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Agents for the Rothschilds: A Nineteenth-Century Information Network

Abstract: *This article discusses information transfer in nineteenth-century European merchant banking by analysing the leading banking dynasty of the age, the Rothschilds. The gathering, transfer and utilisation of information happened through people who were constantly crossing borders, sometimes physically but more often culturally. This was particularly true of the rather abstractly named “business agents”, a highly heterogeneous group of people who were based in locations where the Rothschild banks did not have a permanent presence. There they carried out business transactions for their principals and at the same time gathered and forwarded a great variety of news and information, which enabled the Rothschilds to make decisions.*

Introducing the Rothschilds

Information – fast and in particular reliable information – was and is the key to decision-making in the financial world. This is as true now as it was for the emerging merchant bankers of Tuscany in the thirteenth century, the trading companies of the Holy Roman Empire and the merchants of seventeenth-century Amsterdam, who introduced bills of exchange as their prime financial instrument. The more transregional and transnational financial interactions became, the more complex was the task of gathering information. When merchant houses of Western Europe developed into fully fledged private banks from the late eighteenth century onwards, they also turned towards financing states and governments, which emphasised the need for consistent and reliable political intelligence. This article discusses information transfer in nineteenth-century European merchant banking, as exemplified by the leading banking dynasty of the age, the Rothschilds. The gathering, transfer and utilisation of information happened through people who were constantly crossing borders, sometimes physically but more often culturally. This was particularly true of the rather abstractly named “business agents”, a highly heterogeneous group of people who were based in locations where the Rothschild banks did not have a permanent presence. There they carried out business transactions for their principals and at the same time gathered and forwarded a great variety of news and information, which enabled the Rothschilds to make decisions.

After a brief introduction to the history of the Rothschild banking houses of the nineteenth century, the agents' network will be looked at in more detail. Of particular interest are whether there were guiding concepts for its formation and maintenance and what kind of selection criteria were applied for employing agents. The day-to-day working of the information network leads to the question of the issue of mobility in the agents' biographies. This study is based mainly on source material. The Rothschild Archive London has ample holdings containing the correspondence of more than one hundred business agents working for the different Rothschild houses, mainly during the nineteenth century. However, the nature of the material entails that such correspondence is often incomplete. Moreover, we only have sparse information about the correspondence of the Rothschilds with their various agents, since letters leaving the Rothschild houses were usually not kept in copy and cannot be found elsewhere anymore. Some of the agents left behind a variety of sources themselves, in particular those who had at some point in time been bankers in their own right. Most, however, vanished without a trace, and the letters to the Rothschilds are often the sole documents of the existence of a fair number of individuals.

Five Rothschild banking houses, working in close cooperation with each other, dominated European banking between the 1820s and the 1870s, when the much larger joint stock banks generally broke the hegemony of private banks over European (and for that matter world) finance.¹ The origin of the business was a merchant house built up by Mayer Amschel Rothschild in Frankfurt from the 1770s onwards which, as was the trend of the time in merchant banking, increasingly turned towards financial transactions. In order to cut out the middleman in the profitable cloth trade within the British market, in 1798 the company patriarch sent one of his five sons, Nathan Mayer Rothschild, to Manchester. Some years later he moved to London and founded his own merchant bank there. In particular through bullion speculation and the facilitation of financing British continental military exploits during the Napoleonic Wars, *NM Rothschild & Sons* soon became one of the dominating financial forces in London. Arguable the most important component in explaining its lasting success was the fact that Nathan's four brothers were likewise heading private banking houses in four other European locations. All five cooperated closely with each other for decades to come: Amschel Mayer Rothschild, the oldest brother, took over the Frankfurt house after the father's death in 1812. James Mayer, the youngest, settled in Paris in 1810 and ran *De Rothschild Frères & Cie*. In 1821 Salomon Mayer went to Vienna

¹ This brief outline follows the definitive general Rothschild history to date: Niall Ferguson: *The World's Banker. The History of the House of Rothschild*. London 1998.

to direct *S. M. von Rothschild & Söhne*, while Carl Mayer, the second-youngest brother, travelled to Naples in the wake of an Austrian military intervention in the capital of the Kingdom of the Two Sicilies and set up a banking house there. This, however, was handled not so much as an independent business than a branch of the Frankfurt parent house. Apart from conducting the traditional bills of exchange business, all houses engaged in issuing government bonds for practically all European and a number of Latin American countries, were active in financing industrial enterprises and railways, bought and sold specie and traded in a great variety of commodities. Though nominally independent, the houses arranged many transactions together, helped each other through temporary liquidity problems and, most importantly, through extremely regular correspondence shared political and economic intelligence practically on a daily basis.

