

The Rothschilds and their 200 years of political influence

By Andy McSmith

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Nat Rothschild, the financier at the centre of allegations that threaten to engulf the shadow Chancellor, George Osborne, is no stranger to laws which forbid politicians from accepting donations from abroad.

Political donations from overseas are also illegal in the US, where John McCain's campaign team is under investigation for allegedly accepting a benefit in kind from two mega-rich British citizens, namely Nat Rothschild and his father, Jacob, the Fourth Baron Rothschild.

In April, Mr McCain passed through London and spoke at a fund-raising dinner for expatriate Americans, where seats at the cheapest tables cost £500 a head. What caught the eye of Judicial Watch, a Washington-based foundation dedicated to combating corruption, was that the event was held "by kind permission of Lord Rothschild and Hon Nathaniel Rothschild" at the family home in Spencer House, St James's, the only privately owned 17th-century palace in central London.

The US Federal Election Committee is still investigating the allegation that Mr McCain's campaign team broke electoral law by accepting a benefit in kind from the Rothschilds. "We haven't heard from the FEC yet, and don't expect to until after the campaign," Tom Fitton of Judicial Watch said.

The Rothschild family and politics have been intertwined for generations, ever since Nathan Rothschild, who founded the English branch of the family business, financed Britain's war against Napoleon two centuries ago. Nathan was the son of Mayer Rothschild, who founded the family business in the Jewish ghetto in Frankfurt during the 18th century.

Serena Rothschild, Nat Rothschild's mother, was one of the largest individual donors to the Conservative Party last year. She gave £190,000. She has also helped fund Mr Osborne's office.

When another member of the clan, Sir Evelyn de Rothschild, married the New York businesswoman Lynn Forester, they spent the night of their wedding dinner in the White House as guests of Bill Clinton. Lady Rothschild was a fund-raiser for the Democrats, but defected to the McCain camp after her friend Hillary Clinton was beaten to the nomination by Barack Obama.

So it is nothing new for a Rothschild to be mixing with prominent politicians – but generally they do it in a way that does not invite unnecessary publicity. What is unusual about Nat Rothschild's sudden intervention in the affair of the oligarch and the Corfu yacht is the way he has placed himself centre stage. His presumed motive is anger at Mr Osborne's bad manners in passing on what Peter Mandelson had said about Gordon Brown, when Lord Mandelson, Mr Osborne, and Mr Rothschild were guests of the Russian aluminium tycoon Oleg Deripaska.

Despite the now famous photograph that shows Mr Rothschild and Mr Osborne as privileged 21-year-old Oxford undergraduates, they were not close friends and their paths soon diverged. Within two years of that photograph being taken, Mr Osborne had set himself on his chosen career path by taking up a senior post at Conservative headquarters. In the same year, Nat Rothschild, showing no interest in finding a steady job, teamed up with Annabelle Neilson, a model he had met on a beach in India, eloped to Las Vegas, and married her.

His horrified parents must have feared that he was heading off on the same self-destructive course as two of his cousins – Amschel, who hanged himself in a Paris hotel in 1996, and Rafael, who died of a heroin overdose in Manhattan at the age of 23.

But Nat Rothschild emerged from his marriage break-up three years later a changed man. In New York, he met Timothy Barakett, founder of Atticus Capital, a hedge fund that places large and often risky bets on behalf of wealthy clients. Mr Rothschild became co-chairman of the business, which at its peak was managing investments worth more than £20bn. That was before turmoil in the markets – last month, it was reported that £2.5bn had been knocked off the value of Atticus's assets.

Even so, Nat Rothschild is thought to have made much more than the money he stood to inherit as Jacob Rothschild's youngest child and only son. Father and son are now a team, who co-founded JNR, an investment vehicle with offices in London and New York and extensive interest in Russia. It was Jacob who introduced Nat to Peter Mandelson.

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