THE JEWS AND MODERN CAPITALISM

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Translated, with Notes, by M. EPSTEIN

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Northern Europe succeeds Southern Europe as the centre of economic life, p. 11. Explanations that have been offered for this phenomenon
TRANSLATOR'S INTRODUCTORY NOTE

Werner Sombart is undoubtedly one of the most striking personalities in the Germany of to-day. Born in 1863, he has devoted himself to research in economics, and has contributed much that is valuable to economic thought. Though his work has not always been accepted without challenge, it has received universal recognition for its brilliance, and his reputation has drawn hosts of students to his lectures, both at Breslau, where he held the Chair of Economics at the University (1890–1906), and now in Berlin at the Handelshochschule, where he occupies a similar position.

But Sombart is an artist as well as a scholar; he combines reason with imagination in an eminent degree, and he has the gift, seldom enough associated with German professors, of writing in a lucid, flowing, almost eloquent style. That is one characteristic of all his books, which are worth noting. The rise and development of modern capitalism has been the theme that has attracted him most, and his masterly treatment of it may be found in his Der moderne Kapitalismus (2 vols., Leipzig, 1902). In 1896 he published Sozialismus und soziale Bewegung, which quickly went through numerous editions and may be described as one of the most widely read books in German-speaking countries.1 Die

1 An English version was prepared by the present writer and issued by Messrs. J. M. Dent & Co. in 1909, under the title Socialism and the Social Movement.
deutsche Volkswirtschaft im 19ten Jahrhundert appeared in 1903, and Das Proletariat in 1906.

For some years past Sombart has been considering the revision of his magnum opus on modern capitalism, and in the course of his studies came across the problem, quite accidentally, as he himself tells us, of the relation between the Jews and modern capitalism. The topic fascinated him, and he set about inquiring what that relationship precisely was. The results of his labours were published in the book 1 of which this is an English edition.

The English version is slightly shorter than the German original. The portions that have been left out (with the author’s concurrence) are not very long and relate to general technical questions, such as the modern race theory or the early history of credit instruments. Furthermore, everything found within square brackets has been added by the translator.

My best thanks are due to my wife, who has been constantly helpful with suggestions and criticisms, and to my friend Leon Simon for the verse rendering on p. 208.

M. E.

London, April 21, 1913.

1 Die Juden und das Wirtschaftsleben. Leipzig: Duncker und Humblot. 1911.

PART I

THE CONTRIBUTION OF THE JEWS TO MODERN ECONOMIC LIFE
CHAPTER I

INTRODUCTORY

Two possible methods may be used to discover to what extent any group of people participated in a particular form of economic organization. One is the statistical; the other may be termed the genetic.

By means of the first we endeavour to ascertain the actual number of persons taking part in some economic activity—say, those who establish trade with a particular country, or who found any given industry—and then we calculate what percentage is represented by the members of the group in which we happen to be interested. There is no doubt that the statistical method has many advantages. A pretty clear conception of the relative importance for any branch of commerce of, let us say, foreigners or Jews, is at once evolved if we are able to show by actual figures that 50 or 75 per cent. of all the persons engaged in that branch belong to either the first or the second category named. More especially is this apparent when statistical information is forthcoming, not only as to the number of persons but also concerning other or more striking economic factors—e.g., the amount of paid-up capital, the quantity of the commodities produced, the size of the turnover, and so forth. It will be useful, therefore, to adopt the statistical method in questions such as the one we have set ourselves. But at the same time it will soon become evident that by its aid alone the complete solution cannot
be found. In the first place, even the best statistics do not tell us everything; nay, often the most important aspect of what we are trying to discover is omitted. Statistics are silent as to the dynamic effects which strong individualities produce in economic, as indeed in all human life—effects which have consequences reaching far beyond the limits of their immediate surroundings. Their actual importance for the general tendency of any particular development is greater than any set of figures can reveal. Therefore the statistical method must be supplemented by some other.

