‘A mystery to the future historian…’? August Belmont and the Atlantic Trade in Cotton 1837–1865

Kathryn Boodry explores how the House of Rothschild and the financier August Belmont spearheaded a new phase of enterprise in America.

Above
August Belmont.
www.picturehistory.com

In a letter to the London house in 1863 August Belmont commented acerbically: ‘It will always remain a mystery to the future historian to explain the sympathy which a large portion of civilized Europe gave in the nineteenth century to a rebellion the principal aspect of which was the extension & perpetuation of the odious system of slavery.’[1] Belmont’s disingenuous claim belies the fact that he, like most agents of Anglo-American financial houses, was well aware that the American Civil War, at least in part, was about the revenue generated from agricultural goods produced in the south. Tobacco, sugar, cotton and rice, all commodities produced in the southern United States with slave labour, were vital exports for the emergent nation. After 1815, the United States was the largest producer, and Great Britain the largest consumer of American cotton.[2] The economic undercurrents that influenced political allegiances during the Civil War were well understood in the nineteenth century, particularly by merchants and bankers, as was noted in *Punch*:

> Tho’ with the North we sympathize,
> It must not be forgotten
> That with the South we’ve stronger ties
> Which are composed of Cotton.[3]

In the nineteenth century cotton literally wove together an Atlantic world of factors, agents, merchants, financiers, slaves, stevedores and spinners. It was a vital source of revenue for northern coffers and no doubt coloured perceptions of the need to ‘preserve the union.’ Trade in cotton also fostered the development of sophisticated financial relationships between the southern United States, New York and London. After a brief summary of August Belmont’s history with the congeries of Rothschild houses, this article will consider his operations in cotton on behalf of the Rothschilds in the context of the Anglo-American trade in American cotton in the antebellum period, as well as the approach of the Paris and London houses to business in the United States.

Belmont’s association with the Rothschild firm began humbly with his apprenticeship to the Frankfurt house at fourteen, his primary responsibilities being sweeping floors and polishing the furniture in the office. He moved up the ranks quickly, becoming a private clerk and, eventually, secretary.[4] In 1837 Amschel von Rothschild sent Belmont to Cuba to investigate the repercussions of the first Carlist War for Rothschild interests in the region. Arriving in New York in May en route to Havana, Belmont found himself in the midst of a financial panic of global proportions that some writers have attributed in part to over-speculation in southern cotton.[5] He was instructed by the London house to remain in New York ‘for the present time…’ since he would ‘have more opportunity for protecting our interests in New York in receiving our property from Mssrs Josephs & sons’, ‘who had suspended payments two months previously’.[6] Belmont instead decided to settle in the city and establish his own agency, much to the chagrin of both the London and Paris houses. Baron James de Rothschild concluded that ‘he is a stupid young man…. Such an ass needs to be kept on a short leash.’[7] This assessment served to colour the firm’s relations with Belmont for the duration of his tenure. Nevertheless, Belmont became the American agent representing the London and Paris houses and August Belmont & Co. continued in the role in the United States until 1922.[8]

Feckless and irresponsible as Belmont’s behaviour might have appeared, he was wise beyond his years at twenty-three. He understood that remaining in the United States was a unique chance to better his position in the world, and was savvy enough to comprehend how the various markets functioned.[9] Within three years of his arrival, he was reputed to be one of the wealthiest men in New York, as well as one of the most important bankers in the country, known as ‘the king of the money changers’ because of his mastery of arbitrage trading.[10] Belmont went on to serve as the Austrian Consul from 1844–1850 and the Ambassador to The Hague in 1853. Additionally, he held various offices in the Democratic National party.

Initially the Rothschilds’ involvement in American markets had revolved around the transport and sale of quicksilver, as well as investment in state and municipal bonds. Soon after Belmont’s arrival he became intrigued by seemingly more profitable financial ventures with which to entice his employers, including speculation in commodities produced with slave labour, like sugar, tobacco and cotton. Given the recent financial panic, and shortage of money, there was plenty of room to do business if one had cash to hand, as Belmont noted early on: ‘I think that the coming season will give opportunity to a safe and lucrative business… perhaps more as than [*sic*] in any previous one… the prices of cotton will average low and comparatively few houses will probably be able to accept large consignments…’.[11] Belmont had enough confidence to believe he could eliminate, or minimise, the inevitable risk involved in these speculative ventures, and a more enthusiastic estimation of potential profits than was likely shared by his employers.

It was no secret that cotton was an increasingly lucrative commodity and that the triangular trade between southern ports, New York and Liverpool could be fantastically profitable. The difficulty was that the trade was also incredibly volatile, involving not only speculation in the commodity but often in bill discounting, arbitrage trading and the advance of credit against future crops that was part and parcel of the business.[12] The erratic nature of commercial operations was exacerbated by the fact that entry into the world of cotton speculation was relatively simple. This made it very difficult for anyone to control or dominate trade in the article, and no firm ever managed to control much more than 15% of the market in the antebellum period.[13] More people speculating in the commodity increased volatility, so timing was often crucial. It was most advantageous to enter the market after panics, when money was scarce, prices were low and competition was minimal, as Belmont pointed out to his employers in both Paris and London on numerous occasions, often playing one against the other.

> The Paris house has some idea of accepting consignments of cotton during the next season. I think that no more precipitous time could be selected. The low prices of cotton and the want of competition will allow those who come early in the market to make their own conditions…[14]

Unfortunately, Belmont was apparently ignorant of the almost daily communications between the London and Paris houses and this weakened the persuasiveness of some of his appeals considerably.

