

Paper trail loosens shackles on hidden past

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Full Text

News analysis ; The human trade A former banker has unearthed companies' links to slavery 170 years on, reports Carola Hoyos

Stashed in the National Archives in London's leafy suburb of Kew are hundreds of boxes of documents marked T71. Each of the sepia-coloured sheets inside them holds handwritten details of estates and slaves, including how much each "negro" was worth, creating the most extensive known paper trail of slave owners in the UK's former colonies.

For 170 years, the papers remained unexamined, allowing companies, families and institutions that knowingly profited from slavery to conceal their links to the trade and keeping those who were unaware of them in ignorance.

That changed when Nick Draper quit his banking job at JPMorgan and began a doctorate at University College London. Among the boxes he sifted through was T71/1222, which contained a claim for pound(s)3,000 in compensation made by Nathan Mayer Rothschild and his brother Baron James de Rothschild, scions of the banking dynasty.

The documents describe an agreement between the two brothers that pound(s)3,000 owed to Lord James O'Bryen by the purchaser of his estate in Antigua should be secured to NM Rothschild himself by a mortgage over 88 slaves on the estate. The slaves served as collateral in case the debtor defaulted.

After that buyer went bankrupt, NM Rothschild used the compensation scheme set up by the government after the abolition of slavery to secure the pound(s)3,000. The money was eventually awarded to the NM Rothschild estate after his death.

The episode appears neither in the Rothschild family's extensive archives nor in Niall Ferguson's two-volume history of the family. In fact, NM Rothschild's main known connection with slavery until today was his role in putting an end to it.

The banking magnate organised a loan to the government of pound(s)15m, out of a total of pound(s)20m it spent in the 1830s on bailing out the slave owners after abolition. At the time, this huge sum represented almost half the government's annual expenditure - by which measure it dwarfs today's efforts to shore up the country's financial institutions.

Commenting on the assertion that NM Rothschild made a claim as a mortgagee of slaves under the compensation system, a Rothschild bank spokesman noted: "Nathan Mayer Rothschild was a well-known and prominent campaigner for equality and civil liberties in his day. His circle of friends included many like-minded individuals who would have been influential opinion-formers of the time. Against this background, these allegations appear inconsistent and misrepresent the ethos of the man and his business."

Rothschild is not the only bank that has faced new revelations about its slave-era past.

In the US, where today's Rothschild bank is also active, JPMorgan, the investment bank, apologised in 2005 for its role as a mortgagee of slaves in Louisiana. The bank subsequently created a \$5m scholarship for black students in the state.

Slave descendants have launched lawsuits against US banks and insurance groups, while cities such as Chicago and Los Angeles require companies wanting to do business with them to disclose any historical links with slavery.

In the UK, the issue has attracted less scrutiny. In 2007, the bicentenary of the abolition of the British slave trade, the government backed away from apologising for slavery because it feared such an admission would prompt a flurry of legal action.

But Mr Draper's research could spark a renewed debate on the issue, since it will form the backbone of a UCL database highlighting big companies, art collections and institutions that can trace their existence back to colonial slavery.

David Richardson, director of the Wilberforce Institute for the Study of Slavery and Emancipation at Hull university, described the new discoveries as "extremely important", adding: "If you were providing support, you were part of the process."

By coming clean about their past connections to colonial slavery, companies and other institutions could help to heal deep historical wounds as well as support efforts to end current forms of slavery and exploitation, he said.

The database will also list one of the UK's most famous lawyers, James William Freshfield, founder of Freshfields - an inclusion that will come at a sensitive time for the City group, one of the top four "Magic Circle" UK law firms, after the recent expansion of its Washington practice.

Among founders of law firms whose successor companies remain extant, Freshfield is the name that appears most frequently in the slave compensation records.

In total, Mr Freshfield and his sons were awarded compensation on 10 claims for four clients, the parliamentary list detailing the awards shows.

The underlying documents show that the claims were made as trustees and "owners-in-fee".

Trustees had the power and responsibility to ensure the trusts - in these cases estates with slaves - continued to benefit their clients and earned fees from the arrangement.

