

**SELMA STERN**

**With a New Introduction by  
Egon Mayer**



**THE  
COURT  
JEW**

**A Contribution to the History  
of Absolutism in Europe**

# **THE COURT JEW**

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# THE COURT JEW

A Contribution to the History  
of Absolutism in Europe

**SELMA STERN**

*Translated by Ralph Weiman*

*With a New Introduction by*  
**Egon Mayer**

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**JACOB RADER MARCUS**

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## INTRODUCTION TO THE TRANSACTION EDITION

*Egon Mayer*

The destruction of European Jewry by Hitler's Germany is the familiar and bitter irony of the twentieth century. Prior to 1933 it was in Germany that Jews had attained the highest levels of economic and political status and where they had reached the greatest sense of social acceptance. Germany was also the country in which philosophical enlightenment and modernization had made the greatest advances among the countries of Europe. Yet, it was Germany that waged the most savage onslaught against Jews in all of human history.

Far less familiar, though no less ironic, are the multitude of painstakingly researched facts, culled by Selma Stern from the prewar German state archives, and presented here in a picturesque narrative that appropriately mingles a sense of reverence for exceptional and fearless men with the pace of a historical novel.

As a result of Mrs. Stern's meticulous scholarship which seems to have left no available manuscript unexamined, one learns that between 1640 and 1740 a relatively small handful of highly gifted and energetic Jews was responsible for laying the foundations of numerous industries, banking, commercial trading, and the eventual unification of the state itself in Germany.

Men like the indefatigable Bernd Lehmann (1661-1730), the entrepreneurially driven Samuel Oppenheimer (1635-1703) and Samson Wertheimer (1658-1724), to name a few of the most prominent ones, were responsible for organizing trade, supplying armies, safeguarding currencies, organizing and administering tax collection, and establishing international trading channels. They also managed the personal finances of the numerous princes, dukes, electors, and other heads of the then still autonomous states that comprised the loosely structured German empire. Joseph

Suess Oppenheimer (1692-1738), who was known simply as the "Jud" Suess ("the Jew Suess"), was responsible for establishing the first state bank—and was eventually hung by a mob partly as a result of its failure. Men like Levin Veit and the brothers Moses and Elias Gumperts were responsible for the acquisition of silver and the minting of money for their states. Jewish financiers also undertook major industrial initiatives in the production of cloth, leather goods, tobacco products, and the like, at the behest of their rulers (who often held out little more than the promise of the civil rights naturally enjoyed by all their Christian subjects).

Is it conceivable that without the intense desire of a handful of enlightened Jews to enter into the mainstream of the just emerging German bourgeoisie, Germany might never have become the major industrial power of Europe in the nineteenth and twentieth centuries? Is it possible that without the economic and political schemes of these gifted and hard-driving Jews, the modern nation-state of Germany might never have achieved its unification and international stature, nor its military might? And did the successful quest of a small number of Jews for civil liberties and economic progress in the seventeenth and eighteenth centuries, perhaps, sow the seeds of the destruction of European Jewry in the twentieth century?

These are tantalizing questions, with no small measure of significance for contemporary Jews in the free world; particularly in the United States. America and Germany are vastly different societies, but in America, not unlike in prewar Germany, Jews have also made spectacular advances in social, economic, and political status. They comprise a tiny minority, less than 2.5 percent of the population, yet are heavily overrepresented in high status occupations and in technologically advanced industries. History cannot be second-guessed. And no simplistic theories of anti-Semitism are intended here. But the rise and fall of the court of Jews of Germany cannot but cast a shadow over the successes of Jews elsewhere—and raise the ominous question: Could the cycle repeat itself? Even if the question defies an unequivocal answer, as it does, it is well to raise it from time to time. If there are even partial lessons to be learned from the ultimate fate of the court Jews, who were largely toppled as a result of their successes, then

Stern's book will have earned its rightful place in Jewish social science scholarship as a classic.