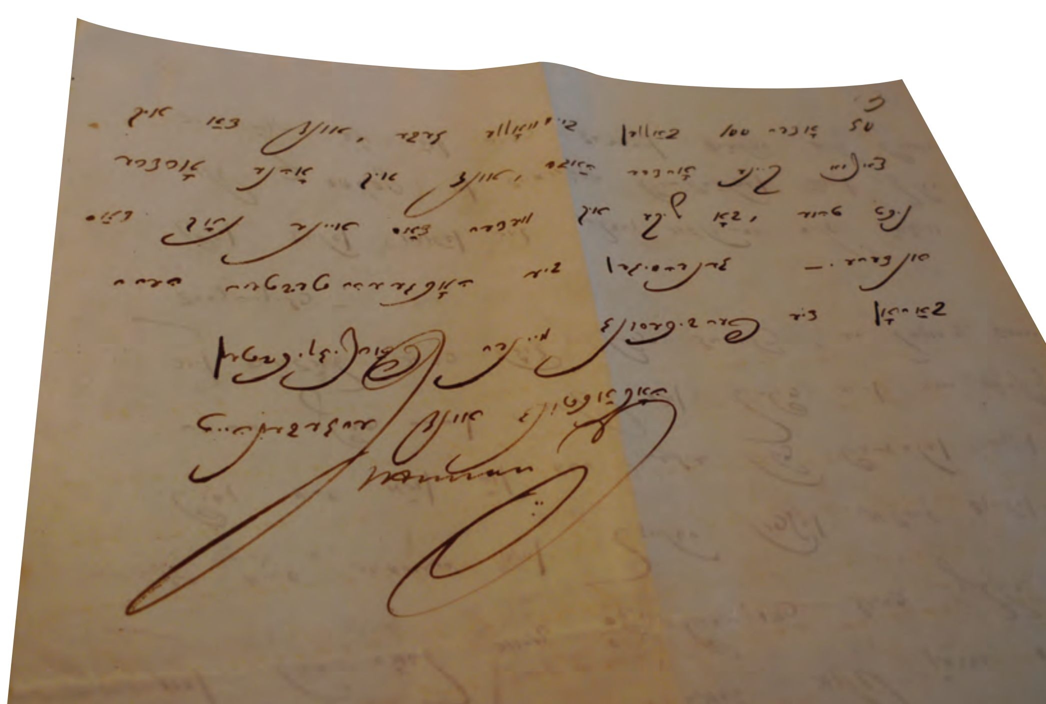
The Rothschilds had other views on cotton, their thoughts coloured by different assessments of risk. Baron James de Rothschild advised his nephews in London around this time, ‘all the people are speculating on cotton which will now be sold at any price and we will have to consider very carefully whether we do in fact want to get so deeply involved in the American business.’[15] James was well aware of the volatility in the market and his assessment of it was quite prescient. It has been suggested by some historians that the Rothschilds failed to take

Opposite
Detail from a bill of exchange. The bill forms part of the collection of documents relating to the period when N M Rothschild was Banker to the US Government in Europe.
RAL II/46/0A

Opposite, below
Final page of a letter from J Hanau, New Orleans, 12 February 1844, to James de Rothschild Paris. Hanau, the agent of the Rothschild businesses, discusses the market in cotton and other commodities. He concludes the letter, ‘I wanted to send some lead to Antwerp but the Captain will only take it if I give him 50 or 100 bales of cotton but as I do nothing without any orders I send neither one nor the other.’
The Rothschild archives, Roubaix, AQ132 60P

advantage of opportunities in America. However a more considered view of their involvement in financial ventures in the nineteenth-century United States reveals a thoughtful and cautious approach that, although it did not yield extravagant profit, also avoided catastrophic losses, which fits very well with an end goal of wealth preservation.[16] Part of their hesitation around investments in American ventures can undoubtedly be attributed to their frequently acrimonious relationship with Belmont, but much of it was probably a matter of simple prudence, or avoidance of what they perceived to be an unacceptable level of risk. The inherent instability of operations in cotton was well understood by all the major Anglo-American houses. After the panic of 1837 some of them, most notably Alexander Brown and Sons, the firm most active in the consignment and sale of cotton, resolved to reduce their involvement in the commodity and focus on specie-based transactions and discounting bills, effectively transforming themselves from merchants to bankers.[17] In light of the precarious nature of the trade and the financial position of the respective houses it is reasonable to assume that Nathan's sons in particular abided by his dictum that 'it requires a great deal of boldness, and a great deal of caution, to make a great fortune; and when you have got it, it requires ten times as much wit to keep it.'[18] Speculation in cotton was simply not as enticing when the preservation of wealth was given precedence over the potential of high returns.

In retrospect, it is clear that the advice Belmont proffered on cotton investments was often, but not always, sound. His letters display a thorough consideration of the complex influences at play in determining supply, demand and pricing and an astute grasp of the play of larger regional and geographic interests. Belmont often considered commodity sales, the abundance or scarcity of money, and political events when determining what investments were most likely to yield 'handsome profits' and was quick to scold when his advice was not followed and profit forfeited as a result. He also anticipated the effects that sales, or lack thereof, would have in other markets. 'The effect of the heavy transactions in cotton at the southern markets is beginning to be felt upon exchanges & I think that henceforth the export of specie to Europe will be on a small scale until next spring.'[19] He goes on to note that exchange has already dropped in New Orleans and that, in this instance, the London house lost out on a handsome profit by not giving him permission to act. Even Betty de Rothschild begrudgingly acknowledged Belmont's detailed understanding of the American markets, stating that 'he knows inside-out all the country's resources; he holds the key to all the wheeling and dealing in the commercial world and he knows which sources to tap, which are the means of success, which are also the pitfalls that must be avoided.'[20] Much of this knowledge was hard earned, the result of years of hard work and time invested in the cultivation of business relationships in the North and South.