But more than this. The statistical method, owing to lack of information, cannot always be utilized. It is indeed a lucky accident that we possess figures recording the number of those engaged in any industry or trade, and showing their comparative relation to the rest of the population. But a statistical study of this kind, on a large scale, is really only a possibility for modern and future times. Even then the path of the investigator is beset by difficulties. Still, a careful examination of various sources, including the assessments made by Jewish communities on their members, may lead to fruitful results. I hope that this book will give an impetus to such studies, of which, at the present time, there is only one that is really useful—the enquiry of Sigmund Mayer, of Vienna.

When all is said, therefore, the other method (the genetic), to which I have already alluded, must be used to supplement the results of statistics. What is this method? We wish to discover to what extent a group of people (the Jews) influence or have influenced the form and development of modern economic life—to discover, that is, their qualitative or, as I have already called it, their dynamic importance. We can do this best of all by enquiring whether certain characteristics that mark our modern economic life were given their first form by Jews, i.e., either that some particular form of organization was first introduced by the Jews, or that some well-known business principles, now accepted on all hands as fundamental, are specific expressions of the Jewish spirit. This of necessity demands that the history of the factors in economic development should be traced to their earliest beginnings. In other words, we must study the childhood of the modern capitalistic system, or, at any rate, the age in which it received its modern form. But not the childhood only: its whole history must be considered. For throughout, down to these very days, new elements are constantly entering the fabric of capitalism and changes appear in its characteristics. Wherever such are noted our aim must be to discover to whose influence they are due. Often enough this will not be easy; sometimes it will even be impossible; and scientific imagination must come to the aid of the scholar.

Another point should not be overlooked. In many cases the people who are responsible for a fundamental idea or innovation in economic life are not always the inventors (using that word in its narrowest meaning). It has often been asserted that the Jews have no inventive powers; that not only technical but also economic discoveries were made by non-Jews alone, and that the Jews have always been able cleverly to utilize the ideas of others. I dissent from this general view in its entirety. We meet with Jewish inventors in the sphere of technical science, and certainly in that of economics, as I hope to show in this work. But even if the assertion which we have mentioned were true, it would prove nothing against the view that Jews have given certain aspects of economic life the specific features they bear. In the economic world it is not so much the inventors that
matter as those who are able to apply the inventions; not those who conceive ideas (e.g., the hire-purchase system) as those who can utilize them in everyday life.

Before proceeding to the problem before us—the share of the Jews in the work of building up our modern capitalistic system—we must mention one other point of importance. In a specialized study of this kind Jewish influence may appear larger than it actually was. That is in the nature of our study, where the whole problem is looked at from only one point of view. If we were enquiring into the influence of mechanical inventions on modern economic life the same would apply: in a monograph that influence would tend to appear larger than it really was. I mention this point, obvious though it is, lest it be said that I have exaggerated the part played by the Jews. There were undoubtedly a thousand and one other causes that helped to make the economic system of our time what it is. Without the discovery of America and its silver treasures, without the mechanical inventions of technical science, without the ethical peculiarities of modern European nations and their vicissitudes, capitalism would have been as impossible as without the Jews.

In the long story of capitalism, Jewish influence forms but one chapter. Its relative importance to the others I shall show in the new edition of my Modern Capitalism, which I hope to have ready before long.

This caveat will, I trust, help the general reader to a proper appreciation of the influence of Jews on modern economic life. But it must be taken in conjunction with another. If on the one hand we are to make some allowance, should our studies apparently tend to give Jews a preponderating weight in economic affairs, on the other hand, their contribution is very often even larger than we are led to believe. For our researches can deal only with one portion of the problem, seeing that all the material is not available. Who to-day knows anything definite about the individuals, or groups, who founded this or that industry, established this or that branch of commerce, first adopted this or that business principle? And even where we are able to name these pioneers with certainty, there comes the further question, were they Jews or not?