The Information Network and the Role of Agents

It is important to note that the agents' network did not develop according to a master plan,² but evolved according to changing business interests of the Rothschilds and the opportunities and markets available to them. In doing so, it was not a static but a dynamic phenomenon, pointing to the mutual influences of situational factors and larger structures. The network's origins can be found in the later years of the Napoleonic period. One has therefore to bear in mind that the Rothschild family itself built up an international network of nominally independent banking houses during the first quarter of the nineteenth century, with which their agent network developed in tandem. The earliest permanent contacts are recorded in Flanders and the Netherlands. Rotterdam, Dunkirk, Amsterdam, Antwerp and Brussels were early nodes in a network in which the Rothschilds predominantly traded in "English goods". Political intelligence during the first decade of the century was merely a by-product of the agents' correspondence, which focused very much on market and stock prices. Towards the end of the Napoleonic wars, Hamburg rose quickly in importance as an additional focal point of the network. At this time, we also find the first transcontinental agencies, namely in Rio de Janeiro. During the French occupation of Portugal, the Portuguese government had been relocated to Brazil, which at the time was one of the world's biggest producers of gold. The company *Samuel & Philips* went to Rio with the court and government and dealt in precious metals with various European houses, but pre-

² This account is a brief summary of Rainer Liedtke: *N M Rothschild & Sons. Kommunikationswege im europäischen Bankenwesen im 19. Jahrhundert*. Cologne 2006, passim.

dominantly with the Rothschilds. One of the partners, Moses Samuel, had married a sister of Nathan Rothschild's wife Hannah.

At the time of the rapid rise of the Rothschilds from around 1820, the agents' network enlarged enormously. Further North Sea ports were added and a large number of agencies founded in France and the Mediterranean, and also in Eastern Europe. This was the time when the Rothschilds became a truly pan-European and, to an extent, global financial force. Agents were placed in locations which were central to certain businesses, usually ports, but also in political decision-making centres of which there were many, reflecting the political fragmentation of the European continent at the time. This was particularly true of pre-unification Italy, but also for France and Spain. The German states were comparatively underrepresented, presumably because Amschel Rothschild in Frankfurt was controlling most of the financial dealings there himself. Several years before 1820, the Rothschilds began with the emission of government loans for a number of European states. This business kept growing and required particularly reliable political information.

In Latin America, the cities of Salvador (Bahia), Valparaiso and Havana joined Rio as focal points of Rothschild agencies. Here, trade in commodities such as cotton, sugar and tobacco, but also silver and gold, was in the foreground, not the provision of financial services. Hence, depending on the context, the business activities of the Rothschilds took on different shapes and furthered different goals.

From the 1830s to the 1850s, the network did not grow very much in size but it transformed its character, often in accordance with changing business requirements. Some of the agents, such as Weisweiler in Madrid, Bleichröder in Berlin or *Morpurgo & Parente* in Trieste, became more important nodes in the network and also corresponded intensively among each other. Generally speaking, many agents included a lot more political intelligence in their despatches to the various Rothschilds than during the earlier part of the century. In particular the development and spread of the electric telegraph and news agencies from the 1840s onwards decreased the value of pure business information, since they were common knowledge at least for those who subscribed to the required services, as all bankers did. Now, the evaluation of the course of business and in particular strategic counselling on the likely course of political events were the kind of high-value information the principals expected from their agents.

