

surprised, therefore, at the comparatively large number of Jewish soldiers (7243)¹⁰⁶ who took part in the Civil War, and we should be inclined to say that the estimate which puts the Jewish population of the United States about the middle of the 19th century at 300,000 (of whom 30,000 lived in New York)¹⁰⁷ was if anything too moderate.

CHAPTER V

THE FOUNDATION OF THE MODERN STATE

THE development of the modern colonial system and the establishment of the modern State are two phenomena dependent on one another. The one is inconceivable without the other, and the genesis of modern capitalism is bound up with both. Hence, in order to discover the importance of any historic factor in the growth of capitalism it will be necessary to find out what, and how great a part that factor played in both the colonial system and the foundation of the modern State. In the last chapter we considered the Jews in relation to the colonial system; in the present we shall do the same for the modern State.

A cursory glance would make it appear that in no direction could the Jews, the "Stateless" people, have had less influence than in the establishment of modern States. Not one of the statesmen of whom we think in this connexion was a Jew—neither Charles the Fifth, nor Louis the Eleventh, neither Richelieu, Mazarin, Colbert, Cromwell, Frederick William of Prussia nor Frederick the Great.^{107a} However, when speaking of these modern statesmen and rulers, we can hardly do so without perforce thinking of the Jews: it would be like Faust without Mephistopheles. Arm in arm the Jew and the ruler stride through the age which historians call modern. To me this union is symbolic of the rise of capitalism, and consequently of the modern State. In most countries

the ruler assumed the role of protector of the persecuted Jews against the Estates of the Realm and the Gilds—both pre-capitalistic forces. And why? Their interests and their sympathies coincided. The Jew embodied modern capitalism, and the ruler allied himself with this force in order to establish, or maintain, his own position. When, therefore, I speak of the part played by the Jews in the foundation of modern States, it is not so much their direct influence as organizers that I have in mind, as rather their indirect co-operation in the process. I am thinking of the fact that the Jews furnished the rising States with the material means necessary to maintain themselves and to develop; that the Jews supported the army in each country in two ways, and the armies were the bulwarks on which the new States rested. In two ways: on the one hand, the Jews supplied the army in time of war with weapons, and munition and food; on the other hand, they provided money not only for military purposes but also for the general needs of courts and governments. The Jews throughout the 16th, 17th and 18th centuries were most influential as army-purveyors and as the moneyed men to whom the princes looked for financial backing. This position of the Jews was of the greatest consequence for the development of the modern State. It is not necessary to expatiate on this statement; all that we shall do is to adduce instances in proof of it. Here, too, we cannot attempt to mention every possible example. We can only point the way; it will be for subsequent research to follow.

I. THE JEWS AS PURVEYORS.

Although there are numerous cases on record of Jews acting in the capacity of army-contractors in Spain previous to 1492, I shall not refer to this period, because it lies outside the scope of our present considerations.

We shall confine ourselves to the centuries that followed and begin with England.

In the 17th and 18th centuries the Jews had already achieved renown as army-purveyors. Under the Commonwealth the most famous army-contractor was Antonio Fernandez Carvajal, "the great Jew," who came to London some time between 1630 and 1635, and was very soon accounted among the most prominent traders in the land. In 1649 he was one of the five London merchants entrusted by the Council of State with the army contract for corn.¹⁰⁸ It is said that he annually imported into England silver to the value of £100,000. In the period that ensued, especially in the wars of William III, Sir Solomon Medina ("the Jew Medina") was "the great contractor," and for his services he was knighted, being the first professing Jew to receive that honour.¹⁰⁹

It was the same in the wars of the Spanish Succession; here, too, Jews were the principal army-contractors.¹¹⁰ In 1716 the Jews of Strassburg recall the services they rendered the armies of Louis XIV by furnishing information and supplying provisions.¹¹¹ Indeed, Louis XIV's army-contractor-in-chief was a Jew, Jacob Worms by name;¹¹² and in the 18th century Jews gradually took a more and more prominent part in this work. In 1727 the Jews of Metz brought into the city in the space of six weeks 2000 horses for food and more than 5000 for remounts.¹¹³ Field-Marshal Maurice of Saxony, the victor of Fontenoy, expressed the opinion that his armies were never better served with supplies than when the Jews were the contractors.¹¹⁴ One of the best known of the Jewish army-contractors in the time of the last two Louis was Cerf Beer, in whose patent of naturalization it is recorded that "... in the wars which raged in Alsace

in 1770 and 1771 he found the opportunity of proving his zeal in our service and in that of the State."¹¹⁵