Jews—that is to say, members of the people who profess the Jewish faith. And I need hardly add that although in this definition I purposely leave out any reference to race characteristics, it yet includes those Jews who have withdrawn from their religious community, and even descendants of such, seeing that historically they remain Jews. This must be borne in mind, for when we are determining the influence of the Jew on modern economic life, again and again men appear on the scene as Christians, who in reality are Jews. They or their fathers were baptized, that is all. The assumption that many Jews in all ages changed their faith is not far fetched. We hear of cases from the earliest Middle Ages; in Italy, in the 7th and 8th centuries; at the same period in Spain and in the Merovingian kingdoms; and from that time to this we find them among all Christian nations. In the last third of the 19th century, indeed, wholesale baptisms constantly occurred. But we have reliable figures for the last two or three decades only, and I am therefore inclined to doubt the statement of Jacob Fromer that towards the end of the twenties in the last century something like half the Jews of Berlin had gone over to Christianity. Equally improbable is the view of Dr. Werner, Rabbi in Munich, who, in a paper which he recently read, stated that altogether 120,000 Jews have been baptized in Berlin. The most reliable figures we have are all against such a likelihood. According to these, it was in the nineties that apostasy on a large scale first showed itself, and even then the
highest annual percentage never exceeded 1.28 (in 1905), while the average percentage per annum (since 1895) was 1. Nevertheless, the number of Jews in Berlin who from 1873 to 1906 went over to Christianity was not small; their total was 1869 precisely. The tendency to apostasy is stronger among Austrian Jews, especially among those of Vienna. At the present time, between five and six hundred Jews in that city renounce their faith every year, and from 1868 to 1903 there have been no less than 9085. The process grows apace; in the years 1868 to 1879 there was an average one baptism annually for every 1200 Jews; in the period 1880 to 1889 it was one for 420-430 Jews; while between 1890 and 1903 it had reached one for every 260-270.

But the renegade Jews are not the only group whose influence on the economic development of our time it is difficult to estimate. There are others to which the same applies. I am not thinking of the Jewesses who married into Christian families, and who, though they thus ceased to be Jewish, at any rate in name, must nevertheless have retained their Jewish characteristics. The people I have in mind are the crypto-Jews, who played so important a part in history, and whom we encounter in every century. In some periods they formed a very large section of Jewry. But their non-Jewish pose was so admirably sustained that among their contemporaries they passed as Christians or Mohammedans. We are told, for example, of the Jews of the South of France in the 15th and 16th centuries, who came originally from Spain and Portugal (and the description applies to the Marannos everywhere): “They practised all the outward forms of Catholicism; their births, marriages and deaths were entered on the registers of the church, and they received the sacraments of baptism, marriage and extreme union. Some even took orders and became priests.” No wonder then that they do not appear as Jews in the reports of commercial enterprises, industrial undertakings and so forth. Some historians even to-day speak in admiring phrase of the beneficial influence of Spanish or Portuguese “immigrants.” So skilfully did the crypto-Jews hide their racial origin that specialists in the field of Jewish history are still in doubt as to whether a certain family was Jewish or not. In those cases where they adopted Christian names, the uncertainty is even greater. There must have been a large number of Jews among the Protestant refugees in the 17th century. General reasons would warrant this assumption, but when we take into consideration the numerous Jewish names found among the Huguenots the probability is strong indeed.

Finally, our enquiries will not be able to take any account of all those Jews who, prior to 1848, took an active part in the economic life of their time, but who were unknown to the authorities. The laws forbade Jews to exercise their callings. They were therefore compelled to do so, either under cover of some fictitious Christian person or under the protection of a “privileged” Jew, or they were forced to resort to some other trick in order to circumvent the law. Reliable authorities are of opinion that the number of Jews who in many a town lived secretly in this way must have been exceedingly large. In the forties of last century, for example, it is said that no less than 12,000 Jews, at a moderate estimate, were to be found in Vienna. The wholesale textile trade was at that time already in their hands, and entire districts in the centre of the city were full of Jewish shops. But the official list of traders of 1845 contained in an appendix the names of only sixty-three Jews, who were described as “tolerated Jewish traders,”
and these were allowed to deal only in a limited number of articles. 7

But enough. My point was to show that, for many and various reasons, the number of Jews of whom we hear is less than those who actually existed. The reader should therefore bear in mind that the contribution of the Jews to the fabric of modern economic life will, of necessity, appear smaller than it was in reality.