Finding and Keeping Agents

Various paths led to an appointment as a business agent to the Rothschilds. In the same way as the entire network of agents was not built up according to a strategic plan, there was also no clear-cut recruiting scheme for its individual members. One very obvious way of finding people who informed the Rothschilds on a regular basis was to turn to business partners with whom one or several of the houses had longer-standing relationships and ask them to regularly forward political and business intelligence. Sometimes they started by simply conveying stock exchange prices and later became more and more detailed. These were usually bankers and merchants in their own right who hoped for Rothschild commissions and therefore provided the family with all kinds of information about their place of residence they judged to be useful. What is important to note is that the judgement whether an agent of this kind was to be trusted was left to one of the Rothschild family members who made the initial contact. If one Rothschild house confirmed its reliability, others also accepted advice from such a source. It was quite unusual for such agents to feed regular intelligence into the Rothschild information network. If there were any noteworthy political developments, they included them in their briefs. If not, they may not have written at all or they limited themselves to regular stock exchange movements.

When it comes to the many agents specifically appointed and sent out by the Rothschilds, recruitment was usually far more elaborate. Here, the family placed the utmost importance on trust, and there were two principal ways of earning it before becoming an agent: through being a relation of the family or through having worked for one of the houses for a considerable amount of time. In some instances this was combined. Mayer Davidson, one of the early agents, came to London from Germany in 1803 and some years later began working for Nathan Rothschild there. In 1816 he married a sister of Nathan's wife Hannah, of the highly influential Barent Cohen family.³ During the late Napoleonic period Davidson was sent to Amsterdam to coordinate a complex smuggling operation for procuring continental coins for British troops on the Iberian Peninsula. Nathan had been charged with this task by the British government and needed trustworthy middle-

³ Hannah was the daughter of Levy Barent Cohen, London's leading diamond trader in the late eighteenth century, who was also one of the pre-eminent leaders of the city's Ashkenazi Jewish community. Details about the marriage arrangement can be found in Herbert Kaplan: *Nathan Mayer Rothschild and the Creation of a Dynasty. The Critical Years, 1806–1816*. Stanford 2006, 8–10.

men to execute this dangerous but highly profitable business.⁴ In later decades several other agents, who had usually started as clerks in one of the banking houses of the Rothschild dynasty and went on to represent the family's interests in certain locations, married Rothschild offspring or other more distant relations. It must be emphasised, however, that such men never gained access to the decision-making circle of the family but instead maintained their own business interests separately, albeit profiting significantly from contacts to the Rothschild network.

Several of the agents also married among each other. The best examples are the families Weisweiller and Bauer of Madrid and Morpurgo and Landauer of Trieste. While Weisweiller was the son of a Jewish money changer from the Frankfurt ghetto of the eighteenth century who had good contacts to the Rothschilds, Bauer – who identified culturally as a German – was a Hungarian with whom the Rothschilds had business contacts and who joined Weisweiller in the 1830s as their representative in Madrid.⁵ Their families soon intermarried, and both became important Spanish bankers in their own right. During the 1850s and 1860s various Bauer relations married, at the explicit instigation of James de Rothschild from the Paris house, into the Rothschild agency *Morpurgo & Parente* of Trieste. Such strategies ensured that their business interests in Madrid and Trieste, two highly important business locations without a permanent Rothschild presence, were covered in the long run by trustworthy representatives.⁶

Some of the earlier agents, who had faithfully worked for the Rothschilds, also introduced their sons to the information network. That was true for Mayer Davidson, whose sons Lionel, Nathaniel and Benjamin (the two older children obviously being named for Rothschild family members) worked for decades as agents in various locations. An extreme case of an agent “dynasty” was the Cullen family, originally from the port of Folkestone. They were so-called “forwarding agents” who cared for speedy and discrete shipping of goods and information across the English Channel for the Rothschilds. Several generations of family members were in service with the English branch of the family, usually in subservient positions. In the twentieth century, some Cullens appeared as porters or butlers at the bank in the City of London.⁷

⁴ Rothschild Archive London (RAL): XI/112/20, Mayer Davidson, London to J.C. Herries, London (15 Dec. 1815); Ferguson, *World's Banker*, 94–96.

⁵ For a detailed account of Rothschild activities in Spain, see Miguel A. López-Morell: *The House of Rothschild in Spain, 1812–1941*. Farnham 2013.

