The Japanese success in securing loans in Western financial markets during the Russo-Japanese War is considered to be a substantial factor in Japan’s victory. A key role in this success was played by Jacob H. Schiff, the senior partner of Kuhn, Loeb & Co., who was at the time the most powerful American-Jewish financier and community leader. Schiff helped the Japanese to overcome the difficulties they had been facing in their negotiations with bankers in New York and London, difficulties that nearly thwarted their initial efforts to raise the sums they needed.

As the loans were being negotiated, Schiff explained his involvement in the deal as a reprisal for the brutal suppression of Russian Jewry by the antisemitic tsarist regime. A military defeat, he argued, would hasten the downfall of tsarism and bring about its replacement with a more enlightened regime that would reform the Russian government and improve its attitude toward the Jews. This reasoning, which was reiterated over the years by Schiff’s relatives and associates, was in line with his call before the war for Jewish bankers in Europe to deny the Russians any access to Western money markets and with his command to his heirs to continue this financial embargo as long as the Russians did not change their antisemitic conduct.

Over the years, Schiff’s account of the “Jewish motive” that informed his assistance to the Japanese has become the accepted version in historical research and, as such, has not aroused any critical discussion. One possible reason for this uncritical approach is that it fits into accepted ideological rubrics, such as “Jewish solidarity” or “Jewish financial power.” The ideological nature of this accepted version, however, is unveiled when juxtaposed with scholarly discussion of the anti-Russian policies of...
yet another Jewish banking family, indeed the most powerful one, the Rothschilds. Like Schiff, the Rothschilds, too, imposed financial sanctions against Russia in order, so they proclaimed, to bring about a change in the tsarist policy toward the Jews. However, in contrast to Schiff’s case, the standard interpretation of the Rothschilds’ motive holds, that whereas a measure of Jewish solidarity played a certain role in their Russian policy, the question of whether to exert financial pressure on Russia was ultimately bound up with their own financial interests and with the diplomatic considerations of the Rothschilds’ respective countries.7

In light of the prevailing scholarly attitude toward the Rothschilds, the disassociation between Schiff’s assistance to the Japanese and his economic and political interests seems unreasonable. Like the Rothschilds, Schiff’s ability to exert pressure on the Russians and to support the Japanese was a consequence of his financial and political power as one of Wall Street’s leading investment bankers. The difference between the “ideological” narrative regarding the motives behind Schiff’s involvement in Japan’s war loans and the “interest” interpretation of the Rothschilds’ attitude toward Russia is, inter alia, a reflection of the existing state of historical research. The Rothschilds’ economic and political interests in the half century prior to World War I have been widely discussed, whereas the interests that informed Schiff’s support of Japan have received only marginal scholarly attention and coverage. This deficiency explains the ease and willingness with which historians have accepted Schiff’s own narrative. To help fill this gap, the present chapter will probe the economic and political interests that brought about Schiff’s financial support of Japan and examine the validity of the accepted “Jewish motive” narrative.

SCHIFF AND THE LOANS TO JAPAN: MYTH AND HISTORY

According to the accepted version, Schiff became involved in Japan’s war loans by chance, while attending a dinner party during a visit to London; the following morning, he already announced his willingness to float part of the loan. The casual and immediate fashion in which Schiff became involved in the loan is central to the prevalent “Jewish motive” narrative. In order to examine this reading, it is necessary first to check whether the “casual interpretation” adequately describes the circumstances in which Schiff became involved in the Japanese loans.

The “casual interpretation” is based on the memoirs of Takahashi Korekiyo, the vice president of The Bank of Japan at the time of the Russo-Japanese War who served later seven times as Japan’s Finance Minister and was appointed Prime Minister in 1921.8 According to Takahashi’s account, he was sent to New York and London at the outbreak of the War to raise a war loan of £10 million. After he failed to obtain access to Wall Street, Takahashi moved to London and negotiated the loan with banks with whom the Japanese government had previously worked and with other leading financial figures, among them Lord Revelstoke of Baring Brothers & Co., Sir Ernest Cassel and the