Belmont was also compelled to master quickly many of the difficulties attendant on trade in cotton, and by extension, stocks, bonds and discount paper. Planters were often cash hungry and capable of all types of crafty tricks in order to increase their profits, resulting in the need to evaluate critically all reports from the South. Southern planters were often deeply in debt. In part this was a result of the rhythms of the plantings and harvests, but it also had much to do with the nature of plantation life. The planter would spend profits, potential profits and future profits in the relentless quest for more slaves and land to grow more commodities.[21] And with good reason; this type of investment yielded greater production, prestige and political power. 'To sell cotton in order to buy negros – to make more cotton to buy more negros 'ad infinitum,' is the aim and direct tendency of all the operations of the thorough going cotton planter; his soul is wrapped up in the pursuit.'[22] The wisest of agents and cotton merchants learned when a healthy dose of scepticism was warranted, developing an intimate sense of weather, borrowing and sale patterns throughout the cotton belt. Additionally they cultivated information networks across the region, often receiving daily reports from correspondents. In years when there was an expectation of a large crop, knowledge of which pushed prices downward, planters would sometimes spread rumours of frost striking the plants, or hold back the cotton in hopes of diminishing expectations of the yield and driving up the price. Invariably Belmont would pass on the reports of these erratic and spontaneous outbreaks of frigid weather, noting when he had 'not much belief' in the veracity of the accounts.[23]

A hearty measure of caution was called for in markets that were often ruled by manic spending and irrational decisions. Default and suspension of payments were common. Planters frequently leveraged themselves to the hilt, incurring debts of such magnitude that repayment was simply impossible. Often these debts were securitised using real property, which in this time and place meant both plantations and human chattel – slaves.[24] When planters were unable to pay, the end result was a loss of slaves or the entire plantation for the planter and a highly resented lock-up of funds for the imprudent creditor. In this way, many Anglo-American houses, including the Browns, found themselves reluctant plantation owners. In the case of Alexander Brown and Sons, they ended up in the unenviable position of running these plantations for a period of years before they were able to sell them, eventually, for a profit.[25] The Paris house narrowly averted a similar fate in 1841 upon the death of John Forsyth, a former United States senator and Secretary of State. Forsyth was also a planter, to whom the Rothschilds had extended substantial credit. In settling his accounts his son found the estate unable to offer immediate remuneration in cash and instead suggested the firm accept the plantation and several slaves as payment at what was perceived to be a very favourable valuation of the property. This was refused out of hand, the Paris house opting to wait until 1850 for the payment of the debt in full.[26] Both houses assiduously avoided using slaves or plantations to securitise debts, which reduced their vulnerability to the volatility in Southern credit markets. On the one occasion when they might have ended up holding chattel property they opted to wait patiently for payment, losing access to their capital for nine years, but keeping their hands (relatively) clean.[27]

Together, all of these factors resulted in a steep learning curve and suggest yet another reason the Rothschilds may have opted against the establishment of an American house, even though it seemed, at various points, that they were poised to do so, particularly in 1849 with Alphonse de Rothschild's visits to New York and Louisiana. It is abundantly clear from Betty de Rothschild's letters to her son during his sojourn in America that this was a topic of discussion between Alphonse, his parents and the London house. She mentions various schemes, claiming at one point, 'I would not want to abandon the plan to see one of you established in America for anything in the world, and deliver this great future from the stupidity and greed of an agent.'[28] Betty proves herself particularly aware of Belmont's status in American society and his value to the firm, even though she views him as wily, irascible, and reaching beyond his

Extract from the *New Orleans Commercial Times* Prices Current – Annual Statement for 1846 sent back to London by the Rothschilds' New Orleans agent A. Lanfear & Co. RAL XI/38/164

The New Orleans Commercial Times Price Current.--Annual Statement.

EXPORTS of COTTON and TOBACCO, from New Orleans, for ten years--commencing 1st Sept. and ending 31st August.

WHITHER EXPORTED.	COTTON—BALES. 1845-46.	1844-45.	1843-44.	1842-43.	1841-42.	1840-41.	1839-40.	1838-39.	1837-38.	1836-37.	TOBACCO—HHDS. 1845-46.	1844-45.	1843-44.	1842-43.	1841-42.	1840-41.	1839-40.	1838-39.	1837-38.	1836-37.
Liverpool	531836	529675	488817	624681	393990	396010	459943	297793	466886	329436	9643	4947	8808	6788	6930	5252	5827	4115	2695	1913
London	2202	2025	518	61	38	304	113	6	123	41	11336	6475	8291	9851	7212	8732	4320	3725	3579	1989
Glasgow & Greenock	16029	36213	21265	35831	15574	20415	26603	7390	16147	17077	....	....	....	....	....	....	....	37	....	....
Cowes, Falmouth, etc.	22225	17975	17075	18865	11848	13581	18409	4598	48	3876	3408	1131	5424	10798	6827	6881	902	871	3695	6556
Havre	143987	112995	107973	159658	161103	157277	206311	110978	110384	113155	2215	3514	4846	4648	4037	4224	3655	1455	2858	2447
Marseilles & Bordeaux	9117	10171	8880	12843	19239	24740	28570	7719	11536	15210	2080	5499	6258	6997	2937	2588	2951	315	2020	1019
Nantz. Rouen, etc.	4254	1854	3127	8374	2939	1914	5609	2070	6383	5165	....	....	....	....	....	....	....	....	....	312
Gottenburg	3880	1630	402	114	286	2793	2994	947	343	553	943	909	734	963	946	1559	745	939	576	342
Amsterdam & R'dam.	2072	3608	1872	4766	3491	....	4397	49	982	202	1515	1064	4692	5633	3020	....	....	224	....	1254
Bremen	3359	9211	2770	13303	6369	1706	1804	47	636	1123	6868	12012	9602	7888	8997	4012	2464	1366	1500	3736
Antwerp	7441	7196	8499	17693	5209	2264	7377	....	1598	2782	4293	3862	2178	5657	3690	1219	1090	....	....	713
Hamburg	3585	9123	3156	13654	5678	2983	6846	1310	3149	2538	181	786	2303	1477	3401	1064	1465	....	206	671
Other Ports	8050	2267	1208	1342	174	90	1044	113	902	233	86	794	1177	217	516	667	343	315	186	612
Gibralter and Spain	1707	821	....	401	78	561	1508	1225	5423	3490	9993	6749	10081	4496	7204	4142	3843	3400	1542	1628
West Indies	29789	62083	33151	21177	12818	19002	30594	3380	2659	1807	190	903	1601	1063	981	1020	1013	618	725	1317
Genoa, Trieste, etc.	45266	27201	19704	17662	10610	16801	25652	4820	5910	7875	2264	3001	1556	1760	550	2	44	598	563	....
China	....	2353	....	4303	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
New York	74507	52880	82814	48036	31215	55930	46354	62175	39184	23622	4710	6936	6960	10533	7090	7466	8132	8174	9758	4838
Boston	113328	75357	72400	73891	54062	81626	54042	49497	39853	39244	1049	4938	2565	3650	2351	3109	2888	2816	2616	3520
Providence	5932	78	211	674	1910	3132	1811	3701	1307	1177	....	....	....	....	....	....	....	....	....	....
Philadelphia	12540	6784	6919	3253	2846	5721	6195	6371	8224	6483	874	2536	1286	2845	936	2126	1963	1291	1649	1494
Baltimore	5912	3640	4698	3278	1703	4832	3045	3450	6541	2785	427	478	1167	2433	208	517	219	296	770	541
Portsmouth	2291	1053	4136	....	2658	9025	5099	5369	4819	8044	....	....	....	....	....	....	....	....	....	....
Western States, etc.	8998	8423	5780	5000	5438	581	6020	7171	5026	3781	157	2145	1100	2194	225	287	482	225	617	916
TOTAL—	1058307	984616	895375	1088870	749267	821288	949320	579179	738313	588969	62232	68679	81249	89891	68058	54667	40436	30780	35555	35821