⁶ Alfonso de Otazu: *Los Rothschild y sus socios en España*. Madrid 1987, 445–446. See also the interesting account of the extremely close interpersonal relationships with the Jews of the Frankfurt ghetto in Amos Elon: *Der erste Rothschild. Biographie eines Frankfurter Juden*. Reinbek bei Hamburg 1996, 11–62.

⁷ RAL: 000/921, Herbert Elton: *The Best Club in London*, Manuscript, undated c. 1930.

Family relations merited trust, although if they did not perform well, they were quickly excluded from important positions within the information network. Only born Rothschilds were always trusted, and the quintessential criterion for having a Rothschild bank in a certain location or not was whether a Rothschild was willing to move there. St. Petersburg, then the Russian capital, and New York, the emerging financial capital of the Americas, were cases in point. The former city held no appeal for a Rothschild because of the blatant anti-Jewish attitudes within much of Russian society but also its political elite and leaders, not to mention the uncomfortably cold weather.⁸ In the case of the US, a lack of business judgement prevented the setup of a house, because no Rothschild found the American market important enough to settle there, until it was too late and the scene was dominated by other private and later the joint stock banks.⁹

In New York we also find the only real failure of the agents' network. Here distance and poor personal judgement combined to the disadvantage of the family. The German-born August Schönberg, who had joined the Frankfurt house as a clerk at the age of fifteen in 1813, was sent to New York in 1837 to sort out some financial dealings which had become disorderly during a trading crisis. Afterwards he was supposed to sail on to Havana to attend to Rothschild interests in Spanish-Cuban trade. However, Schönberg had other plans. He changed his name into Belmont, rented an office on Wall Street and told everybody there that he was acting as a Rothschild agent from now on. The various Rothschild houses were furious about this, yet they could not intervene or control such an event due to the enormous geographical as well as communicative distance. They were forced to put up a brave front, since Belmont had started discounting papers in their name. Having established himself in the market, Belmont converted to Christianity, since this gained him entry into New York society. He began to get involved in Democratic Party politics up to a very high level, married into a "good local family" and continued having business with and for the Rothschilds, although he had clearly emancipated himself from them at a very early stage.¹⁰ The family always complained about him in their letters, yet they never dissociated themselves completely from Belmont, since the North American market at the time worked well enough for them and played second fiddle to their European and Latin American engagements.

⁸ Liedtke, N M Rothschilds & Sons, 106–107 and 168–185.

⁹ This process is being described in Lance E. Davis and Robert E. Gallman: *Evolving Financial Markets and International Capital Flows. Britain, the Americas, and Australia, 1865–1914*. Cambridge 2001, esp. chapter 3.

¹⁰ Irving Katz: *August Belmont. A Political Biography*. New York 1968.

Payment for Information

There are scarce indications in the sources that the Rothschilds paid their agents. Obviously those agents who also had businesses in their own names did not receive any remuneration. But the appointed agents sometimes did, and they all had certain amounts at their disposal to cover costs. And they also could trade in their own name, albeit on a much smaller scale. At the time this was perfectly normal, not only for agents but also for clerks working at the bank. What today would be called insider trading was commonplace in nineteenth-century finance and part of the salary package of employees of financial institutions.¹¹ All agents profited from having business relations with the Rothschilds, and did so in three ways. First, Rothschild agents enjoyed a tremendous reputation. Being in regular contact with the preeminent financial dynasty of its time boosted everybody's credibility. Second, the agents not only sent information to the Rothschilds but also received information from them. They were thus part of the whole network of intelligence. The depth of involvement varied, but there cannot be any doubt that agents were able to tap into the pool of (usually privileged) economic and political news to which others could not have had such easy access. Third, agents were favoured by the Rothschilds with business deals. That could include loan emissions or a simple deal in goods which went through their destination. In the long run, the quality and volume of such deals was certainly sufficient to boost the finances of any agency. Therefore, payment for information as a positively connoted way of capital leverage cannot always be traced directly but, as this example shows, at least indirectly.