Beyond the issue of the fate of Jews in modernizing societies, Stern's description of their economic role opens up a far broader debate concerning the origins of capitalism, the debate between Max Weber and Werner Sombart, which has lain dormant for more than fifty years.

Since the publication of Max Weber's seminal essay *The Protestant Ethic and the Spirit of Capitalism* (1904), it has been an almost universally accepted theory among social scientists that it was the unique blend of asceticism, rationalism, and worldly pragmatism found among particular branches of Protestantism which produced modern capitalism. Weber's definition of capitalism focused most heavily on the rational application of human effort (the "work ethic") toward productive labor and organization. As Weber put it, "The great promoters and financiers have no more created the rational organization of labor than those other typical representatives of financial and political capitalism, the Jews . . . Jewish capitalism was speculative pariah-capitalism, while the Puritan was bourgeois organization of labor."

Werner Sombart, a contemporary and sometime colleague of Weber, argued forcefully and probably not without anti-Semitic sentiments, that it was the Jews and not the Protestants who gave birth to modern capitalism. In his work, *The Jews and Modern Capitalism* (1911), he conceded to Weber that Jews did not foster the rational organization of industry and labor. But he argues, against Weber, that the essence of modern capitalism is free trade and the successful manipulation of money, and "the Jews are the fathers of free trade and therefore of capitalism."

The tale of Jewish economic prowess, told by Selma Stern in these pages, compels the reader to confront both Weber and Sombart in a new light.

The entrepreneurial court Jews whom Weber regarded as adventurers and pariah-capitalists included men like Abraham Hagen and Nathan Bendix, who in 1648 organized the tobacco industry in Mecklenburg; Vitel Ephraim, whose gold and silver refineries in 1775 employed over one thousand men, and who, in 1745, had established a successful lace factory in Potsdam; Daniel

Itzig, who in 1773 had established one of the first leather manufacturing firms in Brandenburg; and Pinthus Levi, who in the 1760s employed over one thousand men in a three-hundred-loom textile manufacturing operation in Raathenow. Clearly, whatever financial wizardry these men were capable of, they also gave ample evidence of commitment to industry and a capacity for the rational and efficient organization of labor. Moreover, the enthusiastic support of free trade on the part of Jewish entrepreneurs was not conditioned by any particular religious teachings, as Sombart suggested, but rather by anti-Semitic exclusions that they had experienced at the hands of the feudal guilds and corporations.

Selma Stern's account further implies that the dazzling successes of the few hundred court Jews in the German empire depended heavily on the cooperation of a great many of their coreligionists both in the Germanic lands and elsewhere, throughout Western and Eastern Europe. The acquisition of supplies, intricate currency exchanges, the delivery and marketing of exports across numerous and hostile borders, required the court Jew to be able to call on the loyalty of his fellow Jews. It is precisely this sense of transnational and transregional loyalty among the masses of European Jews (which was partly bred by anti-Semitism, and often the object of anti-Semitic contumely) that enabled the court Jews to build and manage commercial empires. Thus, what appeared to be adventure capitalism to the outsider was, in fact, built on a complex and rational organization of labor and interdependence among Jews. Further, the high-risk entrepreneurial spirit of a handful of court Jews fostered the development of a managerial and professional cadre of Jews at the lower levels.

The long-term impact of these Jews on the subsequent growth of German capitalism is amply attested to by some of the following brief figures. Just prior to World War I, when Jews comprised about 1 percent of the German population, their number among the directors of German industries was over 13 percent. In the electrical industry their number was 23 percent, in the metal industry 25 percent, in the leather and rubber industries over 31 percent. On the directorates of industrial joint-stock companies there were close to 25 percent Jews.

