
- Rothschild, Edmond, support Zionism, II. 445**

- Rothschild, Eduard, becomes head of French branch, II. 445**
- Rothschild, Eva (née Hanau) marries Amschel Meyer, I. 38; works in Rothschild business, I. 77; invited to ball at Prussian Legation, I. 289, 293**
- Rothschild, Evelina, marries Ferdinand Rothschild, II. 395**
- Rothschild, Evelyn, II. 462**
- Rothschild, Ferdinand Anselm, marries his cousin Evelina, II. 395; artistic tastes of, II. 434; as sportsman, II. 435; friendship with King Edward VII, II. 447; entertains royalty, II. 451**
- Rothschild, Gudula (née Schnapper) wife of Meyer Amschel, I. 23, 32; interrogated by police, I. 92; benefits under her husband's will, I. 123; death of, I. 303; II. 287; characteristics of, II. 287-8**
- Rothschild, Gustave, on loan to Tuscany, II. 379; on General Trochu, II. 421; on peace terms, II. 422**
- Rothschild, Hannah (née Cogen), Baroness, marries Nathan, II. 126**
- Rothschild, House of:**
Financial: loan to Buderus to support allies, I. 143; proposed Austrian loan from, I. 299; grants private loan to Metternich, I. 301; reputed loan to Spain, I. 306; loan to Russia, I. 307; profits derived from Austrian loan, I. 332; business relations with Marie Louise, I. 380-97; trustees for Montenuovo family, I. 398; refuses loan to Russia, I. 404 *et seq.*; transactions regarding Prussian loans, II. 9; general loans to States and individuals, II. 39; finances railway construction, II. 83 *et seq.*; dealings with Spain, II. 117; engineers fall in Spanish securities, II. 127; financial interest in Austrian Lloyd, II. 165, 185; refuses military loan to Belgium, II. 186; grants loan for Belgian railways, II. 189; handles Irish Famine loan and other State loans, II. 273; financial difficulties during French Revolution, II. 262; loan to Pope Pius IX, II. 295 *et seq.*; loans to Sardinia, II. 299 *et seq.*; refuses to finance political newspapers, II. 314; underwrite British war loan (Crimea), II. 359; dealings with Bismarck, II. 397; helps France to pay off
- Rothschild, House of—continued:**
 her war debts, II. 426; financial assistance for Russia, II. 443; loans to Brazil, II. 458; assists Morgan Bank to stabilise French exchange, II. 462
- Houses:* English and French branches established, I. 41; Frankfort activities, I. 44; difficulties in Frankfort, I. 169; proposed removal from Frankfort during riots, I. 232, 237; Vienna branch established, I. 249, 250; Naples branch established, I. 274; policy of Naples branch, I. 296-7; effect of French Revolution on Continental branches, II. 258; Vienna branch revived, II. 345; Naples branch given up, II. 384-5; English branch hostile to Bismarck, II. 397; English branch becomes most important, II. 445
- Political:* influence of House of Hesse on, I. 20; relations with House of Thurn and Taxis, I. 44; confidential agreement with Buderus, I. 85; Wilhelm of Hesse's dissatisfaction with, I. 112; endeavours to obtain Austrian Government business, I. 152 *et seq.*; failure to obtain it, I. 165; distrust of, in Austria, I. 175; establishes relations with Austrian Government, I. 181; in the confidence of King Louis Philippe, I. 432; relations with von Gutz, II. 69; attitude towards Emperor Francis' death, II. 81; attitude during Syrian trouble, II. 190 *et seq.*; used by France for diplomatic purposes, II. 243; attitude of Louis Napoleon towards, II. 281; dismay at Franco-Austrian War, II. 377; support sale of Venetia, II. 398; failure to obtain Austrian peace, II. 402; appealed to for help by Saxony, II. 403; intervention in Franco-Prussian peace negotiations, II. 424; relations with Emperor Francis Joseph, II. 438; consulted by British Government, I. 453; aversion to Russia, II. 457; efforts to avert World War, II. 460-1
- General:* literature dealing with, I. 11; origin of name of, I. 17; petitions for titles, I. 22; income before 1709, I. 33; family spirit of, I. 37; wealth of, in 1798, I. 40; position during Napoleonic era,