Similarly, the house of the Gradis, of Bordeaux, was an establishment of international repute in the 18th century. Abraham Gradis set up large storehouses in Quebec to supply the needs of the French troops there.¹¹⁶ Under the Revolutionary Government, under the Directory, in the Napoleonic Wars it was always Jews who acted as purveyors.¹¹⁷ In this connexion a public notice displayed in the streets of Paris in 1795 is significant. "There was a famine in the city and the Jews were called upon to show their gratitude for the rights bestowed upon them by the Revolution by bringing in corn. "They alone," says the author of the notice, "can successfully accomplish this enterprise, thanks to their business relations, of which their fellow citizens ought to have full benefit."¹¹⁸ A parallel story comes from Dresden. In 1720 the Court Jew, Jonas Meyer, saved the town from starvation by supplying it with large quantities of corn. (The Chronicler mentions 40,000 bushels.)¹¹⁹

All over Germany the Jews from an early date were found in the ranks of army-contractors. Let us enumerate a few of them. There was Isaac Meyer in the 16th century, who, when Cardinal Albrecht admitted him a resident of Halberstadt in 1537, was enjoined by him, in view of the dangerous times, "to supply our monastery with good weapons and armour." There was Joselman von Rosheim, who in 1548 received an imperial letter of protection because he had supplied both money and provisions for the army. In 1546 there is a record of Bohemian Jews who provided great-coats and blankets for the army.¹²⁰ In the next century (1633) another Bohemian Jew, Lazarus by name, received an official declaration that

he "obtained either in person, or at his own expense, valuable information for the Imperial troops, and that he made it his business to see that the army had a good supply of ammunition and clothing."¹²¹ The Great Elector also had recourse to Jews for his military needs. Leimann Gompertz and Solomon Elias were his contractors for cannon, powder and so forth.¹²² There are numerous others: Samuel Julius, remount contractor under the Elector Frederick Augustus of Saxony; the Model family, court-purveyors and army-contractors in the Duchy of Ansbach in the 17th and 18th centuries are well known.¹²³ In short, as one writer of the time pitifully expresses it, "all the contractors are Jews and all the Jews are contractors."¹²⁴

Austria does not differ in this respect from Germany, France and England. The wealthy Jews, who in the reign of the Emperor Leopold received permission to re-settle in Vienna (1670)—the Oppenheimers, Wertheimers, Mayer Herschel and the rest—were all army-contractors.¹²⁵ And we find the same thing in all the countries under the Austrian Crown.¹²⁶ Lastly, we must mention the Jewish army-contractors who provisioned the American troops in the Revolutionary and Civil Wars.¹²⁷

II. THE JEWS AS FINANCIERS.

This has been a theme on which many historians have written, and we are tolerably well informed concerning this aspect of Jewish history in all ages. It will not be necessary for me, therefore, to enter into this question in great detail; the enumeration of a few well-known facts will suffice.

Already in the Middle Ages we find that everywhere taxes, salt-mines and royal domains were farmed out to

Jews; that Jews were royal treasurers and money-lenders, most frequently, of course, in the Pyrenean Peninsula, where the Almoraxarife and the Rendeiros were chosen preferably from among the ranks of the rich Jews. But as this period does not specially concern us here, I will not mention any names but refer the reader to the general literature on the subject.¹²⁸

It was, however, in modern times, when the State as we know it to-day first originated, that the activity of the Jews as financial advisers of princes was fraught with mighty influence. Take Holland, where although officially deterred from being servants of the Crown, they very quickly occupied positions of authority. We recall Moses Machado, the favourite of William III; Belmonte, a family of ambassadors (Lords of Schoonenberg); the wealthy Suasso, who in 1688 lent William two million gulden, and others.¹²⁹

The effects of the Jewish *haute finance* in Holland made themselves felt beyond the borders of the Netherlands, because that country in the 17th and 18th centuries was the reservoir from which all the needy princes of Europe drew their money. Men like the Pintos, Delmontes, Bueno de Mesquita, Francis Mels and many others may in truth be regarded as the leading financiers of Northern Europe during that period.¹³⁰

Next, English finance was at this time also very extensively controlled by Jews.¹³¹ The monetary needs of the Long Parliament gave the first impetus to the settlement of rich Jews in England. Long before their admission by Cromwell, wealthy crypto-Jews, especially from Spain and Portugal, migrated thither *via* Amsterdam: the year 1643 brought an exceptionally large contingent. Their rallying-point was the house of the Portuguese Ambassador in London, Antonio de Souza, himself a Marano. Prominent among them

was Antonio Fernandez Carvajal, who has already been mentioned, and who was as great a financier as he was an army-contractor. It was he who supplied the Commonwealth with funds. The little colony was further increased under the later Stuarts, notably under Charles the Second. In the retinue of his Portuguese bride, Catherine of Braganza, were quite a number of moneyed Jews, among them the brothers Da Sylva, Portuguese bankers of Amsterdam, who were entrusted with the transmission and administration of the Queen's dowry.¹³² Contemporaneously with them came the Mendes and the Da Costas from Spain and Portugal, who united their families under the name of Mendes da Costa.

