

“Interfered with by the state of the times”

Elaine Penn of The Rothschild Archive explores the outbreak of the American Civil War through the letters of August Belmont



AMONG THE MANY FASCINATING CHARACTERS who together made up the Rothschild family’s global network of business agents in the 19th century, few could rival in interest August Belmont. Better known in the United States as a politician and as a racehorse owner who gave his name to a celebrated New York racecourse, Belmont’s work for the Rothschilds has not received the attention it deserves.

Given that nearly 200 boxes of letters from the Belmont agency survive in The Rothschild Archive, covering the period from 1837 to 1922, there is much scope for research.

In order to give a taste of what is to be found among the letters, one sample year has now been analysed in detail. The choice of year was not easy, but in the end 1861 – the first year of the American Civil War – was decided upon as offering the possibility of discovering how well briefed the Rothschilds in Europe were as to the events unfolding across the Atlantic and whether their business could be seen to have been affected directly by the political events and subsequent conflict. The Rothschilds have often been accused of supporting the Confederate cause and of attempting to influence the British government in their favour. Would the Belmont letters confirm or refute the allegation?

Wall Street, half-past-two o'clock, October 13, 1857
by James H. Cafferty and Charles G. Rosenberg (Courtesy of the Museum of the City of New York. Gift of the Hon. Irwin Untermyer)

August Belmont (1813-1890) had worked his way up through the ranks of clerks in the Rothschild Bank in Frankfurt when he was sent across the Atlantic in 1837 at the age of twenty-three. The plan was for him to travel via New York to Havana to investigate how the Cuban economy and the various Rothschild interests there were being affected by the Spanish Civil War. However, he arrived in New York, then in the middle of a financial crash, to find the existing representatives of Rothschild (J.L. and S.I. Joseph & Co.) had gone out of business. Using his own initiative he set up an office in New York and began to act as the Rothschild agent there. This behaviour was not initially welcomed by his employers who expected him to follow his orders to proceed to Havana. Although he eventually received word that the Rothschilds had agreed he should remain in New York and would receive a salary of \$10,000 a year, it set the pattern for a turbulent relationship between Belmont and the London and Paris houses of Rothschild. Belmont continually felt undermined and mistrusted by his European masters, whilst the Rothschilds felt he was rash and arrogant.¹ Nonetheless the Rothschilds realised the importance of having an agent based in the growing North American market, especially as none of the younger members of the family felt inclined to go there themselves.² Despite the reluctance from Europe, Belmont rented a small room at 78 Wall Street and began to speculate in cotton and securities. He purchased stock on behalf of N M Rothschild & Sons, handled bills and traded in tobacco, lead and quicksilver and handled the various government and railway bond issues for the Rothschild Bank made in the U.S.A. As well as making money for the Rothschild banks, Belmont became a rich man in his own right and soon began to move up the ranks of New York society, becoming Austrian Consul and then Ambassador to the Hague in 1853, and later becoming a leading figure in the Democratic party. As such he had a good vantage point from which to view the events of the American Civil War and its effect upon society, politics and business.

opposite

August Belmont and his wife Caroline in their carriage, 1854.

A painting by Wouterus Verschuur (Courtesy of the National Portrait Gallery, Washington DC)

The letters in the Belmont file for 1861 are arranged chronologically and take two forms which might be described as general business letters and private business letters. These categories are further described below. The number of letters for the year totals 553 and of this figure, 395 fall into the category of general business and 158 of private business correspondence. The chronological arrangement of the letters makes no distinction between the different types. Nearly all are written by August Belmont & Co. to N M Rothschild & Sons in London, although there are occasionally copies of letters forwarded by Belmont from other business agents in the States. Throughout the series there are also letters written by Belmont himself, including a small number of more personal letters during his travels in Europe (August left New York in July 1861 on a secret diplomatic mission as an unofficial US government representative, assessing European sympathies and returning to the States in the Spring of 1862.³) The letters from Europe touch upon various practical issues, such as the forwarding of copies of *The Times* and other correspondence on Belmont's behalf.⁴