Rothschild, House of—continued :

I. 43 ; members employed in the business, I. 77 ; police suspicion and investigation of, I. 91-3 ; reconstruction of the business, I. 101 ; police activity against, I. 117, 138-9 ; rewarded for services to Dalberg, I. 121 ; effect of Napoleon's fall on, I. 145 ; recommended by von Neumann, I. 176 ; supported by von Barbier and Stadion, I. 189 *et seq.* ; appeals for Imperial recognition of services, I. 192 ; reports by Stadion and von Lederer on, I. 192 *et seq.* ; coat-of-arms of, I. 199 *et seq.* ; efforts to extend its influence, I. 204 ; policy during period 1815-22, I. 209, 210 ; policy for declining business, I. 216-17 ; benefits derived from Aachen Congress, I. 226 ; von Gentz's private opinion of, I. 228 ; institutes private courier service, I. 242 ; Stadion's report on, I. 280 ; Smidt's report on, I. 289 ; becomes lessee of Court Theatre, I. 290 ; attacked in German Press, I. 292 ; loss suffered by death of Stadion, I. 337 ; courier service under suspicion, I. 347 ; caricatures of, I. 354 ; von Gentz's biography of, I. 370 *et seq.* ; Goethe's views on, I. 399, 400 ; anxiety during French Revolution, I. 430 ; efforts to weather the storm, I. 441 ; anxiety during Paris Revolution, II. 1 ; comes safely through European crisis, II. 36 ; social status of, II. 55, 444 ; loss sustained by death of Nathan, II. 154 ; dispute regarding quicksilver mines, I. 161 ; efforts on behalf of Jews, II. 174 ; hospitality of, II. 179 ; propaganda of, II. 179 ; interest of, in applied science, I. 180 ; Börne's attacks on, II. 214-15 ; Heine's opinion of, II. 216 *et seq.* ; public resentment at power of, II. 239 ; priesthood opposed to, II. 241 ; reconciliation between Bismarck and, II. 328 ; opposition to Austrian State Railway Co., II. 358 ; commercial interests of, II. 387 ; wealth and position after Franco-Prussian War, II. 429 ; present-day wealth and position, II. 463 *et seq.*

Rothschild, James Meyer, Baron, birth of, I. 31 ; enters the business, I. 77 ; assists in hiding Hessian treasures, I. 90 ; interrogated by police, I. 91-2 ;

Rothschild, James Meyer—continued :

partner in the reconstituted firm, I. 102 ; goes to Paris, I. 109, 132 ; business activity, I. 116 ; benefits under his father's will, I. 123 ; lives in Gravelines, I. 124 ; assists in smuggling money to Wellington, I. 136 ; business reputation in Paris, I. 140 ; smuggles French bullion to Holland, I. 147 ; assists Nathan in financing loan to Louis XVIII, I. 167 ; characteristics of, I. 168 ; title of nobility conferred on, I. 198 ; social activities of, I. 204, 401 ; appeals for title of Consul, I. 204-5 ; endeavours to secure handling of war indemnity, I. 229 ; on anti-Jewish disturbances, I. 235 ; offers assistance for building Rhine fortress, I. 250 ; puts Neapolitan loan on Paris market, I. 275 ; desires to become Austrian Consul-General, I. 279 ; supported by von Stahl, I. 282 ; appointed Austrian Consul-General in Paris, I. 284 ; granted title of Baron, I. 302 ; Order of Vladimir conferred on, I. 307 ; sells French bonds, I. 309 ; meets von Gentz at Verona, I. 310 ; friendship with Rossini, I. 311 ; correspondence with Bertram de Lis, I. 314 ; financially assists French campaign in Spain, I. 316 ; Cross of Legion of Honour conferred on, I. 321 ; marries Solomon's daughter, Betty, I. 345 ; negotiates for Spanish loan, I. 345 ; views on French conversion scheme, I. 351-2 ; refers Russian loan question to Solomon, I. 405 ; attitude during Paris revolt, I. 424 ; in the confidence of Louis Philippe, I. 430, 462 ; report to Solomon urging European peace, I. 434 *et seq.* ; works to maintain peace during Revolution, II. 1, 10 ; report to his brothers on politics and finance, II. 11 ; on conditions in Paris, II. 11 ; on Casimir Périer, II. 15, 17 ; works for Périer's appointment, II. 18 ; on political situation in France, II. 18, 19, 23 ; on Belgian problem, II. 28 ; opposed to election of General Lafayette, II. 32 ; influence with French Court and Ministry, II. 36-7 ; on loan to Papal States, II. 49 ; social position of, II. 55 ; commends Roquirol to Mettenich, II. 76 ; negotiates for railway construction in France, II. 113 ; attitude towards Spain, II. 119, 120, 133 *et seq.* ; refuses loan to Cour-