About the same period the Ashkenazi (German) Jews began to arrive in the country. On the whole, these could hardly compare for wealth with their Sephardi (Spanish) brethren, yet they also had their capitalistic magnates, such as Benjamin Levy for example.

Under William III their numbers were still further increased, and the links between the court and the rich Jews were strengthened. Sir Solomon Medina, who has also been already mentioned, followed the King from Holland as his banker, and with him came the Suasso, another of the plutocratic families. Under Queen Anne one of the most prominent financiers in England was Menasseh Lopez, and by the time the South Sea Bubble burst, the Jews as a body were the greatest financial power in the country. They had kept clear of the wild speculations which had preceded the disaster and so retained their fortunes unimpaired. Accordingly, when the Government issued a loan on the Land Tax, the Jews were in a position to take up one quarter of it. During this critical period the chief family was that of the Gideons, whose representative, Sampson Gideon (1699-1762), was the "trusted adviser of the Government," the

friend of Walpole, the "pillar of the State credit." In 1745, the year of panics, Sampson raised a loan of £1,700,000 for the assistance of the Government. On his death his influence passed to the firm of Francis and Joseph Salvador, who retained it till the beginning of the 19th century, when the Rothschilds succeeded to the financial leadership.

It is the same story in France, and the powerful position held by Samuel Bernard in the latter part of the reign of Louis XIV and in the whole of that of Louis XV may serve as one example among many. We find Louis XIV walking in his garden with this wealthy Jew, "whose sole merit," in the opinion of one cynical writer,¹³³ "was that he supported the State as the rope does the hanged man." He financed the Wars of the Spanish Succession; he aided the French candidate for the throne of Poland; he advised the Regent in all money matters. It was probably no exaggeration when the Marquis de Dangeau spoke of him in one of his letters¹³⁴ as "the greatest banker in Europe at the present time." In France also the Jews participated to a large extent in the re-consolidation of the French East India Company after the bursting of the South Sea Bubble.¹³⁵ It was not, however, until the 19th century that they won a really leading position in financial circles in France, and the important names here are the Rothschilds, the Hephens, the Foulds, the Cerbeers, the Duponts, the Godchaux, the Dalembergs, the Pereires and others.¹ It is possible that in the 17th and 18th centuries also a great many more Jews than those already mentioned were active as financiers in France, but that owing to the rigorous exclusion of Jews they became crypto-Jews, and so we have no full information about them.

It is easier to trace Jewish influence in finance in

Germany and Austria through that clever invention—the status of "Court Jew." Though the law in these countries forbade Jews to settle in their boundaries, yet the princes and rulers kept a number of "privileged" Jews at their courts. According to Grätz,¹³⁶ the status of "Court Jew" was introduced by the Emperors of Germany during the Thirty Years' War. Be that as it may, it is an undoubted fact that pretty well every State in Germany throughout the 17th and 18th centuries had its Court Jew or Jews, upon whose support the finances of the land depended.

A few examples by way of illustration. In the 17th century¹³⁷ we find at the Imperial Court Joseph Pinkherle, of Goetz, Moses and Jacob Marburger, of Gradisca, Ventura Parente of Trieste, Jacob Basevi Batscheba Schmieles in Prague, the last of whom the Emperor Ferdinand raised to the ranks of the nobility under the title von Treuenburg on account of his faithful services. In the reign of the Emperor Leopold I we meet with the respected family of the Oppenheimers, of whom the Staatskanzler Ludewig wrote in the following terms.¹³⁸ After saying that the Jews were the arbiters of the most important events, he continues: "In the year 1690 the Jew Oppenheimer was well known among merchants and bankers not only in Europe but throughout the world." No less famous in the same reign was Wolf Schlesinger, purveyor to the court, who in company with Lewel Sinzheim raised more than one large loan for the State. Maria Theresa utilized the services of Schlesinger and others, notably the Wertheimers, Arnsteins and Eskeles. Indeed, for more than a century the court bankers in Vienna were Jews.¹³⁹ We can gauge their economic influence from the fact that when an anti-Jewish riot broke out in Frankfort-on-the-Main, the local authorities thought it wise in the

interest of credit to call upon the Imperial Office to interfere and protect the Frankfurt Jews, who had very close trade relations with their brethren in Vienna.¹⁴⁰

