

# Jewish Idea in American Monetary Affairs

## The Remarkable Story of Paul Warburg, Who Began Work on the United States Monetary System After Three Weeks' Residence in the Country

**M**R. BRISBANE says that Jewish bankers exercise their large measure of control because they are abler than the other bankers. It was very good of Mr. Brisbane to say so, and it adds to the sum of his weekly, almost daily, worship at the Jewish shrine, but it is scarcely true. Jewish bankers do not yet control the United States, and the principal reason they do not is that they are not abler than the other bankers. Doubtless they seek control; doubtless they have almost grasped it on several occasions; but not yet.

Nevertheless they form such a formidable force, and with their international connections constitute such a political problem, that the mere fact of their failing to top the column of control is not so reassuring as it sounds.

The great Jewish banking houses of the United States are foreign importations, as perhaps everyone knows. Most of them are sufficiently recent to be considered in their immigrant status, while the thought of them as aliens is stimulated by their retention of over-sea connections. It is this international quality of the Jewish banking group which largely accounts for Jewish financial power: there is team-play, intimate understandings, and while there is a margin of competition among themselves (as at golf) there is also a wiping out of that margin when it comes to a contest between Jewish and "Gentile" capital.

### Four Jewish-American Financiers

**F**OUR conspicuous contemporary names in Jewish-American finance are Belmont, Schiff, Warburg and Kahn. All of them, even the most recent, are of foreign origin.

August Belmont was the earliest and arrived in America in 1837 as the American representative of the Rothschilds in whose offices he had been raised. His birthplace was that great center of Jewish international finance, Frankfort-on-the-Main. He became the founder of the Belmont family in America, which has largely forgotten its Jewish origin. Politics was a part of his concern in this country, and during the critical time from 1860 to 1872 he was chairman of the national Democratic committee. His management of the Rothschild interests was exceedingly profitable to that house, although the operations in which he engaged were quite simple compared with the operations of the present day.

Jacob Schiff is another Jewish financier who was given to the world by Frankfort-on-the-Main. He entered the United States in 1865, after having passed his apprenticeship in the office of his father, who was also an agent of the Rothschilds. The name Schiff runs a long way back without change, unlike the name of Rothschild. Originally named Bauer, this family of financiers took a new name from the red shield which adorned their house in the Jewish section of Frankfort and thus became "Rot-schild." Commonly the last syllable is pronounced as if it were "child"; it is "schild," shield. An epoch-making family in itself, it has trained hundreds of agents and apprentices, of whom Jacob H. Schiff was one. He became one of the principal channels through which German-Jewish capital flowed into American undertakings, and his agency in these matters gave him a place in many important departments of American business, especially railroads, banks, insurance companies and telegraph companies. He married Theresa Loeb, and in due time came to be head of the firm of Kuhn, Loeb & Company.

### The International Mr. Kahn

**M**R. SCHIFF, too, was interested in politics with a Jewish angle, and was perhaps the moving force in the campaign which forced Congress and the President to break off treaty relations with Russia, then a friendly nation, on a strictly Jewish question which had been skillfully given an American aspect. Mr. Schiff was of inestimable assistance to Japan in the war against Russia, but is understood to have been disappointed by Japan's shrewdness in preventing too high a return being made for that assistance.

Associated with Mr. Schiff in Kuhn, Loeb & Company is Otto Herman Kahn, who is probably more international than were either of the two gentlemen mentioned above and is more constantly engaged in dabbling in mysterious matters of an international nature. This characteristic may be accounted for, however, by his experience of many countries. He was born in Ger-

many and is also a product of the Frankfort-on-the-Main school of finance, having had connections with the Frankfort Jewish house of Speyer.

Of just how many countries Mr. Kahn has been a citizen is a question not easy to determine here because of the doubt that was recently cast upon his American citizenship by a protest against his being permitted to cast his vote last year and by his failure—the announced cause being physical indisposition—to cast his vote. If Mr. Kahn is a citizen of the United States (a status that will be readily proclaimed upon proof that he is), that probably increases the number of his citizenships to three. He was a German citizen by birth, and served in the German Army. And in 1914, in August, at the time of the outbreak of the European War, when efforts were being made, which afterward succeeded, to put Paul M. Warburg, a member of the firm of Kuhn, Loeb & Company, on the Federal Reserve Board, Mr. Warburg testified that at that time Mr. Kahn was not a citizen of the United States.

Senator Bristow—"How many of these partners are American citizens, or are they all American citizens . . . ?"

Mr. Warburg—"They are all American citizens except Mr. Kahn."—(P. 7, Senate Hearings, August 1, 1914.)

Senator Bristow—"Now, the members of your firm, are they all American citizens except Mr. Kahn?"

Mr. Warburg—"Except Mr. Kahn, yes."

Senator Bristow—"Was Mr. Kahn ever an American citizen?"

Mr. Warburg—"No."

Senator Bristow—"He never was?"

Mr. Warburg—"No; he is a British subject."

Senator Bristow—"He is a British subject?"

The Chairman—"He lives in England, does he not?"