- Rothschild, James Meyer—continued :**
 Toreno, II. 123 ; attends Lionel's wedding, II. 147 ; reproved by Metternich for political tendencies, II. 159 ; refutes rumours of intervention in Spain, II. 162 ; attends family conference at Frankfort, II. 189 ; audience with King Louis Philippe, II. 194 ; attacked by the Press, II. 205-6, 247 ; meets Heine, II. 214 ; Heine's opinion of, II. 216 ; efforts on behalf of Damascus Jews, II. 223 ; visits Metternich, II. 230 ; underwrites French loan, II. 243 ; activity during 1848 Revolution, II. 259 *et seq.* ; retains the confidence of the French, II. 270-1 ; visits Brussels, II. 273 ; position under Presidency of Louis Napoleon, II. 282 ; loss of financial supremacy in Paris, II. 287 ; audience with Emperor Francis Joseph, II. 290 ; warns Louis Napoleon against rival bankers, II. 292 ; negotiates Papal loan, II. 297 ; negotiates Sardinian loan, II. 299 *et seq.*, 309 ; invited to Heidelberg conference, II. 336 ; dismay at damage to Austrian credit, II. 347 ; interest in Louis Napoleon's marriage, II. 350, 353 ; antagonism to Hübner, II. 353 ; fear of war, II. 355 ; opposes Austrian State Railway Co., II. 358 ; shares in French war loan, II. 359 ; watches developments in Italy, II. 370 *et seq.* ; appealed to for Austrian loan, II. 373 ; dismay at Franco-Austrian war, II. 378 ; loan to Tuscany, II. 379 ; asked to underwrite Austrian loan, II. 381 ; Napoleon III's visit to, II. 390, 391 ; efforts towards Austrian peace, II. 401-3 ; appealed to to assist Austrian finance, II. 407 ; illness and death of, II. 408 ; funeral of, II. 409
- Rothschild, Julie, Baroness, marries Adolf, II. 361 ; friendship with Empress of Austria, II. 438**
- Rothschild, Kalman, partner with Meyer Amschel, I. 23**
- Rothschild, Leonore, marries Meyer Alphonse, II. 366, 395**
- Rothschild, Leopold, friendship with King Edward VII, II. 447 ; marries Marie Perugia, II. 448 ; consulted regarding Bagdad Railway, II. 458**
- Rothschild, Lionel Nathan, Baron, visits Goethe, I. 400 ; visits Madrid with offer of loan, II. 120 ; decorated by Queen of Spain, II. 121 ; marries Charlotte, daughter of Carl, II. 147 ;**
- Rothschild, Lionel Nathan—continued :**
 becomes head of the London branch, II. 152 ; on troubles in Spain, II. 158 ; Hummelauer's report on, II. 170 ; appointed Austrian Consul-General in London, II. 174 ; obtains permission to use title, II. 179 ; on development of shipping and railways, II. 180, 181 ; attends family conference at Frankfort, II. 189 ; activity in England, II. 252 ; elected M.P., II. 253 ; efforts to obtain admission to Parliament, II. 288-9 ; efforts on behalf of Jews, II. 366 ; takes seat in House of Commons, II. 367 ; appealed to for loan to Austria, II. 373 ; social position of, II. 394-5 ; efforts to maintain European peace, II. 414 ; desire to arbitrate on Franco-Prussian peace terms, II. 424 ; leads syndicate to secure French debt payments, II. 426 ; friendship with Disraeli, II. 445 ; assists in purchase of Suez Canal shares, II. 447 ; friendship with King Edward VII, II. 447 ; work for Jewish emancipation, II. 449 ; death of, II. 450
- Rothschild, Louis Nathaniel, in control of Vienna house, II. 440**
- Rothschild, Marguerite, Baroness, marries Duke de Gramont, II. 444**
- Rothschild, Marie (née Perugia), marries Leopold, II. 448**
- Rothschild, Meyer Alphonse, Baron, on situation in France, II. 284 ; in Turin to negotiate with Cavour, II. 308, 310 *et seq.* ; marries Leonore Rothschild, II. 366 ; visits Metternich, II. 382 ; gives a ball, II. 402 ; succeeds James in directing Paris branch, II. 410 ; sent for by Napoleon III, II. 413 ; alarmed at threat of Franco-Prussian war, II. 414 ; sides with France in Franco-Prussian war, II. 415 ; consulted on Franco-Prussian peace terms, II. 419, 420, 424 ; guarantees French indemnity payments, II. 424 ; experiences in the Paris Commune, II. 425 ; controls Paris house, II. 441 ; assists Russia financially, II. 443, 460 ; attempts made on life of, II. 444, 445 ; death of, II. 445**
- Rothschild, Meyer Amschel, birth of, I. 17 ; joins firm of Oppenheim, I. 18 ; meets General von Estorff, I. 18 ; work as numismatist, I. 19 ; returns to Frankfort, I. 19 ; business dealings with Wilhelm of Hesse, I. 20-1, 24, 28-9, 38 ; petitions for a title, I. 21**