It was not otherwise at the smaller German courts. "The continually increasing needs of the various courts, each vying with the other in luxury, rendered it imperative, seeing that communication was by no means easy, to have skilful agents in the commercial centres." Accordingly the Dukes of Mecklenburg had such agents in Hamburg; Bishop John Philip of Würzburg was in 1700 served by Moses Elkan in Frankfurt. This activity opened new channels for the Jews; the enterprising dealer who provided jewels for her ladyship, liveries for the court chamberlain and dainties for the head cook was also quite willing to negotiate a loan.¹⁴¹ Frankfurt and Hamburg, with their large Jewish population, had many such financial agents, who acted for ruling princes living at a distance. Besides those already mentioned we may recall the Portuguese Jew, Daniel Abensur, who died in Hamburg in 1711. He was Minister-resident of the King of Poland in that city, and the Polish Crown was indebted to him for many a loan.¹⁴² Some of these agents often moved to the court which borrowed from them, and became "Court Jews." Frederick Augustus, who became Elector of Saxony in 1694, had a number of them: Leffmann Berentz, of Hanover, J. Meyer, of Hamburg, Berend Lehmann, of Halberstadt (who advanced money for the election of the King of Poland) and others.¹⁴³ Again, in Hanover the Behrends were Chief Court Purveyors and Agents to the Treasury;¹⁴⁴ the Models, the Frenkels and the Nathans acted in a similar capacity to the Duchy of Ansbach. In the Palatinate we come across Lemte Moyses and Michel May, who in 1719 paid the debt of 2½ million gulden which the

Elector owed the Emperor,¹⁴⁵ and lastly, in the Margravate of Bayreuth, there were the Baisersdorfs.¹⁴⁶

Better known perhaps are the Court Jews of the Brandenburg-Prussian rulers—Lippold, under Joachim II; Gomperz and Joost Liebmann, under Frederick III; Veit, under Frederick William I; and Ephraim, Moses, Isaac and Daniel Itzig, under Frederick II. Most famous of all the German Court Jews, the man who may be taken as their archetype, was Süss-Oppenheimer, who was at the court of Charles Alexander of Württemberg.¹⁴⁷

Finally, we must not leave unmentioned that during the 18th century, more especially in the Revolutionary Wars, the Jews played no small role as financiers in the United States of America. Haym Salomon¹⁴⁸ ranks side by side with the Minis and the Cohens in Georgia,¹⁴⁹ but the most prominent of them all was Robert Morris, the financier *par excellence* of the American Revolution.¹⁵⁰

And now comes an extraordinary thing. Whilst for centuries (especially during the 17th and the 18th—the two so momentous in the growth of the modern State) the Jews had personal financial dealings with the rulers, in the century that followed (but even during the two already mentioned) the system of public credit gradually took a new form. This forced the big capitalist from his dominating position more and more into the background, and allowed an ever-increasing number of miscellaneous creditors to take his place. Through the evolution of the modern method of floating loans the public credit was, so to speak, "democratized," and, in consequence, the Court Jew became superfluous. But the Jews themselves were not the least who aided the growth of this new system of borrowing, and thus they

contributed to the removal of their own monopoly as financiers. In so doing they participated to a greater degree than ever before in the work of building up the great States of the present.

The transformation in the public credit system was but a part of a much vaster change which crept over economic life as a whole, a metamorphosis in which also the Jews took a very great share. Let us consider this change in its entirety.

CHAPTER VI

THE PREDOMINANCE OF COMMERCE IN ECONOMIC LIFE

It is a matter of common knowledge that the Stock Exchange in modern times is becoming more and more the heart of all economic activities. With the fuller development of capitalism this was only to be expected, and there were three clear stages in the process. The first was the evolution of credit from being a personal matter into one of an impersonal relationship. It took shape and form in securities. Stage two: these securities were made mobile—that is, bought and sold in a market. The last stage was the formation of undertakings for the purpose of creating such securities.

In all the stages the Jew was ever present with his creative genius. We may even go further and say that it was due specifically to the Jewish spirit that these characteristics of modern economic life came into being.

I. THE ORIGIN OF SECURITIES.¹⁵¹

Securities represent the standardization of personal indebtedness.¹⁵² We may speak of "standardization" in this sense when a relationship which was originally personal becomes impersonal; where before human beings directly acted and reacted on each other, now a system obtains. An instance or two will make our meaning clear. Where before work was done by man, it is now done by a machine. That is the standardization of work.