

Nathan Mayer Rothschild and the Creation of a Dynasty: The Critical Years, 1806–1816. By *Herbert H. Kaplan*. Stanford: Stanford University Press, 2006. xxiv + 194 pp. Illustrations, tables, bibliography, notes, index. Cloth, \$45.00. ISBN: 0-804-75165-X.

Reviewed by Priscilla Roberts

Herbert H. Kaplan's new study of a crucial decade in the history of the Rothschild banking firm gives the lie to those who might have considered Niall Ferguson's massive two volumes, *The House of Rothschild* (1999), the last word on the subject. Kaplan's study illuminates not just the rise of the Rothschilds, but also how significant the British government's ability to utilize these bankers' services was to its ultimate defeat of Napoleon. Kaplan covers only ten years in the career of Nathan Mayer Rothschild, but his careful study, based on extensive research in the Rothschild archives and the papers of the British Treasury, the Royal Mint, and British commissary-in-chief John Charles Herries, successfully debunks several myths, including some the less critical Ferguson took at face value. Preeminent among these is the story that, thanks to his excellent courier service, in 1815 Nathan Rothschild was the first person in London to learn of the Duke of Wellington's victory at Waterloo, a message Kaplan claims Rothschild never received at all. Despite Ferguson's relentless appetite for material and ability to digest massive quantities of information, he was unable to match in his broader history the level of detail that Kaplan attains in this microperspective.

One of the more enigmatic aspects in the emergence of the Rothschild banking empire is how Nathan Mayer Rothschild, in the early 1800s the third and apparently unpromising son of the medium-ranking, Frankfurt-based Jewish financier Amschel Mayer Rothschild, became the crucial figure who propelled the once struggling family business in Manchester to preeminence among its numerous European rivals. One significant factor in this metamorphosis seems to have been Nathan's timely marriage in 1806 to Hannah Cohen, the daughter of well-connected diamond merchants based in Amsterdam whose business associations spanned the continent. Kaplan demonstrates that while Hannah brought no "dowry" for Nathan's use—her substantial marriage settlement remained under her own control and was not, as Ferguson states, added to her

husband's capital—she tied Nathan into a commercially advantageous web of Jewish economic links. Even so, initially the quick-tempered, somewhat careless, and uncommunicative Nathan was often on poor terms with his in-laws and his own family. In 1809 his father, Amschel, threatened to break off all business dealings with him unless he provided more details of transactions in the bills of exchange on his father's account. Nathan, who was by this time heading firms in both Manchester and London, dealt heavily in such securities, juggling them between his two different businesses and running up massive quantities of obligations until his credit was exhausted, strategies that forced one close associate into bankruptcy in 1810.

Kaplan claims that it was not, as Rothschild legend would have it and to some extent as Ferguson claims (though the latter certainly suggests that these transactions were less significant than was once believed), commissions and profits on massive purchases of securities made on behalf of the Elector of Hesse-Kassel that rescued Nathan from this impasse, thereby launching the Rothschild house on its path to fortune. Rather, it was Nathan's growing expertise in smuggling specie and bullion between Britain and the continent during the Napoleonic wars to take advantage of differential exchange rates, an illegal and risky but highly lucrative trade bankrolled by his father, at which Nathan speedily became adept. Kaplan explores the mechanics of these undertakings in far more detail than does Ferguson, including the close Rothschild links with, and possible financing of, British maritime families who specialized in shipping these valuable cargoes. Like many great fortunes, therefore, that of the Rothschilds was effectively founded upon illicit enterprises, albeit transactions to which the authorities often deliberately turned a blind eye.

And, like many other contemporary Jewish banking firms, their prosperity also rested upon backing the right horse in the Napoleonic wars and developing close relations with one or more of the warring governments involved. For the Rothschilds, this meant above all the British government, as the bank became the paymaster of its armies and the disbursing of subsidies to the states arrayed against Napoleon. Before the French emperor's 1814 defeat and abdication, the Rothschilds, including the Paris house—largely directed by the remarkably able James Rothschild, then still in his early twenties—had already themselves joined forces against him, in January 1814 contracting

to supply the Duke of Wellington with the monthly hundred thousand pounds sterling or its equivalent he required in ready cash to continue paying his armies and waging war against Napoleon. Before long, the Rothschilds had also become responsible for delivering the subsidies the British government had promised its German, Austrian, and Russian allies. Such payments were normally made in cash, so that “during the first nine months of 1814, the Rothschilds had become experts in crisscrossing the frontiers of Europe buying, selling and transporting millions of coins” (p. 120). After Napoleon’s return from Elba, they continued to do so, handling millions of pounds worth of such subsidies, including napoleons and louis d’or that were coined—initially illegally—by the British government.

In these transactions, the Rothschilds worked intimately with top-level British officials, most notably commissary-in-chief Herries, together with Wellington, Chancellor of the Exchequer Nicholas Vansittart, and Prime Minister Lord Liverpool. Considerable informality on occasion marked these arrangements, since by no means all of them received official authorization from the British government and some, including early exports of British guineas to Wellington, contravened existing legislation. Disentangling the rather sketchy paperwork relating to them subsequently took the Rothschilds and the British government several years. While differing on occasion over the intricate minutiae of particular operations and their precise returns to the Rothschilds, Kaplan and Ferguson are agreed that the profits on these transactions nonetheless laid the foundation of the London, Paris, and Frankfurt Rothschild houses’ future fortunes and ability to function as major financiers. One regrets that Kaplan breaks off this rather brief volume in 1816, a juncture when, as he himself points out, major new challenges faced the Rothschilds as they adjusted to the problems of business competition in a time of peace.

*Priscilla Roberts is associate professor in history at the University of Hong Kong. She is the author or editor of numerous books and articles on diplomatic and international history, including The Cold War (2000), Window on the Forbidden City: The Beijing Diaries of David Bruce, 1973–1974 (2001), and Behind the Bamboo Curtain: China,*

Vietnam, and the Cold War (*forthcoming*). *She is working on a study of the origins and development of the twentieth-century United States foreign policy establishment.*