- Rothschild, Meyer Amschel—continued:** becomes Crown Agent, I. 22; characteristics of, I. 22; marries Gudula Schnapper, I. 23; birth of his children, I. 23, 31; work as Crown Agent, I. 27; his home in Frankfort, I. 32, 36; war-time transactions, I. 36; encourages family participation in his business, I. 37; intermediary between Emperor of Austria and Wilhelm of Hesse, I. 39; petition to Holy Roman Emperor, I. 45; granted title of Imperial Crown Agent, I. 46; honours conferred on, I. 47; obtains loan from Wilhelm of Hesse, I. 47; negotiates loan to Denmark, I. 48-9, 54; appeals for protection in Cassel, I. 53; takes steps to protect interests during Napoleonic wars, I. 59; accepts power of attorney for Wilhelm of Hesse from Buderus, I. 62; assists in recovering Hessian treasures, I. 66; ingratiates himself with Carl von Dalberg, I. 68; watches over Wilhelm of Hesse's interests, I. 70; Wilhelm of Hesse becomes suspicious of, I. 73; Wilhelm of Hesse again takes him into confidence, I. 75; honesty of, I. 77; first connection with Austrian Court, I. 79; summoned by French to appear in court, I. 81; illness and operation, I. 81; police report on, I. 83; negotiates purchase of British stocks, I. 86; warrant issued against, I. 89; interrogated by police, I. 91; loan to Savagner, I. 92; devises scheme for Hessian loan to Austria, I. 99; obtains promotion for Buderus, I. 100; signs new partnership deed with his sons, I. 101; business principles and tactics, I. 104; fined for harbouring colonial goods, I. 107; loan to Dalberg for journey to Paris, I. 108; censorship of correspondence regarding, I. 117; activities on behalf of Jews, I. 118; made a member of Electoral College of Frankfort, I. 120; renewed illness, I. 122; makes his will, I. 123; death of, I. 124; maxim of, II. 135; in favour of family intermarriage, I. 345; II. 147
- Rothschild, Meyer Amschel, & Sons,** formation of the firm, I. 101-2; terms of partnership, I. 102-3; appointed official bankers to Grand Duchy of Frankfort, I. 120; letters to von Barbier, I. 156, 159; activities
- Rothschild, M. A. & Sons—continued:** on behalf of Jews, I. 184; proposed invitation to move to Vienna, I. 238; transfer of money from Naples, I. 240; negotiations concerning Austrian loan, I. 245; issue lottery loan, I. 246; issue French loan, I. 318 *et seq.*; losses in Haiti, I. 353; appointed Court bankers, II. 333; Wilhelm Carl becomes head of, II. 432
- Rothschild, Meyer Carl, Baron,** attends Heidelberg Conference, II. 336; negotiates Prussia loan, II. 338 *et seq.*; receives Order of Red Eagle, II. 341; takes over Frankfort branch, II. 360, 363; elected to North German Reichstag, II. 363; asked to establish branch in Berlin, II. 430; political activities of, II. 431; death of, II. 432; friendship with King Edward VII, II. 447
- Rothschild, Meyer Nathan,** II. 252, 366
- Rothschild, Minna Caroline,** marries Maximilian von Goldschmidt, II. 432
- Rothschild, Moses Meyer,** police report on, I. 83
- Rothschild, Nathan, Baron,** birth of, I. 23; enters the business, I. 37; goes to England and founds branch there, I. 41; characteristics of, I. 40, 44; supervises Wilhelm of Hesse's interests in England, I. 75; relation to the reconstituted firm, I. 109; illicit trading from England, I. 108; benefits under his father's will, I. 123; commercial activities in Manchester, I. 127-8; leaves Manchester for London, I. 128; obtains British naturalisation, I. 129; marries Hannah Cohen, I. 129; relations with Moses Montefiore, I. 130; negotiates for Wilhelm of Hesse, I. 130; favours smuggling, I. 132; exports money to France, I. 132-3; gives financial aid to Wellington, I. 135; acquires bullion from East India Co. and sells to Government, I. 135-6; business dealings with English Royal Family, I. 145, and Treasury, I. 145-6; goes to Holland and acquires French currency, I. 147; negotiates regarding English subsidies, I. 156 *et seq.*; becomes the directing hand of the firm, I. 167; makes loan to Louis XVIII, I. 167; makes loan to Prussian Government, I. 173; his intelligence service, I. 178; conveys news of Battle of Waterloo to Government, I. 178