The general business letters are routine correspondence, detailing the day's transactions. This category can be subdivided as there are several specific types of letters – predominantly those entitled 'Tobacco', and those entitled 'Drafts per Steamer'. The latter are usually one-page sheets, giving the name of the particular steamer to be leaving New York harbour that day and a list of the drafts Belmont has sent to London on board the vessel. The Tobacco letters contain detailed information about the markets in New York and Baltimore and about the crops themselves. This information includes weather conditions and, increasingly, the problems of cultivation due to the conflict. As the war progresses, the letters also report on the particular issues affecting the tobacco market, including the problems of supply from the secessionist states which naturally raises the price of the crop within the Union: "the tendency of prices is decidedly upward and the position of the article in view of the reduced production in Virginia, Kentucky



and Missouri.... likely to be the consequence of the war, is such that even in case of the re-opening of the ports and the re-establishment of peace no material decline in prices is expected.”⁵ The letters often include a summary of detailed reports received from Mr. Garter (an unidentified correspondent, presumably acting as a cotton agent for Belmont in Baltimore) which describe at length the planting conditions throughout the country. The constant worry is over the effect the war will have on the tobacco market. In June there are reports from Virginia via travellers and newspapers which suggest that only one third of the usual tobacco crop will be raised there. A decrease is equally certain in Kentucky and Missouri. Maryland and Ohio will also plant less and be lacking in manpower for the proper culture and treatment of the crop.⁶

The letters report on political events affecting the tobacco market and a keen eye is kept on the actions of the tobacco-growing states as regards their loyalty to the Union: “Events in Kentucky are watched with anxiety and the probability of that State soon being involved in the Civil war is the principal reason of the advance [in the price of tobacco].”⁷ The letters also detail the problems of lack of communication with the secessionist states and the disruptive effect this has on tobacco business. August Belmont & Co. constantly state that they have received no news from Richmond or New Orleans and express this strongly in August 1861, saying that they have nothing to report due to “the Government having strictly prohibited the conveyance of all letters and communications to and from the South.”⁸ Even when news does occasionally reach the North, it is rarely reliable and it can often take considerable time for a particular piece of information to be verified. One fine example of this is the news of Jefferson Davis’ death, reported in September 1861. The rumours continue for over a week before they are finally quashed – all because of the complete stoppage of communication between the Union and the secessionist states.⁹ Every so often the delay in the mail service causes a direct problem for the Rothschild banks. In October there is a query over some drafts which Belmont has passed to N M Rothschild & Sons for the account of the Paris House of de Rothschild Frères. Belmont explains that correspondence is “interfered with by the state of the times” and therefore he cannot be held accountable for transactions which cannot be advised of in time for action.¹⁰

The private business letters written by August Belmont & Co. are indicated as ‘Private’ at the top of the letter and are generally longer in content than the general business letters. It is in these letters that details are given about the progress of the war, along with the day’s business news. Generally speaking the information given about battles and strategies often merely describes and supplements official newspaper reports to which Belmont commonly refers. It is not clear how regularly the Rothschild banks in Europe received newspapers from the United States, nor whether Belmont’s letters reach them first with the ‘scoop’.

The private business letters seem to be written by a clerk at August Belmont & Co., possibly dictated by Belmont himself; at any rate, they are always in the same hand. They are supplemented by a smaller number of letters (54 in total) written in Belmont’s own hand. The contents and form of both types of letter are very similar – giving business information, followed by political news. Where letters exist for the same date, the information given is virtually identical and one cannot help but wonder the purpose of Belmont’s separate correspondence. Of equal interest is the fact that when Belmont leaves America for Europe, the private business letters do not change in terms of hand, tone or content. Were it not for details in a single letter from Belmont dated 4th July, stating that he is to leave on the *Persia* steamer on 17 July¹¹ and subsequent letters received from him from various locations in Europe, one would never actually know he had left America.

Both types of letter express Belmont’s opinions as to the conduct of the war on both sides, from a standpoint supportive of the Union. (The letters certainly repudiate any claims that the Rothschilds or Belmont himself actively supported the Confederate cause).¹² Both an anti-war