Surely, neither Weber nor Sombart could have been unaware of

the facts concerning the formative role of the court Jews in German capitalism. Being a sensitive student of historical development, Max Weber, in particular, could not have missed the connection between the ethos of the court Jews of the seventeenth and eighteenth centuries and the spirit of capitalism among the Jews who were his own contemporaries. Thus, one is led to ask, why did Weber deny a formative role to Jews in the development of modern capitalism? Was his commitment to a value-free pursuit of knowledge inadvertently beclouded by the prejudices that played such an obvious role in the work of Sombart?

Selma Stern's account of the court Jews tells a series of fascinating stories of daring, achievement, personal loyalty, and ethical responsibility among a people relegated to the back-page footnotes and dustbins of Western history for the past two thousand years. While, perhaps, not fully aware of the broad implications of her own findings, Mrs. Stern impels the reader to ask some bitterly ironic questions, and she provides solid information on the basis of which one may reach some rather novel, if disturbing, answers.



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## PREFACE

WHEN, many years ago, the writer of this book first began to interest herself in the problem of the Court Jew, she was still convinced that Jewish history gave evidence of a steady course of progress. Though she was acquainted with the seesaw nature of human history — periods of enlightenment being followed by periods of political conservatism and religious intolerance — and though she was aware of the dark, irrational elements in human nature ever in revolt against spirit and civilization, she was nevertheless certain that reason and humanity would win in the end. Sharing in two differing cultural heritages, the Jewish and the German, she did not feel the tension of such a relationship as a perplexing inner conflict and contrast; this dual heritage served rather to enrich her being and to broaden her *Lebensgefuehl*. She was therefore in a position to study, from a positive historical standpoint, the chief problems that interested her, namely, the emancipation of the Jews, that is, the process of their becoming an integral part of the political, economic and social life of the State, and the assimilation of the Jews, that is, the process of their self-adaptation to the culture and spirit of their surroundings.

She was particularly intrigued by the history of the Court Jews because of their colorful and adventurous careers. Her imagination was excited by the story of their sudden rise to power and their even more sudden fall. Her human and psychological interest was aroused by the peculiar character of these strong-willed men who, through their intelligence and energy, through their money and importance, through chance and good fortune, were able to rise above their coreligionists. She was even more concerned with the problem of the

economic and social progress of these men, whose progress was closely connected with the development of the German States away from their medieval patrimonial character and towards fully developed legal and economic structures. Thus many Jewish financiers, whose interests coincided with those of the princes and their states, were among the most prominent advisors to the princes and helped prepare the way for the new State over the opposition of the patriciate and the nobility.

The other aspect of this process of assimilation was the reaction of Christian society to the entrance of the Jews into its ranks, that is, the attitude of the various classes, corporations and organizations to a group which, until that time, had not been admitted into their circle.

But the writer felt that the problem of the Court Jews merited attention not only in its political and social aspects. They were for her a typical and symbolic phenomenon of general Jewish historical development. By understanding their fate one could at the same time understand the fate of the European Jew who attempted to create a synthesis of two different worlds, without surrendering his identity. One could watch his efforts to become integrated into the economic and civil life of the people of which he had become a part. The Court Jews appeared to her to be forerunners of emancipation and their history to represent the early period of this movement.

The world in which we live has changed in the meantime and with this change our historical *Weltbild* — our view of how our world has come into being — has also changed. The sudden transformation of all our conditions of life has given us a new perspective and enables us to understand more clearly than formerly, not only the inner connection between the changing form of a State and its changing economy and society, but also the close connection between Jewish fate and such historical developments. We have realized how the changing of a democracy into a dictatorship, a free economy into a planned economy, a humanitarian and liberal conception

of the world into a medieval caricature, can drastically affect the position of the Jews. This new experience and awareness has made us revise our old historical standpoint so that we no longer look upon emancipation as the end of a long process which led to a kind of symbiosis between two national groups. Even if we remain cognizant of the far-reaching results of this process by which ghetto Jews became European Jews, we tend to look upon the era of emancipation as only one of the many decisive periods in Jewish history.