Mr. Warburg—"No. At one time he thought he would move to Europe, and that was when the question arose of his standing for Parliament; then he changed his mind and moved back to the United States."

Senator Bristow—"He was at one time a candidate, or a prospective candidate for Parliament, was he not?"

Mr. Warburg—"No; he was not; but there was talk about it; it had been suggested, and he had it in his mind. Something had been written about it in the papers."—(P. 76, Senate Hearings, August 3, 1914.)

So, that if Mr. Kahn is a citizen of the United States now, which as a matter of fact has been disputed, then he has been a citizen of three countries, Germany and Great Britain being the other two.

### Enter Paul Moritz Warburg

**M**R. KAHN, by the way, is one of those Jews whose adoption of another form of faith brings no denunciation whatever from the Jews themselves. A most peculiar circumstance! But doubtless not inexplicable. Mr. Kahn is not called a "renegade Jew" nor any of the other nasty names heaped upon Jewish converts to Christianity, because he does not deserve them. They would not fit him. He is not renegade. And he never was regarded for a moment by Jacob H. Schiff as anything but a Jew, else that "Prince of Israel" would not have chosen him to remain in America and run the business of Kuhn, Loeb & Company, at a time when it seemed undesirable to put the junior Schiff in full charge of it.

Doubtless it was Mr. Kahn's desire, just at the time Jacob Schiff made his wishes known, to go to England and stand for Parliament.

But from New York he fulfills, probably as well as he could from London, those mysterious missions which frequently take him to the Continent, at which times he makes what are regarded as certain authoritative decisions, though just whose decisions it is not always possible to say. In Paris particularly, and at points east thereof, Mr. Kahn has been established in the position of spokesman of the American Financial Hierarchy, which, of course, he is not. But he undoubtedly is the spokesman of some group, possibly the group which so ably put through the Jewish program at the Peace Conference, the group that impressed Eastern

Europe with the feeling that the United States of America was a very powerful Semitic empire. Mr. Kahn's trips abroad are usually unheralded, but their results richly repay observation.

A fourth member of the Jewish financial group in America (which is the form of statement which Mr. Chaim Weizmann would sanction, rather than to say "Jewish-American financiers") is Mr. Paul Warburg, to whose testimony we have just alluded.

Mr. Warburg is the most recent of all. He was born in Germany in 1868; he came to the United States in 1902; he became an American citizen in 1911. He came to the United States for the express purpose of reforming our financial system, and it is hardly possible to understand fully the system in operation today without reference to Paul Warburg. He is a man of very fine mind, a money-maker, but something more—a shrewd student of the systems by which money is made. There are two types engaged in the mere work of money-making which is better described as "money-getting," without reference to production; one type grubs away under whatever system obtains, regarding it as fixed as the solar system; another type is sufficiently detached to see the system as an artifice which may be mended, remodeled or supplanted altogether. Paul Warburg, scion of a long line of German Jewish bankers, is of the latter type. He is not content with the fact that the cash-register fills itself with money; he wants also to know how the cash-register works, and whether it can be worked. He is thus a student of money and of the number of ways in which it can be manipulated.

### The Internationalism of Mr. Warburg

**P**ERHAPS it will be best to let him tell his own story as far as he goes. When he told it to the Committee on Banking and Currency of the United States Senate in executive session, there was some dispute as to whether the proceedings should be recorded by the stenographer. It was finally agreed that notes should be made but should not be divulged. The testimony was printed "in confidence" on August 5, 1914, and nominally "made public" on August 12.

The Warburgs are one of the international families whose importance was not realized until the war, and would not have been realized then if their internationalism had not been so apparent. It was an interesting spectacle to see brothers occupying important places of counsel on either side of the great struggle.

Paul Warburg learned the rudiments of banking in his father's bank at Hamburg, Germany, studying the over-sea trade which is the foundation of that city's business. The banking house of Warburg in Hamburg dates from 1796.

"After that I went to England, where I stayed for two years, first in the banking and discount firm of Samuel Montague & Company, and after that I took the opportunity of staying two months in the office of a stockbroker in order to learn that part of the business.

"After that I went to France, where I stayed in a French bank, so that—

The Chairman—"What French bank was that?"

Mr. Warburg—"It is the Russian bank for foreign trade, which has an agency in Paris.

"And after that I went back to Hamburg and worked there again for a year, I think.

"Then I went round to India, China and Japan.

"And then I came to this country for the first time in 1893. I stayed here only a short time then, and went back to Hamburg, and then became a partner of the firm in Hamburg."

The Chairman—"How long were you in Hamburg then in the banking business?"

Mr. Warburg—"Until 1902 . . . And then I moved over here to this country to become a partner of Kuhn, Loeb & Company."

### Ties of Race, Money and Domesticity

**I** EXPLAINED in the curriculum which I gave you, Mr. Chairman, that by marriage I am related to members of the firm, the late Mr. Loeb having been my father-in-law, which brought about a desire on the part of the family to bring me over here . . . I ought to say that I got married in this country in 1895 and