Rothschild, Nathan—*continued* :

appeals for title of Consul, I. 204-5 ; aspirations of, I. 209-10 ; negotiates loan to Prussia, I. 214-16 ; intercourse with von Humboldt, I. 215 ; issues English Government loan, I. 229 ; granted title of Consul, I. 245 ; puts Neapolitan securities on London market, I. 175 ; Laurin's favourable report on, I. 275 *et seq.* ; concludes loan to Prussia, I. 301 ; granted title of Baron, I. 302, 402 ; made Consul-General, I. 312 ; in Paris to negotiate French loan, I. 318 ; arranges repayment of Austrian loan, I. 330 ; makes loan to Brazil, I. 335 ; plans for reduction of French debt, I. 338 ; founds Alliance Insurance Co., I. 346 ; consulted by Lord Liverpool in financial crisis, I. 349 ; regret at Herries' resignation, I. 403 ; opposed to Russian loan, I. 406 ; on England's attitude towards Russia, I. 409 ; receives news of Paris revolt, I. 424 ; tries to release himself from Prussian loan, II. 1 ; sends his brother Carl to help Anselm in Berlin, II. 5 ; on English attitude towards French, II. 12-13 ; on English peace policy, II. 20 ; social position of, II. 55 ; urges Wellington's adoption of peace policy, II. 64 ; warns Metternich against alliance with Russia, II. 74 ; receives present from King of Prussia, II. 77 ; interested in early railways, II. 95 ; develops railways in Belgium, II. 114 ; attitude towards Spain, II. 119, 120 *et seq.*, 133 *et seq.* ; urges English intervention in Spain, II. 124 ; on suggested English loan to Spain, II. 140 ; death of, II. 147 ; estate and will of, II. 151-3 ; funeral of, II. 155