What that contribution was we shall now proceed to show.

CHAPTER II

THE SHIFTING OF THE CENTRE OF ECONOMIC LIFE SINCE THE SIXTEENTH CENTURY

One of the most important facts in the growth of modern economic life is the removal of the centre of economic activity from the nations of Southern Europe—the Italians, Spaniards and Portuguese, with whom must also be reckoned some South German lands—to those of the North-West—the Dutch, the French, the English and the North Germans. The epoch-making event in the process was Holland’s sudden rise to prosperity, and this was the impetus for the development of the economic possibilities of France and England. All through the 17th century the philosophic speculators and the practical politicians among the nations of North-Western Europe had but one aim: to imitate Holland in commerce, in industry, in shipping and in colonization.

The most ludicrous explanations of this well-known fact have been suggested by historians. It has been said, for example, that the cause which led to the economic decline of Spain and Portugal and of the Italian and South German city states was the discovery of America and of the new route to the East Indies; that the same cause lessened the volume of the commerce of the Levant, and therefore undermined the position of the Italian commercial cities which depended upon it. But this explanation is not in any way satisfactory. In the first place, Levantine commerce maintained its pre-eminence through-
out the whole of the 17th and 18th centuries, and during this period the prosperity of the maritime cities in the South of France, as well as that of Hamburg, was very closely bound up with it. In the second place, a number of Italian towns, Venice among them, which in the 17th century lost all their importance, participated to a large extent in the trade of the Levant in the 16th century, and that despite the neglect of the trade route. It is a little difficult to understand why the nations which had played a leading part until the 15th century—the Italians, the Spaniards, the Portuguese—should have suffered in the least because of the new commercial relations with America and the East Indies, or why they should have been placed at any disadvantage by their geographical position as compared with that of the French, the English or the Dutch. As though the way from Genoa to America or the West Indies were not the same as from Amsterdam or London or Hamburg! As though the Spanish and Portuguese ports were not the nearest to the new lands—lands which had been discovered by Italians and Portuguese, and had been taken possession of by the Portuguese and the Spaniards!

Equally unconvincing is another reason which is often given. It is asserted that the countries of North-Western Europe were strong consolidated states, while Germany and Italy were disunited, and accordingly the former were able to take up a stronger position than the latter. Here, too, we ask in wonder whether the powerful Queen of the Adriatic was a weaker state in the 16th century than the Seven Provinces in the 17th? And did not the empire of Philip II excel all the kingdoms of his time in power and renown? Why was it, moreover, that, although Germany was in a state of political disruption, certain of its cities, like Hamburg or Frankfort-on-the-Main, reached a high degree of development in the 17th and 18th centuries, such as few French or English cities could rival?

This is not the place to go into the question in all its many-sidedness. A number of causes contributed to bring about the results we have mentioned. But from the point of view of our problem one possibility should not be passed over which, in my opinion, deserves most serious consideration, and which, so far as I know, has not yet been thought of. Cannot we bring into connexion the shifting of the economic centre from Southern to Northern Europe with the wanderings of the Jews? The mere suggestion at once throws a flood of light on the events of those days, hitherto shrouded in semi-darkness. It is indeed surprising that the parallelism has not before been observed between Jewish wanderings and settlement on the one hand, and the economic vicissitudes of the different peoples and states on the other. Israel passes over Europe like the sun: at its coming new life bursts forth; at its going all falls into decay. A short résumé of the changing fortunes of the Jewish people since the 15th century will lend support to this contention.