Since we no longer see any principle of gradual progressive development in the course of history, we begin to believe that the very basis of historical life is continuous change . . . that everything is in flux, that everything dies in order that it may be reborn.

This dying and rebirth is more marked in some epochs than in others, usually in periods of revolution and radical political, social and economic change. Such periods have not only transformed the life of nations, but also deeply influenced the fate of the Jews. Examples of such periods are the era of the German Reformation, and of the English, American and French Revolutions.

The Period of Absolutism was also a time of radical change. It marked the transition from feudalism to absolutism, from Imperium to national State, from medieval economy to a money and credit economy, from traditionalism to early capitalism, from scholastic theories and canonical law to natural law, from a corporative society to one composed of autonomous individuals.

We attempt in this study to investigate the effect of changing historical relationships on the Jews, because we believe that this will make it possible for us better to understand the institution of the Court Jew, who was a product of that period of transition and transformation. Only that particular historical conjuncture, namely, the period of Court Absolutism and of mercantilism or early capitalism — a period in which

people had lost faith in old institutions and had not yet developed a new way of life and a new conception of things — could have given rise to a phenomenon like the Court Jew who combined in himself certain traits characteristic of the Middle Ages with others characteristic of modern times.

The Jew of the nineteenth century represented a mature and well-developed type. The processes of emancipation and assimilation had gone as far as they could under the circumstances, and the Jew had absorbed the spiritual and cultural values of the world around him. The Jew of the baroque period had a more difficult task and a harder destiny. No one led him; no school or university guided him; there was no mighty spiritual movement, such as existed at the time of Moses Mendelssohn, to carry him along. The doors of education and culture were still closed to him. He was plunged, without any preparation or period of transition, into a completely different culture that was fundamentally stranger to him than the culture of the period of Enlightenment or of the nineteenth century was to his descendants. While he still was not in a position to absorb all the spiritual values of his century and to work out a synthesis between them and the values of the ghetto, he was, on the other hand, able to devote all his energies to economic activity and to make a full contribution in this sphere. In this way the Jew created for himself the material basis on which the struggle for political, social and spiritual emancipation could be waged.

It has been said that social and economic revolutions precede intellectual ones, that the material situation of a society must be changed before men are ready for a spiritual revolution. This was the very task the Court Jews accomplished. By transforming the economic situation of the Jews, they shattered the social foundations of the ghetto and made their coreligionists of the following generations receptive to the new ideas of their time. If there had been no Moses Benjamin Wulff, Court Jew in Dessau, there would have been no Moses

Mendelssohn; if there had been no Juspa von Geldern, Court factor in the Palatinate, there would have been no Heinrich Heine; if there had been no Baruch Simon, Court Jew in Cologne, there would have been no Ludwig Boerne. Ephraim and Itzig, the Berlin mint-masters, prepared the way for the Jewish Enlightenment in the eighteenth Century; Oppenheimer, Wertheimer, Eskeles and d'Aguilar, Court purveyors in Austria, made the famous Viennese salons possible.

Each generation sees its nation's past in a different light, for the historical concepts and personal experiences of each generation are different. Our generation was destined to review, revise and reinterpret our past once again, not only because we have uncovered new historical sources which have enriched our knowledge, or because we could use better methods of historical and psychological research than previous generations, but because we have gone through experiences which no Jew in the last two hundred years had known.

This experience should not make us — in a kind of escapism — romanticize the past and become sentimental about the "good old days." On the contrary, the tragedy and inexorable-ness of our present experiences should lead us to view our past more objectively than before, so that we may understand those forces of our history which once formed and eventually transformed us. We shall then perhaps recognize which of these forces have still remained alive in us and have continued until this very day to exist in us as invigorating and creative elements. An awareness of these forces cannot change our destiny, but an attempt to understand our road through the centuries can make our destiny easier to bear. A wise man once said: "What one can understand he can endure."