Interesting is the Rothschilds appraisal of the earning potential of their agents and, for that matter, their employees. The family was confident that well-remunerated staff were likely to be motivated and, much more importantly, loyal. Amschel Rothschild, the principal of the Frankfurt house, wrote in 1816 to his brother James in Paris about Friedrich Gasser, their future representative in St. Petersburg:

You may take Gasser with you to St. Petersburg when the time is right. He is a [...] person. I allowed him to earn 400 thalers here. He has received a brokerage fee from the Seehandlung in London, where I have bought back something. This brings about friendship¹², and

¹¹ See Jehanne Wake and Kleinwort Benson: *The History of Two Families in Banking*. Oxford 1997, 68.

¹² The word "friendship" (*Freundschaft* in the original *Judendeutsch*) is a commonplace term which does not denote emotional attachment but is rather used as a synonym for "trust".

it is better I let him earn something openly than through stealing. One must let him earn something because one cannot do business without people like him.¹³

Agency costs, an important consideration when running a multinational business operation, must have therefore been kept relatively low. This is a mere assumption: we lack the hard data to prove it, since there are few records detailing remuneration, expense accounts and costing for running agencies. Agency costs fall into two categories. One is the straightforward payment of agents and taking care of their business expenses. The other is more difficult to ascertain because it concerns the amount of money agents make on the side *without* the consent of their principals.¹⁴ It can be assumed that in particular this second type of costs was kept at a minimum in the case of the Rothschild network. The simple reason behind this was expediency. Someone employed by the Rothschilds or with regular business contacts to them would have been rather foolish to risk jeopardising this relationship, since throughout much of the nineteenth century, the family had no equal in the sheer volume of its financial transactions or political leverage. In that sense, the Rothschilds can hardly be investigated as a “typical” financial dynasty of their time; their information network was not the norm in banking, but was exceptionally well developed. This puts a clear limit to using findings from the history of the Rothschilds to explain European financial history.

Blurring Religious Boundaries? Jewishness as a Selection Criterion for Agents

The Rothschilds were Jews, and it was unthinkable to them to marry non-Jews. Although the original five brothers and their offspring varied in their standards of religious observance, none of them ever contemplated conversion as a vehicle for social advancement. The obvious question is whether religion played an important role in their selection of business partners and in particular of their representatives. One could expect that in a world where Jews were often rejected, disadvantaged or even persecuted, a coreligionist would be someone to put trust in. Ethnicity, after all, might be considered a highly reliable characteristic when it

¹³ RAL: XI/109/5A, Amschel von Rothschild, Frankfurt to James de Rothschild, Paris, undated, approximately late 1816. Translation by the author.

¹⁴ An elaboration of “agency costs” can be found in Ann M. Carlos and Stephen Nicholas: Agency Problems in Early Chartered Companies. The Case of the Hudson’s Bay Company, in: *Journal of Economic History* 50, no. 4 (1990), 853–875, esp. 856–857.

is assumed to be a stable and unchangeable feature. Especially in the nineteenth century, people of the same ethnic or ethno-religious background usually shared similar origins, moved in the same circles and shared many values.¹⁵ However, while a fair number of the business agents of the Rothschilds were Jews, many others were not. The fact that a disproportionately high number of men involved in banking and finance in nineteenth-century Western and Central Europe were Jews is definitely responsible for a high proportion of the agents being Jewish. Nevertheless, it would have been easy for the Rothschilds exclusively to deal with and employ Jews, yet they did not do so. Trying to find an answer to why this was not the case, two reasons can be identified: First of all, it was clear to the Rothschilds that honesty and loyalty were not necessarily functions of one's ethnic or religious background. There are countless letters written by various Rothschilds in which they complained bitterly about "this Jewish crook" or that "miserable Jewish rascal" when evaluating a poor or even disloyal performance of a business relation or agent. The above-mentioned August Schönberg/Belmont of New York was a case in point. Second, and this seems more important, an exclusively Jewish network of information gatherers would have been much more limited in its scope and in its ability to procure intelligence. It would have been far more self-referential than a network which was heterogeneous in as many respects as possible, so that its members had access to various circles of people and in turn to their information.¹⁶