Rothschild, Nathaniel Meyer, Lord, given Prussian title, II. 78 ; on Eastern European question, II. 196 *et seq.* ; social interests of, II. 252 ; acts as link between James and Lionel, II. 290 ; attends Heidelberg Conference, II. 336 ; visits Gladstone regarding Hohenzollern candidature in Spain, II. 413 ; visits Disraeli in interests of peace, II. 415 ; artistic tastes of, II. 434-5 ; art treasures in his possession, II. 436 ; friendship with King Edward VII, II. 447 ; succeeds to baronetcy, II. 450 ; raised to peerage, II. 451

Rothschild, Solomon, Baron, birth of, I. 23 ; enters the business, I. 37, 40 ;

Rothschild, Solomon—*continued* :

marries Caroline Stern, I. 44 ; appears in French court, I. 82 ; assists in hiding Hessian treasures, I. 90 ; interrogated by police, I. 91-2 ; partner in the reconstituted firm, I. 102 ; benefits under his father's will, I. 123 ; in Paris, I. 124 ; in Berlin to negotiate Russian loan, I. 158 ; transmits English subsidy to Prussia, I. 173 ; granted title of Commercial Adviser, I. 174 ; representations on behalf of Jews, I. 183 ; title of nobility conferred on, I. 198 ; submits design for coat of arms, I. 199 ; negotiates loan to Prussia, I. 216 ; attends Aachen Congress, I. 225 ; suggested flight from Frankfurt, I. 232 ; attends to Austrian business of the firm, I. 240 ; makes Vienna his headquarters, I. 249, 250 ; offers loan for building Rhine fortress, I. 250 ; on Neapolitan loan, I. 255 *et seq.* ; anxiety at Italian situation, I. 266 ; puts forwards James's request for Consul-Generalship, I. 279 ; intimacy with von Gentz, I. 293-4 ; annoyed at failure over Austrian loan, I. 301 ; granted title of baron, I. 302 ; attends Congress of Sovereigns at Verona, I. 306 ; refutes rumours of loan to Spain, I. 306-7 ; interview with von Gentz, I. 307 ; Order of Vladimir conferred on, I. 307 ; starts courier service between Verona and Paris, I. 308 ; meets James and Carl at Verona, I. 310 ; presses Metternich to help Jews, I. 323 ; efforts to secure Austrian loan, I. 330 ; negotiates for Spanish loan, I. 345 ; views on French conversion scheme, I. 352 ; on annuity for de Marmont, I. 356 ; supports Joseph Buonaparte's request to return to Europe, I. 360 ; social rise of, I. 366 ; attends to Marie Louise's finances, I. 388 *et seq.* ; tries to obtain decoration for Wertheimstein, I. 393 ; received in audience by Marie Louis., I. 397 ; negotiates Prussian loan, I. 412 ; II. 39 ; shares in Austrian conversion loan, I. 414 ; efforts to divert business from Bethmann, I. 416 ; goes to Paris to study political situation, I. 420 ; report to Metternich on French situation, I. 425 ; II. 57 ; works for European peace, I. 438 ; hastens to Paris during revolution, II. 1 ; Rother's favourable criticism of, II. 5 ; deputed to settle Prussian loan