This work is based principally on studies made during the years 1920-1938 in the archives of almost everyone of the German *Staats-* and *Stadtarchiven*, in Ansbach, Berlin, Breslau, Danzig, Darmstadt, Duesseldorf, Frankfort on the Main and

Frankfort on the Oder, Halberstadt, Heidelberg, Karlsruhe, Koblenz, Koenigsberg, Magdeburg, Muenster, Nuernberg, Stettin, Stuttgart, Tuebingen, Wolfenbuettel and Wuerzburg.

With a deep sense of loss I wish to pay tribute here to the memory of Dr. Otto Hirsch, one of the noblest martyrs of German Jewry. He made untiring efforts, even though he was continuously persecuted and often in jail, not only to preserve the life of the German Jews, but their cultural and spiritual heritage as well. With an almost prophetic insight into the future, he asked me as far back as in the spring of 1935 to collect, in all the Prussian State Archives, as many Jewish documents as possible in order that the generations to come may remain aware of the thoughts, the deeds and the fate of their ancestors. At his suggestion, Dr. Leo Baeck, then the President of the Reichsvereinigung der Juden in Deutschland, carried this idea into effect despite the restrictions the Nazi government imposed on Jewish research. I owe it to the heroism and idealism of those two great men and to the unselfish assistance and encouragement of Dr. Jakob Jacobson, then the Director of the *Gesamtarchiv der deutschen Juden*, that I could fulfill my task in that most critical period.

First and foremost this book belongs to my husband, Eugene Taeubler, who, more than any other academic teacher, has profoundly influenced my historical concepts and methods and guided me through the many stages of research and writing ever since the time he founded the Forschungsinstitut of the Akademie fuer die Wissenschaft des Judentums in Berlin. Without his constructive counsel, his wise comments, his countless criticisms, his inspiration and collaboration, this volume would not have been written in its present form.

I wish to take the opportunity of expressing my great obligation to Dr. Jacob R. Marcus at whose suggestion this monograph was undertaken. Though I had planned for a long time to utilize the material I was happy to have saved from certain

destruction, the tragic fate of German Jewry was so stunning as to inhibit me from stirring up the memories of the past. Dr. Marcus' interest in my work, and especially in the history of the German Jews, encouraged me at last to continue my studies. His kindness and aid and the generosity and courtesy of the Jewish Publication Society and of Dr. Maurice Jacobs, until recently the Society's Executive Vice-President, made possible the publication of this book, even as they made possible the appearance of my historical novel, *The Spirit Returneth*, some years ago.

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## INTRODUCTION

THE period which we designate as the epoch of court absolutism and early capitalism and which extended from the end of the Renaissance until the period of Enlightenment created a new *Weltanschauung*, a new type of individual, new economic and political views and new forms of social organization. No longer was there a unified political and religious world, protected by the secular sword of the Emperor and the religious sword of the Pope. In place of a universal monarchy and a universal Church there arose strong individual, autonomous states, each contending with the other, and independent religions and sects, each struggling against the other. For the all-dominating idea of supporting and defending the Church which alone had the power of granting salvation, there was substituted the idea of supporting and defending the European balance of power. The universal conception of an absolute, positive law was superseded by the belief in natural law. The belief in Revelation was replaced by the belief in Reason. The ideal of poverty gave way to the lust for possessions. The moral conception of the State, founded on the teachings of the Church Fathers, was supplanted by the conception of the power of the State, the welfare of the State, the interest of the State, that is, by the *Staatsraison*.