15 Frederik Barth: *Ethnic Groups and Boundaries*. Boston 1969, 15. With reference to Barth, the discussion of Jewish "ethnicity", especially in nineteenth-century Europe, has progressed further. Till van Rahden has suggested the valuable concept of "situative ethnicity", meaning that being part of an ethnic group has a changeable significance which depends on concrete life situations or social contexts. See Till van Rahden: *Weder Milieu noch Konfession. Die situative Ethnizität der deutschen Juden im Kaiserreich in vergleichender Perspektive*, in: Olaf Blaschke and Frank-Michael Kuhlemann (eds.): *Religion im Kaiserreich. Milieus – Mentalitäten – Krisen*. Gütersloh 1996, 409–434, esp. 420–421. A comparative study of Jewish self-perceptions in France and Germany has convincingly established that already in the late eighteenth and early nineteenth century Jews identified primarily as an ethnic group, or rather that they generated a multitude of ethnic concepts. See Philipp Lenhard: *Volk oder Religion. Die Entstehung moderner jüdischer Ethnizität in Frankreich und Deutschland, 1782–1848*. Göttingen 2014, esp. 23. The Jewish Rothschild agents demonstrated that while their Jewishness might have mattered a great deal for their private social life and contacts, it held preciously little significance in the business sphere.

16 The classic study elaborating on this factor is Mark Granovetter: *The Strength of Weak Ties*, in: *American Journal of Sociology* 78 (1973), 1360–1380.

The Agents' Sources of Information

Where did the agents get their information? Obviously a lot of business details and some political intelligence were out in the open and available from stock exchange rate sheets or newspapers. Before the invention of the electric telegraph and even for some time afterwards, for such information one needed people on the ground at distant locations to send them on to decision-making principals. This was the bread-and-butter business of most agencies. However, it was particularly the more privileged and less easily obtained information that the Rothschilds and all other bankers and decision-makers were after. Two key factors helped agents in obtaining it: First, access to politicians and business people of rank. Although many agents were of rather humble origin themselves, the fact that they represented the most important bankers of their time virtually guaranteed them the attention of the highest levels of society in their various locations. That included the relevant government officials and sometimes even the rulers themselves. Second, the Rothschilds and their agents assumed, as did everybody in business and finance at the time, that especially ministerial personnel divulged important information or favoured one with state business. Yet it came at a price, for bribes were expected and freely given. Rare exceptions to that rule were duly noted. Christian von Rother, Prussia's plenipotentiary for disbursing French indemnity payments after 1815 was such a case. Amschel von Rothschild wrote to his brothers that "Rother has his system and we cannot do anything about that because Rother is not a man who can be bribed".¹⁷ For almost everybody else, bribery, at least in the case of the Rothschilds and their staff, usually did not mean the payment of certain sums as cash in hand but maybe the arrangement of a favourable credit, help with the purchase of something or inclusion in lucrative future business undertakings.

Mobility and the Functioning of the Information Network

Today we naturally see the financial sector as a global player in a globalised economy. Globalisation was an incomplete concept in nineteenth-century Europe, evident only on the fringes of politics and in parts of the economy, particularly where overseas colonies were involved. However, banks and bankers operating on a scale as the Rothschilds did were already thinking and acting globally. They

¹⁷ RAL: XI/109/13/1/248, Amschel von Rothschild, Frankfurt to his brothers, 23 Dec. 1829.

were thus dependent on fast and reliable information from all over the world. The information network of the Rothschilds was an extremely international operation. For analytical purposes it is helpful to once more draw attention to the simple fact that the Rothschild family had transcended national borders at a very early stage. With Nathan's move to Manchester in the 1790s and at the latest with the trans-European smuggling operation conducted by the entire family during the Napoleonic period and the ensuing foundation of houses in Paris and Vienna, the family had made its home in several European states. While the original five brothers could be described as transnational Europeans – with the possible exception of Amschel, the eldest, who stayed in Frankfurt practically all his life – their children and grandchildren had become citizens of their respective homelands. They formed allegiances with German states, Britain, France and Austria, yet their loyalty to each other, also through wars, remained steadfast. And they continued to cross borders with ease through constant travel, something only a tiny proportion of the population did at the time.