RECAPITULATION.

	1845-46.	1844-45.	1843-44.	1842-43.	1841-42.	1840-41.	1839-40.	1838-39.	1837-38.	1836-37.	1845-46.	1844-45.	1843-44.	1842-43.	1841-42.	1840-41.	1839-40.	1838-39.	1837-38.	1836-37.
GREAT BRITAIN,	572292	585888	527675	679438	421450	430310	504768	309787	483204	350700	24387	12553	22523	27437	20969	20665	9139	8748	9969	10478
FRANCE,	157358	125020	119980	180875	183272	183931	240490	120767	128303	133530	4295	9013	11104	11645	6974	6812	6606	1770	4878	3778
NORTH OF EUROPE,	28387	33035	17907	50882	21207	9836	23742	1466	7560	6431	13886	19051	20175	21618	20252	8040	6005	2654	2438	6760
OTHER FOR. PORTS,	76762	92458	52855	43543	23506	36364	57754	9425	13992	13172	12447	11029	14349	7536	9053	5645	5002	4806	2860	3516
COASTWISE,	223508	148215	176958	134132	99832	160847	122566	137734	105254	85136	7217	17033	13098	21655	10816	13505	13684	12802	15410	11309
TOTAL—	1058307	984616	895375	1088870	749267	821288	949320	579179	738313	588969	62232	68679	81249	89891	68058	54667	40436	30780	35555	35821

EXPORTS OF SUGAR AND MOLASSES, FROM NEW ORLEANS, FOR FIVE YEARS,
(Up the River excepted) from 1st September to 31st August.

WHITHER EXPORTED.	1845-46. SUGAR. Hhds.	SUGAR. Bbls.	MOLASSES. Hhds.	MOLASSES. Bbls.	1844-45. SUGAR. Hhds.	SUGAR. Bbls.	MOLASSES. Hhds.	MOLASSES. Bbls.	1843-44. SUGAR. Hhds.	SUGAR. Bbls.	MOLASSES Hhds.	MOLASSES Bbls.	1842-43. SUGAR. Hhds.	SUGAR. Bbls.	MOLASSES. Hhds.	MOLASSES. Bbls.	1841-42. SUGAR. Hhds.	SUGAR. Bbls.	MOLASSES. Hhds.	MOLASSES. Bbls.
New York	31755	2408	1990	14174	49442	6794	9875	34322	11422	217	1882	15744	31549	..	7285	28030	13620	405	6377	23525
Philadelphia	21243	1413	935	13249	21392	1422	2418	11575	8478	697	354	4214	14474	708	1288	9091	4170	438	882	2169
Charleston, S. C	3259	428	100	5670	4426	95	..	5610	1502	..	..	5467	1090	100	63	3986	614	2	270	3311
Savannah	965	45	..	1844	782	10	..	2686	483	..	..	1254	240	..	..	1640	313	..	..	886
Providence & Bristol, R. I.	..	8	257	271	..	..	1472	1051	..	..	475	55	..	..	576	106	..	..	345	347
Boston	3223	1491	106	1437	6062	543	2124	14221	217	..	..	1001	2814	..	976	4809	212	58	411	3208
Baltimore	8425	1452	163	5638	12564	480	547	10943	5492	42	586	5231	8660	663	1162	8459	6504	288	826	11842
Norfolk } Richmond and Petersburg, Va. }	3766	1242	17	3557	4500	208	96	6029	562	..	..	2039	610	28	..	947	364	..	..	1242
Richmond and Petersburg, Va.									1590	1	..	1581	2337	..	216	2316	1419	56	11	2843
Alexandria, D. C.	..	..	..	..	201	..	95	84	280	..	..	350	592	..	..	575	539	..	192	934
Mobile	3692	875	54	8493	3534	668	76	5218	3257	17	..	2836	3011	375	..	3313	759	102	..	4190
Apalachicola and Pensacola	1158	201	..	2561	838	102	..	1795	1070	548	..	2440	565	306	..	2260	517	548	..	1290
Other Coastwise Ports	978	340	350	1674	760	239	391	881	42	22	112	750	102	100	800	1369	303	335	..	1378
TOTAL—	78464	9903	3972	58568	104501	10561	17094	94415	34395	1544	3409	42962	66044	2280	12366	66901	29334	2232	9314	57165

☞ The Exports from Franklin, La., are not included in the above tables.