A selection of
Belmont's letters
to London

stance and a pro-Federal one are demonstrated. Initial letters express dismay that events have taken such a turn towards conflict: "Mad passion seems to direct the movements of the people in South Carolina and the indications are that the other Cotton states are rushing blindly towards the same infatuation."¹³ The blame for the growing conflict is placed upon the political leaders of the South, most notably the Republicans who are accused of being "selfish and designing" and "who cannot be brought to look beyond their own partisan feelings."¹⁴ Throughout the first few months of 1861, there are constant expressions of hope for a peaceful resolution. For example, a letter in reaction to the news that a provisional Confederate government has been formed with Jefferson Davis and Alex Stevens at its head, reads: "A better choice for talent, firmness and honesty could hardly be made, and they give strong hope, that further acts of lawless violence will be prevented and that a reconstruction of the old Union ... may in time be arrived at."¹⁵ Belmont believes that the only way to avoid civil war is by an amendment to the constitution offering an acceptable compromise to the South, or by a peaceful separation, which can only be achieved by a convention of all the states. And right up to the last minute before the first shots are fired he continues to believe this is possible: "The Americans are ... a practical people, and although they have behaved in the present crises with a total want of foresight and patriotism, they will hesitate long before they plunge in to the horrors of a civil war."¹⁶ Finally, in April 1861, the inevitable is admitted: "We have just seen a despatch from one of the Commissioners of the seceding states at Washington stating that their mission is closed, and war inevitable."¹⁷

Once war is officially declared, Belmont's efforts then turn to convincing the Rothschilds, firstly that there is no danger of the Union side losing, and secondly that the Rothschilds should use their influence to persuade the British Government to act as a mediator in the conflict in order to ensure an early end to hostilities. It is suggested that Lionel de Rothschild could use his political position to this end: "If by your influence with Lord John Russell and the other members of the Government you can aid in bringing the British Cabinet to take such a step you would be the instruments of preventing incalculable mischief and bloodshed. The Queen is so much respected and loved in this country, that her intercession by a special ambassador such as the Duke of Newcastle or Lord Elgin would certainly prove successful."¹⁸ The background to Belmont's

position is of course a financial one – stock prices have fallen and the considerable anxiety over the uncertainty of a war makes buyers unwilling to part with their cash. All Southern stocks are now worthless: “For if a long and exhausting war should be the result of our political complications, the expenses of carrying it on would ruin the Southern States' credit and render their Bonds unsaleable.” Federal stocks are regarded as the safest, but it is deemed disloyal to sell them.¹⁹ As the blockade of the Southern ports leads to a war at sea not only is the cotton business affected as prices rise due to the lack of available stock, but also other imports and exports carried by ship.

Belmont does not doubt that the North will win the war: “We have three times as large a population as committed and as brave as theirs, we have a navy and have money and credit, in which latter they are most sadly and justly deficient.”²⁰ But he is also sure that due to the determination of both sides the conflict will be a long one. Even after the disastrous battle of Bull Run, he believes that the North are not looking to compromise, that they feel strong enough “to put down the Rebellion and are determined to crush it out.”²¹

Belmont fears that the European powers might recognise the Confederacy and thereby legitimise its claim to independence from the United States. Concern over the position of England is expressed throughout the correspondence. Belmont, like many in America, is deeply alarmed by the tone of many of the English newspapers towards the conflict.²² In May he writes regarding Queen Victoria's statement that Britain needs to remain neutral in the Civil War, saying that there is great disappointment and irritation at this as “people naturally compare the position, which England takes now against us to her stand during the Carlist War in Spain. Not for one moment did the British crown acknowledge Don Carlos in the light of a belligerent.” He also details how they have seen men and armaments, equipped by British subjects, leave English ports to assist the cause of Italian independence under Garibaldi and how the people of the USA had a right and hope for the same moral support.²³ Later there are accusations that England wants the war to continue: “leading people” are expressing the opinion that England intends to use its influence to “split up our old Union permanently, and establish 2 confederacies and thereby weaken us as a naval competitor.”²⁴ International disagreements threaten to escalate into war between the two countries when two representatives of the Confederate government on their way to England on an English ship are arrested by the captain of a Federal vessel. This leads in turn to a suspension of all gold shipments due to the precarious political situation.²⁵ Fortunately the matter is amicably settled by the diplomats but tensions remain high.

Descriptions of each battle or skirmish are given as they happen, detailing which side has taken the advantage and how it may have affected the final outcome. The viewpoint remains optimistic that a single great battle, in favour of the North, may end the war.

What emerges from the analysis of Belmont's 1861 letters is that the Rothschild banking house was well informed of events across the Atlantic. The letters give an account of the Civil War as events actually unfold, the writers often having to correct information reported in a previous letter which has subsequently proved erroneous. What they show clearly is upon what information the Rothschild banks were making decisions regarding their American stocks and business.