The first event to be recalled, an event of world-wide import, is the expulsion of the Jews from Spain (1492) and from Portugal (1495 and 1497). It should never be forgotten that on the day before Columbus set sail from Palos to discover America (August 3, 1492) 300,000 Jews are said to have emigrated from Spain to Navarre, France, Portugal and the East; nor that, in the years during which Vasco da Gama searched for and found the sea-passage to the East Indies, the Jews were driven from other parts of the Pyrenean Peninsula.7

It was by a remarkable stroke of fate that these two occurrences, equally portentous in their significance—the opening-up of new continents and the mightiest upheavals in the distribution of the Jewish people—should have coin-
The expulsions of the Jews from the Pyrenean Peninsula did not altogether put an end to their history there. Numerous Jews remained behind as pseudo-Christians (Maranos), and it was only as the Inquisition, from the days of Philip II onwards, became more and more relentless that these Jews were forced to leave the land of their birth. During the centuries that followed, and especially towards the end of the 16th, the Spanish and Portuguese Jews settled in other countries. It was during this period that the doom of the economic prosperity of the Pyrenean Peninsula was sealed.

With the 15th century came the expulsion of the Jews from the German commercial cities—from Cologne (1424-5), from Augsburg (1439-40), from Strasbourg (1438), from Erfurt (1458), from Nuremberg (1498-9), from Ulm (1499), and from Ratisbon (1519). The same fate overtook them in the 16th century in a number of Italian cities. They were driven from Sicily (1492), from Naples (1540-1), from Genoa and from Venice (1550). Here also economic decline and Jewish emigration coincided in point of time.

On the other hand, the rise to economic importance, in some cases quite unexpectedly, of the countries and towns whither the refugees fled, must be dated from the first appearance of the Spanish Jews. A good example is that of Leghorn, one of the few Italian cities which enjoyed economic prosperity in the 16th century. Now Leghorn was the goal of most of the exiles who made for Italy. In Germany it was Hamburg and Frankfort that admitted the Jewish settlers. And remarkable to relate, a keen-eyed traveller in the 18th century wandering all over Germany found everywhere that the old commercial cities of the Empire, Ulm, Nuremberg, Augsburg, Mayence and Cologne, had fallen into decay, and that the only two that were able to maintain their former splendour, and indeed to add to it from day to day, were Frankfort and Hamburg.

In France in the 17th and 18th centuries the rising towns were Marseilles, Bordeaux, Rouen—again the havens of refuge of the Jewish exiles.

As for Holland, it is well-known that at the end of the 16th century a sudden upward development (in the capitalistic sense) took place there. The first Portuguese Maranos settled in Amsterdam in 1593, and very soon their numbers increased. The first synagogue in Amsterdam was opened in 1598, and by about the middle of the 17th century there were Jewish communities in many Dutch cities. In Amsterdam, at the beginning of the 18th century, the estimated number of Jews was 2,400. But even by the middle of the 17th century their intellectual influence was already marked; the writers on international law and the political philosophers speak of the ancient Hebrew commonwealth as an ideal which the Dutch constitution might well seek to emulate. The Jews themselves called Amsterdam at that time their grand New Jerusalem.

Many of the Dutch settlers had come from the Spanish Netherlands, especially from Antwerp, whither they had fled on their expulsion from Spain. It is true that the proclamations of 1532 and 1539 forbade the pseudo-Christians to remain in Antwerp, but they proved ineffective. The prohibition was renewed in 1550, but this time it referred only to those who had not been domiciled for six years. But this too remained a dead letter: "the crypto-Jews are increasing from day to day." They took an active part in the struggle for freedom in which the Netherlands were engaged, and its result forced them to wander to the more northerly provinces. Now it is a remarkable thing that the
brief space during which Antwerp became the commercial centre and the money-market of the world should have been just that between the coming and the going of the Maranos.\textsuperscript{16}

It was the same in England. The economic development of the country, in other words, the growth of capitalism,\textsuperscript{17} ran parallel with the influx of Jews, mostly of Spanish and Portuguese origin.\textsuperscript{18}

It was believed that there were no Jews in England from the time of their expulsion under Edward I (1390) until their more or less officially recognized return under Cromwell (1654–56). The best authorities on Anglo-Jewish history are now agreed that this is a mistake. There were always Jews in England; but not till the 16th century did they begin to be numerous. Already in the reign of Elizabeth many were met with, and the Queen herself had a fondness for Hebrew studies and for intercourse with Jews. Her own physician was a Jew, Rodrigo Lopez, on whom Shakespeare modelled his Shylock. Later on, as is generally known, the Jews, as a result of the efforts of Manasseh ben Israel, obtained the right of unrestricted domicile. Their numbers were increased by further streams of immigrants including, after the 18th century, Jews from Germany, until, according to the author of the Anglia Judaica, there were 6,000 Jews in London alone in the year 1738.\textsuperscript{19}