EXPORTS of Flour, Pork, Bacon, Lard, Beef, Lead, Whiskey and Corn, for three years, from 1st September to 31st August.

DESTINATION.	1845-46. FLOUR, Barrels.	PORK, Barrels.	BACON, Hhds.	LARD, Kegs.	BEEF, Barrels.	LEAD, Pigs.	WHISKY Barrels.	CORN, Sacks.	1844-45. FLOUR, Barrels.	PORK, Barrels.	BACON, Hhds.	LARD, Kegs.	BEEF, Barrels.	LEAD, Pigs.	WHISKY Barrels	CORN, Sacks.	1843-44. FLOUR, Barrels.	PORK, Barrels.	BACON, Hhds.	LARD, Kegs.	BEEF, Barrels.	LEAD, Pigs.	WHISKY Barrels.	CORN, Sacks.
New York,	86307	65951	9723	230232	4897	303686	4437	168942	74802	56046	1565	119967	5805	339345	2592	30051	48323	219756	5104	324776	9112	264834	2216	44367
Boston,	124038	68166	5108	193000	6340	143809	167	278367	75960	79617	727	133474	5922	135489	600	81341	63653	109410	1742	216773	5871	111614	138	27536
Philadelphia,	250	17773	2088	77418	323	70126	992	3805	3638	17242	834	39275	874	88816	1256	....	....	13702	1718	30493	1042	53901	730	....
Baltimore,	....	12498	1664	44298	446	12361	2931	....	....	13165	624	23163	350	17455	500	....	....	11938	1217	25831	383	12561	631	....
Charleston,	12277	977	1896	7697	300	4620	8173	81896	1100	1038	2533	9332	24	....	4422	4382	1395	2251	3986	8924	637	....	4332	2775
Other Coastwise ports	42696	9636	7698	14096	3042	9280	30556	152336	43959	5603	5559	13315	1827	78	22495	67513	48718	922	10424	13327	2640	2455	33536	67278
Cuba,	6886	1316	799	96570	603	....	24	50	23787	520	190	89997	206	....	....	9096	29314	395	504	100764	509	....	....	13809
Other Foreign Ports	274851	27047	521	209879	29287	166675	334	204527	55891	8178	50	29815	8961	126262	495	27912	108679	26491	157	151382	15192	154855	544	33516
TOTAL—	547205	203364	29505	873190	45228	710557	47614	889923	279137	181409	12082	468338	23969	707439	32360	220235	300082	393717	24852	872270	35386	600820	42127	204281

☞ In the above, the Exports to Mobile, etc. via the Pontchartrain Railroad, are included. Vessels reported in the Clearances as having Provisions and Merchandise are not included.

MONTHLY ARRIVALS of Ships, Barks, Brigs, Schooners and Steamboats, for five years, from 1st Sept. to 31st August.

MONTHS.	1845-46. Ships	Barks	Brigs	Schrs	Total	S. Boats	1844-45. Ships	Barks	Brigs	Schrs	Total	S. Boats	1843-44. Ships	Barks	Brigs	Schrs	Total	S. Boats	1842-43. Ships	Barks	Brigs	Schrs	Total	S. Boats	1841-42. Ships	Barks	Brigs	Schrs	Total	S. Boats
September	27	7	9	21	64	201	26	9	12	8	55	120	22	7	14	27	70	104	16	7	9	15	47	124	15	8	6	17	46	59
October	83	24	17	38	162	265	69	16	14	6	105	165	55	13	21	25	114	178	53	10	27	15	105	145	58	9	34	17	118	150
November	80	26	35	57	198	264	74	25	29	28	156	233	117	36	53	36	242	230	124	35	30	35	224	185	110	19	34	41	204	221
December	87	52	53	59	251	287	83	39	37	29	188	289	81	43	49	57	230	309	67	41	49	38	195	266	72	27	34	45	178	291
January	70	73	71	72	286	319	118	48	57	48	271	279	65	24	42	47	178	292	39	28	54	35	156	285	47	24	35	56	162	265
February	31	25	37	67	160	335	52	44	56	52	204	272	73	32	37	40	182	278	47	30	77	70	224	246	51	17	25	38	131	219
March	71	24	34	55	184	334	93	40	62	49	244	281	69	25	40	38	172	270	75	50	95	83	303	240	61	26	25	28	140	227
April	113	45	49	51	258	343	78	34	48	34	194	242	82	29	54	39	204	262	60	25	82	79	246	221	52	21	21	27	121	195
May	63	25	27	85	200	325	32	19	12	25	88	228	46	22	30	32	130	236	105	28	47	50	230	220	71	21	24	18	134	183
June	52	35	45	51	183	235	52	12	6	14	84	168	29	16	16	25	86	188	57	16	38	45	156	175	35	18	15	16	84	136
July	53	25	39	62	179	201	23	8	8	12	51	154	10	5	12	10	37	120	24	7	7	34	72	127	17	2	17	11	47	105
August	39	29	36	60	164	161	18	3	10	11	42	99	16	4	8	13	41	103	12	6	17	25	60	90	10	6	9	13	38	81
TOTAL—	769	390	452	678	2289	3270	718	297	351	316	1682	2530	665	256	376	389	1686	2570	679	283	532	524	2018	3224	599	198	279	327	1403	2132

Comparative Statement of the Receipts, Exports and Stocks of COTTON, at the following places at the dates annexed.