This idea of *Staatsraison*, which during the succeeding centuries separated ethics and politics and endowed the State with an importance it had never possessed until then, became the most revolutionary force of the period. Princes and peoples, philosophers and publicists, officials and economists, all subordinated themselves to it. It controlled the economy and dominated society. It made the ruler as mighty as God, free of any

restrictions and endowed with absolute powers. It subjected the people, a unified, unprivileged mass, to the stern will of the head of the State. It compelled him to demonstrate his own power and greatness, which was identified with the power and greatness of his State, by expanding and enlarging his territory and to demonstrate his might and glory again and again by conquering other states and subjugating their populations. For the sake of this conception of *Staatsraison* endless wars were fought during that century, wars of reunion and succession, of coalition and devolution. Because of this conception of *Staatsraison*, kingdom was played off against kingdom, lands and cities were exchanged or sold, colonies were disposed of, inheritances were pawned, treaties made and broken.

For the sake of political power the whole nature of the State had to be changed and reshaped. The prince had to put an end to the religious, cultural and economic independence of the various units in his country, units governed by an aristocracy or a patrician class, and he had to consolidate them into a unified State.

One of the first tasks was to reorganize the entire administrative system. With the help of devoted officials who believed in the Roman legal theory of the unrestricted power of the State and were well acquainted with the contemporary concepts of natural law, he had to take away the sovereign rights possessed by the separate governments of the various estates of the realm and to place all these prerogatives under his own direct control.

The break with the Middle Ages was most marked in the economic sphere. An economic system based on the Bible, the Church Fathers and Canon Law gave way to an active and ruthless State capitalism which attempted to control trade and business from above by means of laws, regulations, concessions and protective measures. Mercantilism, which was closely bound up with absolutism, was a bold attempt to solve, not only economic problems, but also problems of domestic and

foreign policy and of governmental organization and constitution. At no other period had economic theory, which was at the same time political theory in the fullest sense, been so closely connected with practical politics; and, conversely, never had the actual administration of the State been so governed by the principles of economic theory.

Mercantilism has been called a system of national agriculture, national trade, national industry and national fiscal policy. This description is meant to emphasize the struggle of the State for power and external and internal independence: external independence in that it formed a separate economic and political unit; internal independence in that it substituted strong, unified economic bodies for loosely connected corporations, organizations and estates.

In order to achieve this independence for the State mercantilism needed to increase the wealth of the nation. For this reason trade and industry were encouraged, the number of inhabitants was increased, the financial system was improved, taxes were made higher, the monetary system was reorganized and domestic industry was protected from foreign competition, that is to say, the export of raw materials and the import of finished products were prohibited and all forces that were in a position to produce wealth were aided — the merchant, the tradesman, the manufacturer, the banker.

This new attitude towards money, this desire for gold as a means of making the State strong and prosperous, was the chief characteristic of absolutism. The amassing of wealth became the guiding principle in political economy. The theorists of mercantilism taught that the duty of princes was to secure wealth, gain money and to keep it in the nation. The Ministry of Finance, they explained, was the heart of the State; the circulation of money was the bloodstream of the political body.

The problem of population played an equally important role. The proponents of absolutism wanted the State to en-

courage immigration and called attention to the close relationship between population and production and between the number of a State's inhabitants and its might.

This complete change in the political and economic structure of the State led, not only to a new conception of the Jew, but also to a complete transformation of his political and economic position. As soon as trade was no longer condemned, as it had been in the Middle Ages, taking interest no longer prohibited and the merchant no longer compared to a thief and a pirate, it was natural that the Jewish money-changer and tradesman should be looked upon in a different light.

If one considered the persecution of religious groups and sects as a measure harmful to trade and believed, as many of the mercantilists did, that the decline of Spain was due to the expulsion of the Jews and that Holland owed her superiority in trade to the immigration of Jews, then it became self-evident that in order to create a flourishing trade and a sound economic structure one should encourage the settlement of Jews and practice tolerance towards them.

The medieval feudal State, which was subordinated to the Church and dependent on its canons, had excluded a group which was, in its opinion, composed of infidels. Their position in medieval law was that of foreigners. Medieval society excluded them from almost all professions. As property of the ruler they were in need of his personal protection, for which they had to pay heavy taxes. They provided, as did the other regalia, an indispensable source of revenue ever at the ruler's command which he could at his discretion also sell to other feudal powers or give as security to his creditors.

