

The Rothschilds: A Continuing Saga

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BERLIN – The extensive banking dynasty founded in the late 18th century by Mayer Amschel Rothschild, a coin dealer and later a financial adviser to a German prince, contrasted drastically with the modest house on Frankfurt's Judengasse (Jews' Lane), in which he lived until his death. Four of his sons – who were sent to major European cities with some initial funding and instructions to remain loyal to the family at any cost (the fifth son remained behind to manage the family business in Prussia) – turned the Rothschild family into the most successful financial institution of 19th-century Europe. The Rothschilds bankrolled wars, national projects and international initiatives involving various kinds of infrastructure. To a large extent, they were family bankers, but the families with which they did business were the royal houses of Europe.

The name Rothschild eventually became a catch phrase that fired the public's imagination. Reporting on a clandestine meeting between the five sons of the family "patriarch" and their offspring, The London Globe wrote in October 1837 that the romantic perceptions of Europe's royalty were no match for the tales of the House of Rothschild. The newspaper noted that the members of the celebrated Rothschild family had met in Paris to discuss the reorganization of their prosperous business. However, the Globe also noted that, much like Europe's aristocracy, the Rothschilds married within their own clan, and thus one could detect some physical degeneration among the descendants.

By the late 19th century, the adventures of this illustrious family were depicted in many plays in various languages. They inspired films, were the focus of anti-Semitic propaganda in the Third Reich, and are still prominently featured in contemporary anti-Semitic and anti-Zionist propaganda.



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Two weeks ago, another chapter was added to the Rothschild saga. The Financial Times reported that Nathan Mayer Rothschild, who established the family's English branch and was perhaps considered the most successful of the five sons of the dynasty's founder, had been indirectly involved in the slave trade. The newspaper alleges that he received dozens of slaves (on paper only) as a guarantee for a 3,000-pound loan he granted to an English baron, who owned several plantations.

Based on documents in British archives, the report has been a source of great embarrassment to the family. Previously, Nathan Mayer Rothschild had been regarded as a prominent champion in the campaign to abolish slavery, and as having played a major, economic role in ultimately putting an end to it.

Various organizations in the United States, where the Rothschilds' investment bank does business, have now threatened to sue the family.

As economist and historian Niall Ferguson has written in "The House of Rothschild," his two-volume biography of the Rothschild family (including "Money's Prophets: 1798-1848," and "The World's Banker: 1849-1990"), at the height of their power in the late 19th century, the Rothschilds controlled more assets than any other family in history. Their businesses had branches in Paris, Vienna and Naples, and they owned 45 palaces around the world.

The Rothschilds were pioneers when it came to trading government bonds (for a fee), and through this, they developed considerable political influence; among those they did business with were such figures as Count Klemens von Metternich and Arthur Wellesley, the first Duke of Wellington. The English branch of the family made a considerable fortune off of Wellington's victory at Waterloo. Branches of the Rothschild bank financed the laying of railroad tracks in Spain as well as the French effort to build the Panama Canal; the bank was also the major financier behind Britain's ownership of the Suez Canal. The family, particularly Nathan Mayer Rothschild, also became involved in bankrolling wars throughout Europe.

Last month, in an article entitled "Trading down," The Economist (which is published by a group that is part-owned by the Rothschild family) wrote: "Like the Rothschilds of old, Marriott [the hotel chain] likes to buy to the sound of cannons and sell to the sound of violins." Over the years, family members who showed no interest in joining the banking business entered such areas as art, science and wine-making.

However, when Europe became embroiled in the world wars, the Rothschilds' financial empire began to decline. In a rare interview, Sir Evelyn de Rothschild, Nathan Mayer's great-great-grandson and the former head of NM Rothschild & Sons in the United Kingdom, noted that, prior to World War I, the Rothschild bank had been Europe's leading financial institution. According to Sir Evelyn, the family's success in the 19th and early 20th centuries paralleled that of Europe.

In "Restoring the House of Rothschild" (The New York Times, October 27, 1996), Youssef M. Ibrahim writes: "The great question now is what is to become of the House of Rothschild itself. For while any family, business or industry can have a bad year, the Rothschilds, financiers of kings and princes when Europe was a royal family affair, have had a bad century."

In the wake of the Great Depression and mounting anti-Semitism, the Rothschilds' situation changed dramatically. The family never concealed its Jewish identity. In fact, Lionel Nathan de Rothschild became the first Jewish member of British Parliament, and many members of the family's French and British branches – especially Baron Edmond James de Rothschild – supported the Zionist enterprise and consequently provided considerable assistance to Jewish settlements in pre-1948 Palestine.

Back to the roots

The Nazis' rise to power ultimately forced the Rothschild brothers to flee Germany, Austria and France. The family emerged from World War II owning only three small banks: NM Rothschild & Sons in the U.K. (the bank is named after Nathan Mayer), Banque Rothschild in France, and a third bank in Switzerland. In the 1980s, when the socialists formed the

government in France, the state nationalized the French branch and even forbid the family from using its last remaining and most precious asset: the name Rothschild. Later, when Jacques Chirac became president, the ban was lifted.

In the late 1990s, the Rothschilds ran the only privately owned investment bank in the world; however, the family ultimately bowed to powerful multinational banking corporations. According to Sir Evelyn, the Rothschilds were forced to return to their family roots and to merge the French and British branches; that merger was completed two years ago.

Meanwhile, the family has begun to concentrate on financial counseling, management of privatization processes, and mergers and acquisitions. In 2002, Forbes estimated the family's worth at \$1.5 billion. However, because of the heavy veil of secrecy surrounding such information and because of the family's refusal to discuss the details of their business undertakings, some believe the figure is considerably higher. Thus, the immense sensitivity surrounding the Rothschild name and reputation still exists – which explains the family's shock at the slavery allegations.

Carola Hoyos, writing in the Financial Times on June 26, reported: “[The] Rothschild [bank] said Nathan Mayer Rothschild had been a prominent civil liberties campaigner with many like-minded associates and ‘against this background, these allegations appear inconsistent and misrepresent the ethos of the man and his business.’”

In a letter to the Times, historian Ferguson, who was granted access to the Rothschild family archives, stated: “It would have been remarkable if they [the Rothschilds] had not been involved in some way with slavery, since it was the dominant form of labor organization in the production of sugar, tobacco and cotton at that time. But if this loan was the extent of their involvement, it was small indeed. For one thing, the sum was trivial by Rothschild standards: 3,000 pounds in a year when the combined capital of the five Rothschild houses exceeded 4 million pounds.”

Meanwhile, according to British media reports, members of the Rothschild family are among the victims of the huge swindle engineered by Bernard Madoff. He has been sentenced to 150 years in prison, but his scandalous actions have also sparked a revival of anti-Semitic attacks – of which the Rothschild family has also been a target, from time to time, over the years.

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