PORTS.	STOCKS on hand 1st Sept'r. 1845.	1844.	RECEIVED since 1st September. 1846.	1845.	EXPORTED from 1st Sept., 1845, to dates. To G. Britain.	To France.	To other Foreign Ports.	Total Foreign Ports.	U. States Northern Ports.	EXPORTED fr. 1st Sept. 1844, to dates in 1845. To G. Britain.	To France.	To other Foreign Ports.	Total Foreign Ports.	U. States Northern ports.	Stocks on hand and on shipboard. 1846.	1845.
New Orleans, Aug. 31	7,556	12,934	1047,427	954,285	572,292	157,358	105,149	834,799	223,506	585,888	125,020	125,493	836,401	148,215	6,549	7,556
Mobile, Aug. 21	609	4,226	422,089	516,775	208,072	66,821	26,832	301,725	114,460	268,849	68,929	52,936	390,714	131,272	6,500	170
Savannah, Aug. 19	2,736	2,257	184,563	303,347	64,739	8,813	1,922	75,474	103,195	164,085	14,071	3,917	182,073	106,371	6,524	3,273
Charleston, Aug. 21	10,879	13,536	248,766	422,252	117,070	50,737	11,710	179,517	86,649	217,456	68,973	18,936	305,365	110,075	8,372	16,615
Florida, Aug. 1	100	300	138,646	187,769	49,742	6,544	3,128	59,414	75,187	49,460	7,660	8,923	66,043	109,378	4,045	656
Virginia, July 1	2,418	2,150	12,125	22,151	630	250	428	1,308	....	991	150	2,090	3,231	....	200	2,900
North Carolina, Aug. 1	100	650	9,258	12,265	....	....	....	....	....	....	....	....	....	....	1,600	1,200
New York, Aug. 18	42,962	75,000	....	....	92,864	62,314	35,360	190,538	....	142,228	67,322	62,945	272,495	....	54,200	44,200
Other Ports, Aug. 15	26,766	48,719	....	....	8,847	736	4,287	13,870	....	6,115	1,068	9,220	16,403	....	5,657	1,413
TOTAL, Bales—	94,126	159,772	2062,874	2418,844	1,114,256	353,573	188,816	1,656,645	602,999	1,435,072	353,193	284,460	2,072,725	605,311	93,647	76,983
Total to dates, 1844–45	159,772	....	2418,844	....	1,435,072	353,193	284,460	2,072,725	605,311	....	....	....	....	....	76,983	....
Increase this year—	....	....	....	....	....	380	....	....	....	....	....	....	....	....	16,664	....
Decrease—	65,646	....	355,970	....	320,816	....	95,644	416,080	2,312	....	....	....	....	....	....	....

☞ We have taken from New Orleans the amounts received from Mobile and Florida. Also, from Charleston the receipts from Savannah—and from Mobile the receipts from Florida.

NEW ORLEANS, SEPTEMBER 1, 1846.

Ocean Steamers.

	From Liverpool.	From America.
Britannia,	Aug. 19	Sept. 16
Great Britain,	Aug. 26	Sept. 22

ANNUAL REMARKS.

The commencement of a new commercial year imposes upon us the obligation of offering to our readers a comprehensive review of the leading features of the past, and of presenting our opinions as to the prospects and probabilities of the future. The one becomes necessary, in order, measurably, to perform the other; for although circumstances and casualties may intervene during the coming year, that will put to naught the most rational and apparently well-grounded expectations, yet it cannot be denied, that in forming estimates of commercial operations, and of the supply of those great staples from which they mainly derive their activity, the investigation is materially aided by accurate knowledge of the preceding season, and careful deduction from the developments which it may have furnished. With no further preface then, will we proceed with our labor.

Few commercial years have opened under more favorable auspices, for almost every commodity, than that of 1845-'46. During the preceding twelve months the largest crop of Cotton on record had been gathered and disposed of. Nor was the sale of so considerable an increase over previous years accompanied by that depression in prices, which, other things being equal, the laws of trade must have led us to expect. True, the current rates ruled low, but not in that disproportion which is too frequently the case, when the supply of an important commodity exceeds all calculation, and brings on the apprehension of a glutted market. The planter, despite the superabundance of his crop, obtained remunerating prices for the product of his labor, and the immense yield of the year found ready purchasers, upon conditions far from ruinous. The reasons for this seeming departure from the usual ratio existing between quantity and price, lie upon the surface. The season, every where, had been singularly prosperous; the operations of Trade had not been disturbed by war, panic, or monetary convulsions. Throughout the Continent of Europe, and especially in the Kingdom of Great Britain, the manufacturing impulse had been stimulated in a remarkable manner. In our own country the same activity was observable; the fostering influence of the late Tariff upon domestic industry having reached its acme. From the same causes—profound peace and general buoyancy in trade—capital was particularly abundant, and when monetary facilities are readily obtained, the spirit of speculation and enterprise soon becomes excited, and its bold operations assist in the disposal of much of that surplus which may remain after the more limited ventures of legitimate trade are exhausted.

Under such promising indications, and in the midst of an apparent era of great and general prosperity, did the last year commence. It was seemingly destined to run its course, undisturbed by any of those causes which interfere with commerce, and frequently defeat its soundest calculations. In looking back upon its commencement, progress and termination, the conclusion is inevitable that the past year has been, perhaps, the most eventful one recorded since the memorable mercantile catastrophes of 1836–'37. So far from being uninfluenced by any sudden transition and unexpected occurrences, at scarcely any one period of its progress has it failed to be affected, and its operations perplexed, complicated, or rendered uncertain, by a continued succession of circumstances of high political or commercial moment. One of the first, and most serious disturbing causes, was the Oregon question. The thermometer of trade, at all times delicate enough, becomes susceptible to a most extraordinary degree, whenever the possibility of an event of such transcendant magnitude as a war between the United States and England is even remotely hinted at. The possible contingency is quite enough to derange the operations of the country. To this source of disquietude and uncertainty, of alternate hopes of a compromise and apprehensions of a rupture, was the commerce of the United States exposed, from almost the beginning of the season, until within a month or two of its close. The Oregon question affected business operations in two ways: its general effect was constrictive, prudent men being restrained from investing capital, the avails of which might be periled or lost by the uncertainties of war. Its special effect was, at various periods, and notably when the political horizon grew dark, and fear was stronger than hope, to impart a temporary activity to the Cotton market, inducing much speculation, with a prospective view to approaching difficulties. The general rule, however, that commerce is impaired and injured by war, will hold good when applied to this Oregon question; for, beyond a doubt, the slight stimulus which our staple received, through the apprehension of a conflict, is not a fair offset to the general depression of Trade, occasioned by the withdrawal and hazarding of capital. Fortunately for both countries, this source of heart-burnings and hostilities no longer exists. By a wise and patriotic compromise, in which both the great parties to the controversy considerately surrendered something of their separate claims—each sacrificing a portion of the soil as an oblation and a peace-offering—the Oregon dispute is forever terminated. The commercial interests of the two nations were foremost in effecting so auspicious an event—one, among other irrefragable proofs, that, in this age of enterprise, commerce and skill, "Commerce is King."