In the period of absolutism the great importance of the Jewish problem was recognized. It was transferred from the religious to the political sphere and in this way secularized. It became, for the first time in the history of the diaspora, a political problem.

For by favoring public as against private interests, suppress-

ing the nobility and organizing a new officialdom, creating a standing army in place of a mercenary force and centralizing the administrative government, the absolutist ruler dissolved the old ties of society and replaced them with new ones which were more desirable from the viewpoint of state administration.

The Jew, too, found the factors of absolutism and mercantilism acting as powerful reagents upon the ties and bonds of his life. For the first time the State, in bringing all its subjects into direct relationship with itself, made a place for the Jews in the complicated order of its social structure. By taking away from the feudal lords the *Judenregal*, placing the Jews under the state officials and specifying the rights and duties of the Jewish taxpayers, the absolutist ruler changed his medieval relationship to the Jews. They ceased to be appurtenances of the ruler, serfs of the chamber (*Kammerknechte*), just as they ceased to be dependent on the favor and caprices of the feudal powers.

The mercantilist economic policy had a similar influence. By considering the Jews as important factors in its commercial policies, by drawing them into the financing of trade companies and colonies, by entrusting them with factories, banks, agencies and monopolies and by using them to stimulate import and export, the State made the Jews important pillars of the expanding economy.

These tendencies which led to the emancipation of the Jews in Holland, their return to England and to a more favorable position in France were realized to the fullest extent in Germany. Here we can see the most striking change in the policy toward the Jew.

The western countries, under the leadership of monarchs and statesmen like Richelieu and Colbert in France, William of Orange in Holland and Cromwell in England, became powerful unified states and their economic life was stimulated and intensified by the discovery and founding of overseas colonies. Germany, on the other hand, was left weakened by the Thirty

Years' War. The Holy Roman Empire of the German Nation, which had once theoretically and actually been the center of Europe, was now only a concept or, as it has been described, a chimera, a skeleton whose parts were joined together, not by nerves, but by wire threads and were not capable of movement. The Emperor, who had once been the powerful and undisputed ruler of the Empire, was now only titular head of this strange structure that could be called neither a republic nor a monarchy. Through the treaty of Westphalia the two hundred and forty territories of various sizes that comprised the Empire had received full liberty and full sovereignty and were given the power of concluding treaties with other rulers, of waging war and of conducting negotiations.

The Thirty Years' War had devastated their territories, depopulated the cities, impoverished the inhabitants, destroyed the monetary system and interrupted trade relations with foreign countries. The Empire's enemies were in possession of all her outlets to the sea: Sweden had gained the Baltic region and Lower Pomerania and dominated not only the Baltic but also the mouths of the Oder and Weser; Holland controlled the mouth of the Rhine; Poland held the Vistula, France the Upper Rhine and Denmark Holstein and Oldenburg.

Despite all this the German princes sought to reorganize their States in the spirit of absolutism and mercantilism, to unify the separate regions that they had inherited, annexed, gained in war or through exchange, to create a standing army and a modern governmental apparatus and to transform their Courts into little Versailles in imitation of the Court of Louis XIV.

With this goal in mind they paid special attention to the Jewish problem and, with a German sense of system and organization, they attempted to find as thorough and fundamental a solution as the period permitted.

Jewish competitors had been expelled from the German commercial centers and from most of the larger territories in

the fifteenth and sixteenth centuries. They had settled in the villages and towns of the knights, bishops and barons, where they eked out an existence as pawnbrokers, money-changers and peddlers.

Only in some of the larger cities, like Frankfort, Worms, Fuerth, Vienna and a few others, were they granted the right of domicile. German Jews had no part in the commercial and financial undertakings which contributed to the development of the cities in Upper Germany. These enterprises were almost without exception in the hands of Christian merchants.