The Belmont letters – not only for 1861 but for the remaining years of the conflict – have the potential for a range of further detailed studies, for example of the effect of events on the fluctuations in price of particular commodities such as cotton, tobacco or breadstuffs throughout the period.

Equally, there must now be the expectation that for many of the significant events in American history during Belmont's lifetime, this series in The Rothschild Archive provides a new and as yet largely unexplored source of politically and economically well informed comment and reaction.

ARCHIVAL SOURCES

Rothschild Archive, London

August Belmont & Co., General and Private
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1837-1881 XI/62/0-32
1881-1922 II/51/0-36
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Dépêches Belmont, (ancienne cote 5L)
1859-1863 (en déficit) 132 AQ 809

Paiements

1894-1903 132 AQ 810
1903-1909 (en déficit) 132 AQ 811
1909-1918 132 AQ 812
1918-1924 (en déficit) 132 AQ 813

Dépêches ordinaires

1895-1901 (en déficit) 132 AQ 814
1901-1906 132 AQ 815
1906-1908 132 AQ 816
1908-1912 132 AQ 817
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Procès avec Belmont et cie. (manque)

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Procès (manque de parti)

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NOTES

1. This is demonstrated in letters between the Rothschilds. In 1837, the news that Belmont has decided to remain in New York prompts Baron James to write "He is a stupid young man.... Such an ass needs to be kept on a short leash." (RAL/XI/109/J/J/37, James to nephews, May 25 1837). Comments of this nature were to continue throughout the years. In another series of letters, (XI/109/69B), written by Alphonse de Rothschild during his visit to America in 1848-9 he discusses the difficult relationship between Belmont and the London and Paris Houses of Rothschild.
2. See Ferguson, *The World's Banker*, 1998, p. 391 for full discussion of why the Rothschilds did not expand their business further into America.
3. Black, *The King of Fifth Avenue*, 1981, p. 208 and Katz, *August Belmont – A Political Biography*, 1968, p. 100. This incident is particularly interesting as no mention is made in any existing correspondence to the Rothschilds of the purpose of Belmont's visit. In fact the only letters which mention his presence in London are some written by Charlotte de Rothschild (1819-1884), which can be placed in the summer of 1861.
4. RAL XI/62/10B/188, August Belmont to NMR, 15 November 1861
5. RAL XI/62/10B/143, August Belmont & Co. to NMR, 11 October 1861
6. RAL XI/62/10A/299, August Belmont & Co. to NMR, 25 June 1861
7. RAL XI/62/10B/96, August Belmont & Co. to NMR, 3 September 1861
8. RAL XI/62/10B/85, August Belmont & Co. to NMR, 27 August 1861
9. RAL XI/62/10B/101 & XI/62/10B/106, August Belmont & Co. to NMR, 6 September and 10 September 1861
10. RAL XI/62/10B/158, August Belmont Co., 25 October 1861
11. RAL XI/62/10B/07, August Belmont to NMR, 4 July 1861
12. Ferguson, *The World's Banker*, 1998, p. 628
13. RAL XI/62/10A/08, August Belmont & Co. to NMR, 4 January 1861
14. RAL XI/62/10A/31, August Belmont & Co. to NMR, 18 January 1861
15. RAL XI/62/10A/81, August Belmont & Co. to NMR, 12 February 1861
16. RAL XI/62/10A/156, August Belmont & Co. to NMR, 2 April 1861
17. RAL XI/632/10A/163, August Belmont & Co. to NMR, 9 April 1861
18. RAL XI/62/10A/184, August Belmont & Co. to NMR, 19 April 1861
19. RAL XI/62/10A/199, August Belmont & Co. to NMR, 30 April 1861
20. RAL XI/62/10A/235, August Belmont & Co. to NMR, 21 May 1861
21. RAL XI/62/10B/86, August Belmont & Co. to NMR, 27 May 1861
22. RAL XI/62/10B/110 & XI/62/10B/136, August Belmont & Co. to NMR, 13 September and 4 October 1861
23. RAL XI/62/10A/245, August Belmont to Lionel de Rothschild, 28 May 1861
24. RAL XI/62/10B/132, August Belmont & Co. to NMR, 1 May 1861
25. RAL XI/62/10B/230, August Belmont & Co. to NMR, 18 December 1861
26. RAL XI/62/10B/147