Like Rothschild, Freshfields Bruckhaus Deringer, the modern-day law firm, was eager to point out Mr Freshfield's anti-slavery credentials.

A spokesman for the firm noted in an e-mail: "James William Freshfield was an active member of the Church Missionary Society, which was committed to three great enterprises: the abolition of the slave trade; social reform at home: and world evangelisation."

That did not preclude him from working on behalf of multiple slave-owning clients, including Smith Payne & Smith - one of the banks that ultimately formed NatWest, the Royal Bank of Scotland subsidiary bought in 2000 - and

administering agreements, such as marriage settlements and mortgages, the claims show. Uniquely among lawyers in the records, Freshfield's partners also entered claims for money on behalf of the law firm under the compensation scheme for slave owners as they sought to recoup unpaid legal fees.

The documents describe how James William Freshfield and his two sons, under the firm Freshfield and Sons, counterclaimed for three groups of slaves in St Christopher [now known as St Kitt's]. They based the claim on unpaid legal fees regarding the earlier sale of the Belle Tete estate and its slaves.

The claim was eventually withdrawn. However, the counter-claim's detailed description of Mr Freshfield's authority as the holder of deeds over an estate and its slaves and his attempt to collect unpaid legal fees using the government compensation system sheds new light on his role during the slave era.

Mr Freshfield and the Rothschild brothers are far from the only individuals to have been enriched by slavery. UCL's work is likely to uncover many more.

Apologies and acknowledgements

Several institutions have apologised for, or acknowledged, their links to slavery including:

* In March 2002, Deadria C. Farmer-Paellmann, a lawyer and activist, launched an unsuccessful legal action against Aetna, a healthcare benefits company, and others for unjust enrichment through slavery. Legislation in California and Illinois prompted several companies to research their past and some to apologise and make atonement gestures.

In mid-2000 Aetna, prompted by Ms Farmer-Paellmann, was one of the first to apologise for insurance policies written on slaves 140 years earlier.

* In 2002, New York Life, the insurer, donated documents about the insurance it sold to slave owners in the 1840s to a New York library. It also backed educational efforts.

* In 2005 JPMorgan, the investment bank, apologised that two of its predecessors in Louisiana - Citizens Bank and Canal Bank - had mortgaged slaves. The bank made its research public and set up a \$5m scholarship fund for African-American pupils.

* Lehman Brothers apologised in 2005 for its predecessors' links to slavery, while Bank of America said it regretted any actions its predecessors might have taken to support or tolerate slavery.

Wachovia Bank, since acquired by Wells Fargo, also apologised for its predecessors having owned and profited from slaves. It set up a programme offering \$1bn in loans for black car dealerships. * In October 2001 students at Yale University pointed out its past links with slavery. The university noted it had already founded the Gilder-Lehrman centre for the study of slavery.

Brown University has set up a commission to look into links with slavery and how it should make amends.

* In 2006 Tony Blair, prime minister, expressed "deep sorrow" for the UK's role in the slave trade. * Last week the US Senate unanimously passed a resolution apologising for slavery and segregation.

City stalwarts

Rothschild 1765 Meyer Aemschel Rothschild establishes his business in Frankfurt 1798 His son Nathan M Rothschild opens business in Manchester 1808 Opening of London office 1814 Group provides funding for Wellington's army 1875 Funds British acquisition of the Suez canal 1926 Funds expansion of London Underground 1929 Difficult years begin with Wall Street crash 1970 Incorporates as private limited company 1985 Advises on British Gas privatisation 1989 Rothschild banking returns to Frankfurt

Freshfields

1743 Appointed solicitor to the Bank of England 1986 Big Bang deregulation fuels rapid growth of corporate takeover work, cementing the firm's position in a rapidly consolidating legal elite 1990s Rapid international expansion, with opening of offices around the globe 1999 Tie-up with Germany's Deringer Tessin Herrman & Sedemund 2000 Second German tie-up, with Bruckhaus Westrick Heller Loeber 2003 Restructuring of the firm's Asian network 2008 Becomes limited liability partnership

Credit: By Carola Hoyos