Hardly did the Oregon difficulty cease its perturbing influence, than the course of Trade underwent new embarrassments by the outbreak of the Mexican war. Humble as our antagonist unquestionably was, early partial successes gave to the contest an importance which it scarcely merited, and which exerted a correlative influence on commerce. In the incipiency of the war, trade suffered materially. The dread of privateering produced its usual effects in enhancing the value of insurance, and the rapid accumulation of produce, together with the employment of almost every available means for the transportation of troops and stores for the army, was soon followed by a great rise in freights. The evil consequences of the war were severely manifested in the sudden difficulties in obtaining moneyed facilities. Capitalists were chary of anything short of the most undoubted securities; the banks for a while virtually closed their doors, and money was not to be procured—the strongest houses began to totter, and sacrifices of produce, at a rapid and fearful decline in prices, necessarily followed. This state of things did not last very long, or many sad mercantile disasters would have been chronicled. The market gradually resumed its former aspect, as panic disappeared; freights gave way as shipping became more abundant; the equilibrium of insurance was re-established, as the terror of privateers subsided, and our monetary institutions having recovered from the alarm, commenced to extend their accommodations to the community.

In proportion as the season advanced, it became apparent that the estimates of the Cotton crop had been materially exaggerated. Notwithstanding, therefore, the disturbing causes to which we have referred, and which produced many fluctuations in prices, it is gratifying to perceive that the value of this prominent staple has gradually improved, based on the only legitimate source of a rise—supply—until the market in Liverpool, and on this side, is now from 1¼ @ 1½c. higher than at the lowest point of the season. For full particulars of the progress of the Cotton trade, and of the many and singular phases it has exhibited, we refer the reader to our detailed remarks below.

Whilst taking a retrospective glance at commerce, we can not avoid dwelling a moment on perhaps its most important feature. We allude to the momentous change recently effected in the commercial policy of Great Britain, by the repeal of the Corn Laws. This hoary monument of restriction, established two centuries ago, and which, through the influence of the powerful landed aristocracy of the Empire, had steadily and successfully resisted the assaults and appeals and arguments of the partisans of Reform, has, at length, under the combined effects and fortunate union of a deficient harvest and a change of conviction on the part of the late Premier, given way, and fallen, rightful social position. 'B. has created for himself a strong and independent position,' she notes, discussing his skill in developing business relationships and his mastery of the myriad and complex skills essential to operating in the Atlantic markets, concluding 'all that makes him an important man these days.'[29] She goes on to point out that upsetting the *status quo* too soon could have a deleterious effect on business and compromise Alphonse's ability to succeed. It is possible that by 1849, with Alphonse of age and ready to assume the business in America, Belmont had simply gained too much traction in American society to be easily replaced, regardless of his status as a mere agent.

By the end of the Civil War in the United States, the Atlantic financial world had changed irrevocably, no longer governed by King Cotton. The merchants and bankers had moved on to other, more profitable, as well as characteristically modern avenues of business. The Rothschilds, like the Barings and Browns, had actually been moving out of cotton since the 1850s. All three firms entered into the more lucrative exchange markets, selling specie, making arbitrage trades, operating in gold and behaving much more like modern investment bankers. This shift in activities was not a conscious choice. Nor was it immediately apparent. It was governed by the availability of opportunity and can be seen in retrospect in changing patterns of investment and greater interest in financial markets. At its root lay changes in the American economy and the incorporation of the American West into larger American markets and institutions.

Kathryn Boodry is a doctoral student in the History Department at Harvard University. She is presently at work on her dissertation, a study of nineteenth-century Atlantic financial networks and the production and distribution of Southern cotton entitled The Common Thread: Slavery, Cotton and Atlantic Finance from the Louisiana Purchase to Reconstruction. *She was awarded a Rothschild Archive Bursary in 2009.*


Frs 6180 New York March 24 1852
Three days after SIGHT Pay this my THIRD
of Exchange, first and second of the same tenor and date unpaid,
to the order of Mr Sylvain Bonné the sum of
Sixty one hundred & eighty francs
Value received, as advised
To Messrs de Rothschild Brothers,
PARIS.
No 1534

Bill drawn on de Rothschild Frères, Paris by August Belmont in favour of Sylvain Bonné, 24 March 1852 for the sum of 'sixty one hundred and eighty francs'.
RAL 000/1490

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NOTES

1 August Belmont to NMR, 17 July 1863. RAL XI/62/11.

2 Douglas Cecil North, *The Economic Growth of the United States, 1790–1860* (New Jersey: Prentice-Hall, 1965).

3 Quoted in John Crosby Brown, *A Hundred Years of Merchant Banking: A History of Brown Brothers and Company, Brown Shipley & Company and the Allied Firms, Alexander Brown and Sons, Baltimore; William and James Brown and Company, Liverpool; John A. Brown and Company, Browns and Bowen, Brown Brothers and Company, Philadelphia; Brown Brothers and Company, Boston* (New York: 1909 p.225).