The situation was radically altered in the seventeenth century. Jews were accepted in larger numbers and under more favorable conditions in most of the German states and cities, and were granted the right to found their own communities and to practice their religion without hindrance.

Ideas of tolerance played a very small role. The motives which compelled the princes to accept Jews were of a financial nature: to increase the population of their lands and to gain an additional number of productive taxpayers. They hoped at the same time to be able with the help of the Jews to combat the guilds and to establish the modern monetary and credit systems. Still, whatever the motives may have been, this attitude on the part of the princes helped make the position of the Jews more secure.

The German prince of that period, however, needed more than someone to educate his subjects in the economic field and to serve as a means of carrying out his commercial and fiscal policies. This was a period in which there was not as yet a science of political economy, in which there was no public credit, in which Court and State economy had not yet been separated, in which the tax system and budget were disorganized and the State revenue was pledged as security. The princes needed, therefore, capable and experienced financiers and organizers who could procure the sums of money necessary to carry out experiments in the field of politics and econom-

ics, to wage wars and to maintain the army and the Court budget.

In the sixteenth century the South German merchants, in particular the Fuggers, had lent the Emperor large sums of money. They had constituted an independent power and for a period of time had influenced the destiny, not only of Germany, but of Europe as well. With their financial help Charles V was able to have himself elected German Emperor and defeat Francis I of France. They supplied money to the European princes and to the Popes and cardinals. They owned mines and factories and their commercial activity extended to all parts of the world.

This bold, enterprising type of merchant no longer existed in the seventeenth century. As a result of the religious disturbances and conflicts and especially in consequence of the change in the trade routes from the Mediterranean, Italy and Southern Germany to the Atlantic Ocean and the West, German commerce was rapidly declining and no longer in a position to compete with the western States. The proud, high-spirited patrician of the Free Imperial Cities, who had helped determine the outcome of wars and the fate of the Reformation, had become a spiritless and penniless bourgeois who feared to take any risks, who spent his energy in petty intrigues over who should receive various town posts, and who bitterly opposed the economic and political innovations of the mercantilist State.

But a large section of the other citizens also regarded the penetration of the authoritarian State into their spheres of interest with mistrust and animosity. While the mercantilist writers and the liberal officials praised the experiments of absolutism, the representatives of traditionalism and anti-capitalism refused to take part in State enterprises. They believed in the theological and scholastic theories of the Middle Ages or in the Lutheran ethical doctrine of economics. They saw in the natural organization of "estates" the system in which

every class found the work assigned to it by God and protected by the ruling body. They still thought that money was unproductive, that taking interest should be forbidden, that credit should not be extended, and they therefore fought against monopoly, free initiative and the free professions.

The prince who wanted to rescue his State from its precarious financial position had consequently to seek an entrepreneur who was free of corporative and religious connections and who could, as a result, regard economic and political problems with as sober and unprejudiced an attitude as he himself did. The entrepreneur also had to be a man who knew the international money market, who was acquainted with the most important European financiers and who therefore was in a position to obtain the necessary sums of money.

The Emperor had rewarded the Fuggers for their loans by granting them titles of nobility, giving them the right to coin money and to exploit mines, so that they gained a monopoly over the silver mines in Hungary and the mercury mines in Spain. The Jew who lent money to the princes could be satisfied by less expensive rewards. It was sufficient to improve his oppressed political position by giving him economic concessions and by granting him special privileges and exemptions. In this way the banker and financial agent became the army contractor, the Court purveyor and the commercial entrepreneur. Nor was this all. His financial activity, which was at that time closely bound up with diplomatic affairs, brought him into contact with higher politics. He was used in secret missions, political councils, armistice negotiations and military operations. Through his personal mediation, lands and positions were bought and sold. Through his financial transactions, electorates and crowns were acquired, and through his agents the latest news and most reliable information could be obtained. In this way the Court Jew took over the functions of a secret agent and spy, of a reporter, consul and diplomatic courier.