When all is said, however, the fact that the migration of the Jews and the economic vicissitudes of peoples were coincident events does not necessarily prove that the arrival of Jews in any land was the only cause of its rise or their departure the only cause of its decline. To assert as much would be to argue on the fallacy "post hoc, ergo propter hoc." Nor are the arguments of later historians on this subject conclusive, and therefore I will not mention any in support of my thesis.\textsuperscript{20} But the opinions of contemporaries always, as I think, deserve attention. So I will acquaint the reader with some of them, for very often a word suffices to throw a flood of light on their age.

When the Senate of Venice, in 1550, decided to expel the Maranos and to forbid commercial intercourse with them, the Christian merchants of the city declared that it would mean their ruin and that they might as well leave Venice with the exiles, seeing that they made their living by trading with the Jews. The Jews controlled the Spanish wool trade, the trade in Spanish silk and rubies, sugar, pepper, Indian spices and pearls. A great part of the entire export trade was carried on by Jews, who supplied the Venetians with goods to be sold on commission; and they were also bill-brokers.\textsuperscript{21}

In England the Jews found a protector in Cromwell, who was actuated solely by considerations of an economic nature. He believed that he would need the wealthy Jewish merchants to extend the financial and commercial prosperity of the country. Nor was he blind to the usefulness of having moneyed support for the government.\textsuperscript{22}

Like Cromwell, Colbert, the great French statesman of the 17th century, was also sympathetically inclined towards the Jews, and in my opinion it is of no small significance that these two organizers, both of whom consolidated modern European states, should have been so keenly alive to the fitness of the Jew in aiding the economic (i.e., capitalist) progress of a country. In one of his Ordinances to the Intendant of Languedoc, Colbert points out what great benefits the city of Marseilles derived from the commercial capabilities of the Jews.\textsuperscript{23} The inhabitants of the great French trading centres in which the Jews played an important rôle were in no need of being taught the lesson; they knew it from their own
experience and, accordingly, they brought all their influence to bear on keeping their Jewish fellow-citizens within their walls. Again and again we hear laudatory accounts of the Jews, more especially from the inhabitants of Bordeaux. In 1675 an army of mercenaries ravaged Bordeaux, and many of the rich Jews prepared to depart. The Town Council was terrified, and the report presented by its members is worth quoting. "The Portuguese who occupy whole streets and do considerable business have asked for their passports. They and those aliens who do a very large trade are resolved to leave; indeed, the wealthiest among them, Gaspar Gonzales and Alvares, have already departed. We are very much afraid that commerce will cease altogether." A few years later the Sous-Intendant of Languedoc summed up the situation in the words "without them (the Jews) the trade of Bordeaux and of the whole province would be inevitably ruined." 24

We have already seen how the fugitives from the Iberian Peninsula in the 16th century streamed into Antwerp, the commercial metropolis of the Spanish Netherlands. About the middle of the century, the Emperor in a decree dated July 17, 1549 withdrew the privileges which had been accorded them. Thereupon the mayor and sheriffs, as well as the Consul of the city, sent a petition to the Bishop of Arras in which they showed the obstacles in the way of carrying out the Imperial mandate. The Portuguese, they pointed out, were large undertakers; they had brought great wealth with them from the lands of their birth, and they maintained an extensive trade. "We must bear in mind," they continued, "that Antwerp has grown great gradually, and that a long space of time was needed before it could obtain possession of its commerce. Now the ruin of the city would necessarily bring with it the

ruin of the land, and all this must be carefully considered before the Jews are expelled." Indeed, the mayor, Nicholas Van den Meeren, went even further in the matter. When Queen Mary of Hungary, the Regent of the Netherlands, was staying in Rupelmonde, he paid her a visit in order to defend the cause of the New Christians, and excused the conduct of the rulers of Antwerp in not publishing the Imperial decree by informing her that it was contrary to all the best interests of the city. 25 His efforts, however, were unsuccessful, and the Jews, as we have already seen, left Antwerp for Amsterdam.