Rothschild, Solomon—*continued* :

question, II. 9; returns to Vienna, II. 11; anxious to participate in military loan, II. 16; opposes Austrian support of Russia, II. 27; opposes military policy, II. 35; on loan to Esterházy, II. 41; appeals for right to buy property, II. 43; leaves Vienna for Munich during cholera epidemic, II. 46; approached regarding Pápal loan, II. 49; relations with Saphir, II. 52; assists Metternich's wife, II. 54; on French intervention in Austro-Italian dispute, II. 60; on new *Métalliques* loan, II. 66; appeals for "toleration" for Goldschmidt, II. 68; commends Roquirol to Metternich, II. 76; receives present from King of Prussia, II. 77; interested in early railways, II. 86; applies for permission to build Northern Railway, II. 89; applies for concession for Central Railway, II. 94; letters to Emperor and Metternich about Northern Railway, II. 96, 97; proposal to shareholders of Northern Railway, II. 99, 100, 109; attitude towards Spain, II. 120 *et seq.*; on Nathan's Spanish policy, II. 131; on Pozzo's enmity, II. 136; attends Lionel's wedding, II. 147; letter to Metternich on Nathan's death, II. 147, 150; social position of, II. 166; obtains post of Austrian Consul-General for Anselm, II. 168; appeals to Metternich for extension of Jewish rights, II. 175; urges State support of Austrian Lloyd, II. 182; on refusal of loan to Belgium, II. 186, 188; attends family conference at Frankfort, II. 189; on need for pacific French policy, II. 209; efforts on behalf of Damascus Jews, II. 223; controls Vienna-Trieste loan, II. 229; friendship with Metternich family; II. 230; becomes citizen of Vienna, II. 231; imports cigars into Austria, II. 232; appeals to acquire landed property, II. 232; purchases estates, II. 239; luxurious habits of travel, II. 240; applies for entail of estates, II. 251; lends Metternich money for flight, II. 265; flees from Vienna to Frankfort, II. 276, 433; anxiety on French situation, II. 284; calls on Bismarck, II. 328; death of, II. 361

Rothschild, Wilhelm, II. 431-2

Rothschild and Gontard, bankers, I. 187-8

Rothworth brings news of Battle of Waterloo to Nathan Rothschild, I. 178

Rubens, II. 392

Rudolph of Austria, Archduke, II. 226, 439

Rue de la, Swiss banker, II. 300

Rue, General de la, II. 373

Ruffo, Prince, I. 270

Ruppell and Harnier, finance loan to Denmark, I. 47; dissatisfaction at Rothschilds' transactions, I. 49; negotiate loans, I. 79

Russell, Lord John, II. 367

Russia, refuses to recognise Continental blockade, I. 116; Napoleon's advance on, I. 121-2; his defeat in, I. 122, 141; Rothschild loan to, I. 307; hostilities with Turkey, I. 405, 408; refused loan by Rothschilds, I. 406; military loan to, II. 73; dispute with Turkey, II. 348; threatened by Austria, II. 356; Polish rising against, II. 393; alliance with France, II. 442; massacres of Jews in, II. 458; defeat of, by Japan, II. 459

Russo-Japanese War, II. 459, 460

S

SABARBURG, BATTLE OF, I. 61

Saint Aulaire, Count, II. 14, 167

Saint Aulaire, Countess, II. 167

Saint Simon, Count, II. 112

Salicy, Rothschilds' confidential servant, I. 259

Salamanca, plight of troops in, I. 135

Salisbury, Lord, II. 452

Samoa, dispute regarding, II. 452, 455

Saphir, M. G., II. 51-4

Sarajevo murder, II. 461

Sardinia, Rothschild loans to, II. 299; participates in Crimean War, II. 360, 370; alliance with France, II. 371; negotiations for loan to, II. 374-5

Saurau, Count, I. 238

Savagner, Chief of Police, visits Rothschilds with search warrant, I. 89-91

Meyer Amschel Rothschild's loan to I. 92

Savary, General, Commissioner of Police, I. 117, 139

Savoy, French annexation of, II. 386

Saxony appeals to Rothschilds for help, II. 403

Say, Léon, II. 410, 440

Schaumburg, Countess of, II. 227