The internationality of the information network the Rothschilds had formed is self-evident. Mobility was a key factor in its success. Many agents who were being sent to various posts in Europe and overseas had no prior connection with their new residences. Often they did not even know the languages being spoken there. Some agents therefore initially employed the services of an interpreter, although many were able to use French, the *lingua franca* of diplomacy, when dealing with political dignitaries. Many agents also changed positions across borders several times. Benjamin Davidson, for example, after a rather unsuccessful stint in St. Petersburg, where he had been denied permanent residency on account of his Jewishness, went across the Atlantic. Via the West Indies, Panama, Chile, Peru and Mexico he finally reached San Francisco, where he established a permanent agency for the Rothschilds.¹⁸

Every day the various Rothschild houses received letters in a number of languages. Until the 1830s German – or rather *Judenteutsch* (a Western Yiddish dialect) – was the dominant language of the agents' correspondence, including letters received by the London or Paris houses. In later decades English became more and more important, although some of the long-established agents such as all the Hamburg correspondents, Bleichröder in Berlin, Fraenkel in Warsaw and Meyer in St. Petersburg wrote exclusively in German up to the 1870s. It did not matter whether they were addressing the principals in France, England or one of the German-speaking cities. Most Southern European agents wrote in French. All the male Rothschilds of the second and many of the third generation mastered Ger-

¹⁸ Liedtke, N M Rothschild and Sons, 183.

man, English and French well enough to correspond in these languages. Between each other, the Rothschilds usually wrote in *Judendeutsch*, essentially German of the nineteenth century, sometimes interspersed with Hebrew words and always written in Hebrew characters. This language of inter-family correspondence only lost its significance when four of the five brothers of the first generation had died, i.e. in the mid-1850s.¹⁹ Some Jewish agents occasionally used Hebrew characters for some words in their correspondence, not to keep matters secret from the prying eye of a third party but rather, one may assume, to evoke a sense of familiarity with their principals.

Being “foreign” (not only in a legal and political but also in a cultural sense) held both advantages and disadvantages for Rothschild agents in many locations. At least initially, they were not part of the established local business elite with long-standing political connections. This was something most of them had to work their way into, which could take some time. However, the reputation of Rothschilds speeded up that process tremendously. Moreover, not being part of an established set could also be seen as an advantage, since such agents were open for offers from all bidders and not steeped in local intrigues and animosities. Finally, being “foreign” ensured, at least to a degree, that agents had no established loyalties to the governments or ruling entities of their respective locations and retained some kind of independence. With time, they could develop new ones, but there was a good chance that their prime loyalties remained with their principals abroad, something that could not be valued highly enough in international finance.

Conclusion

It can be argued that the transnational mobility of the agents was one of the factors which strengthened the information network of the Rothschilds. However, they were not the only banking dynasty that had correspondents and agents abroad, although this has not been studied in great detail.²⁰ Overall it seems that not only the diversity but also the sheer size of the network, in particular the size of the Rothschild banks and their financial operations, should be regarded as a prime reason

¹⁹ Ibid., 59–60.

²⁰ Studies on three of the main Rothschild competitors in the London market make only passing remarks on the importance of business correspondents. While all of these houses must have had agents’ systems at least somewhat similar to that of the Rothschilds and sometimes shared the same agents, nobody seems to have studied these in any greater detail. See Philip Ziegler: *The Sixth Great Power. Barings, 1762–1929*. London 1988, esp. 131–132; and *ibid.*, 169–170 for Barings

for their extreme success. The reputation of the bankers extended to their representatives, who owed to it a more privileged access to decision makers worldwide. As for loyalty, very few business partners or agents dared to cross the Rothschilds. Some of the older, more established agents took the liberty to carefully criticise particular business decisions or suggest alternatives. As long as this was done in a constructive way, and it always was, the various Rothschilds seemed to have welcomed that. Disloyalty, however, was an extremely rare occurrence when it came to the relationship between agents and principals, because almost nobody wanted to put an usually profitable relation with the foremost financial dynasty of its time at risk.

contacts to Stieglitz in St. Petersburg and Weisweiler in Madrid; Kathleen Burk: *Morgan Grenfell, 1838–1988. The Biography of a Merchant Bank*. Oxford 1989; Jehanne Wake: *Kleinwort Benson. The History of Two Families in Banking*. Oxford 1997.