4 David Black, *The King of Fifth Avenue: The Fortunes of August Belmont* (New York: Dial Press, 1981).

5 See Peter Temin, *The Jacksonian Economy*, The Norton Essays in American History (New York: Norton, 1969) and John R. Killick, 'The Cotton Operations of Alexander Brown and Sons in the Deep South, 1820–1860', *The Journal of Southern History*, 4 (May, 1977), pp.169–194.

6 American Letter books, RAL II/10/1, 29 April 1837.

7 James de Rothschild to his nephews in London, 25 May 1837. RAL XI/101/0/8/13.

8 Private papers re August Belmont & Co., New York, 1907–1923. RAL XI/111/186–187.

9 Black, *The King of Fifth Avenue*. See also Irving Katz, *August Belmont; a Political Biography* (New York: Columbia University Press, 1968) pp.6–7.

10 Black, *The King of Fifth Avenue*, pp.5, 22 and 39.

11 Letter from Belmont to NMR, 30 September 1839. RAL XI/62/0 /2/48.

12 For further discussion of the various financial transactions involved in nineteenth-century cotton speculation, particularly discount paper, see Edwin J. Perkins, *Financing Anglo-American Trade: The House of Brown, 1800–1880* (Cambridge: Harvard University Press, 1975).For a more general discussion of discounting within the context of banking in the city of London see Walter Bagehot, *Lombard Street: A Description of the Money Market* (New York: Scribner Armstrong, 1877).

13 John Killick, 'The Cotton Operations of Alexander Brown and Sons', p.71.

14 Letter from Belmont to NMR, 12 September 1839. RAL XI/62/0C/2/35.

15 James de Rothschild to his nephews in London, 15 September 1839 RAL XI/101/2/4/63

16 Niall Ferguson, *The House of Rothschild*, 1st American edn. (New York: Viking, 1998) p.66. It is worth noting that the approach described here, a cautious, risk-averse policy that leads to steady profit in secure markets, in contrast to overzealous speculation, has a marked similarity to the approach adopted by the bank in advance of the most recent economic downturn.

17 For a discussion of the nineteenth-century trade in discount paper and the practice of discounting see Perkins, *Financing Anglo-American Trade*. For more on the Browns' management of risk see John Killick, 'Risk, Specialization and Profit in the Mercantile Sector of The Nineteenth Century Cotton Trade: Alexander Brown and Sons 1820–1880' *Business History*, 1974, Vol. 16, Issue 1, pp.1–34.

18 Thomas Fowell Buxton and Charles Buxton, *Memoirs of Sir Thomas Fowell Buxton, Bart*, 2nd edn. (London: 1849), p.293.

19 Belmont to NMR, 12 October 1852. RAL XI/62/5.

20 Betty de Rothschild to Alphonse de Rothschild, 7 March 1849. RAL 000/930 58/1/222.

21 See Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800–1925* (Columbia, S.C.: University of South Carolina Press, 1990), ch. 11, 131–138. For a more critical consideration of planter fantasies and the relentless motivations to buy slaves with a focus on the market itself, see Walter Johnson, *Soul by Soul: Life in The Antebellum Slave Market*, (Cambridge: Harvard University Press, 2001).

22 Joseph Holt Ingraham, *The Southwest By A Yankee* (New York: Harper, 1835), p.91.

23 Belmont's letter to NMR, 6 May 1851 is one example:
'There has been some news in our cotton market and prices have gone up about ⅜ ct from the lowest point, in consequence of advices from the south of a killing frost in some parts of Alabama & Tennessee in which I have not much belief….there has been so much cotton planted that we have every prospect for a large crop & this with the now established fact that the present crop cannot fall short of 2300m bales must keep prices[?] down.'

24 For more on the collateralisation of debts with slaves see Richard Kilbourne's *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish*, (Birmingham: University of Alabama Press, 1996).

25 Killick, 'The Cotton Operations of Alexander Brown and Sons', p.187.

26 Probably the initial advances were made because of Forsyth's prominence in American politics, and it seems reasonably clear that the mortgage was not secured with either land or chattels. The initial mortgage was issued from the Paris house. The offer from John Forsyth Jr. to settle includes 60,000 acres and fifty negroes. See Belmont to NMR, 31 May 1842 RAL XI/62/2A/86. On the refusal of real property for the settlement of the debt, see Belmont to NMR, RAL XI/62/2A/124. The remaining $7,457.68 due was received by August Belmont on 13 May 1850, Belmont to NMR, 13 May 1850, RAL XI/62/4B.

27 In the one case where this type of association has been uncovered, Nathan Mayer Rothschild and James de Rothschild were counter-claimants as mortgagees on compensation due under the slave compensation process initiated after the abolition act of 1833. They pursued the compensation due for 88 slaves on an estate in Antigua, for which Chas. Chatfield, the trustee of Nathan's executors was awarded £1,570 18s after his death. The two houses pursued this conveyance as counter-claimants on a claim filed initially by Robert Hyndman for 158 slaves on the Matthews and Constitution Hills estates in Antigua. To clarify, this was a counter-claim filed against a claim filed by a defaulting debtor, Hyndman. As a means of seeking compensation on a debt he failed to pay, the two houses filed a counter-claim against his claim for funds on a debt he was owed. Thus the houses were twice removed from owning or securing debts with enslaved peoples.
To suggest from this information that the Rothschilds were in fact slave owners is a stretch. Likewise, to suggest that the houses securitized mortgages with slaves is inaccurate. For more on the filing and compensation received under the Abolition Act see the forthcoming work on slave compensation by Nicholas Draper, et. al. See also T71/1/877, The National Archives, Kew and Nicholas Draper, *The Price of Emancipation: Slave-Ownership, Compensation and British Society at the End of Slavery*, Cambridge Studies in Economic History (Cambridge, UK; New York: Cambridge University Press, 2010).

28 Betty de Rothschild to Alphonse de Rothschild, 16 May 1849. RAL 000/930 58/1/222.

29 Betty de Rothschild to Alphonse de Rothschild, 7 March 1849. RAL 000/930 58/1/222.