Antwerp lost no small part of its former glory by reason of the departure of the Jews, and in the 17th century especially it was realized how much they contributed to bring about material prosperity. In 1653 a committee was appointed to consider the question whether the Jews should be allowed into Antwerp, and it expressed itself on the matter in the following terms: "And as for the inconveniences which are to be feared and apprehended in the public interest—that they (the Jews) will attract to themselves all trade, that they will be guilty of a thousand frauds and tricks, and that by their usury they will devour the wealth of good Catholics—it seems to us on the contrary that by the trade which they will expand far beyond its present limits the benefit derived will be for the good of the whole land, and gold and silver will be available in greater quantities for the needs of the state." 26

The Dutch in the 17th century required no such recommendations; they were fully alive to the gain which the Jews brought. When Manasseh ben Israel left Amsterdam on his famous mission to England, the Dutch Government became anxious; they feared lest it should be a question of transplanting the Dutch Jews to
England, and they therefore instructed Newport, their ambassador in London, to sound Manasseh as to his intentions. He reported (December 1655) that all was well, and that there was no cause for apprehension. "Manasseh ben Israel hath been to see me, and did assure me that he doth not desire anything for the Jews in Holland but only for those as sit in the Inquisition in Spain and Portugal." 28

It is the same tale in Hamburg. In the 17th century the importance of the Jews had grown to such an extent that they were regarded as indispensable to the growth of Hamburg's prosperity. On one occasion the Senate asked that permission should be given for synagogues to be built, otherwise, they feared, the Jews would leave Hamburg, and the city might then be in danger of sinking to a mere village. 29 On another occasion, in 1697, when it was suggested that the Jews should be expelled, the merchants earnestly entreated the Senate for help, in order to prevent the serious endangering of Hamburg's commerce. 30 Again, in 1733, in a special report, now in the Archives of the Senate, we may read: "In bill-broking, in trade with jewellery and braid and in the manufacture of certain cloths the Jews have almost a complete mastery, and have surpassed our own people. In the past there was no need to take cognizance of them, but now they are increasing in numbers. There is no section of the great merchant class, the manufacturers and those who supply commodities for daily needs, but the Jews form an important element therein. They have become a necessary evil." 31 To the callings enumerated in which the Jews took a prominent part, we must add that of marine insurance brokers. 32

So much for the judgment of contemporaries. But as a complete proof even that will not serve. We must form our own judgment from the facts, and therefore our first aim must be to seek these out. That means that we must find from the original sources what contributions the Jews made to the building-up of our modern economic life from the end of the 15th century onward—the period, that is, when Jewish history and general European economic progress both tended in the same direction. We shall then also be able to state definitely to what extent the Jews influenced the shifting of the centre of economic life.

My own view is, as I may say in anticipation, that the importance of the Jews was twofold. On the one hand, they influenced the outward form of modern capitalism; on the other, they gave expression to its inward spirit. Under the first heading, the Jews contributed no small share in giving to economic relations the international aspect they bear to-day; in helping the modern state, that framework of capitalism, to become what it is; and lastly, in giving the capitalistic organization its peculiar features, by inventing a good many details of the commercial machinery which moves the business life of to-day, and by co-operating in the perfecting of others. Under the second heading, the importance of the Jews is so enormous because they, above all others, endowed economic life with its modern spirit; they seized upon the essential idea of capitalism and carried it to its fullest development.

We shall consider these points in turn, in order to obtain a proper notion of the problem. Our intention is to do no more than ask a question or two, and here and there to suggest an answer. We want merely to set the reader thinking. It will be for later research to gather sufficient material by which to judge whether, and to what extent, the views as to cause and effect here propounded have any foundation in actual fact.