
Book Reviews

Sympathy for the Devil: the Warburgs and the ruin of the West

by David Goldman

A Man of Influence: The Extraordinary Career of S.G. Warburg

by Jacques Attali

Adler and Adler, Bethesda, 1987

\$22.50 hardbound, 380 pages with index.

How did our monetary system get into this godawful mess? Important pieces of the jigsaw puzzle appear in Jacques Attali's biography of Sir Sigmund Warburg, in fact a collective biography of the Warburg family. We learn much about who financed Hitler's economic czar Hjalmar Schacht, and reconstructed his team after the war; how the United States was swindled into turning the international lending markets over to the London Eurodollar operators; and how hundreds of billions of "contraband dollars" came to dominate the world monetary system, out of the control of national governments.

M. Attali, French President Mitterrand's economic adviser, had privileged access to the late Sir Sigmund Warburg's personal papers, and an insiders' knowledge of post-war banking. He corroborates in detail, numerous allegations and conjectures made by the editors of *EIR* in the 1986 best-seller *Dope, Inc.*,¹ in a way *EIR* could not. His own warped sympathies are summarized in a concluding eulogy to Sir Sigmund:

"The catalyst of a revolution that overtook him, a sensor for the madness of this century, an austere adventurer, a bold man and an old sage, he had been at the heart of the insanities, one of the few men of influence in this century—in the end, a man of charm. It could be said that Sigmund Warburg was the best that Europe and the Jewish people have given our time." We will address the anti-Semitism implicit in that comment below.

The "insanities" Attali refers to include "extensive social, financial, and military disasters," in which "American banks . . . will be put under federal protection or indeed be nationalized," or even that "America defaults on its debt." Then "gambling, speculation, the irrational and politics will be the law of the world" which Warburg, who died in 1984, be-

queathed to us. Attali himself is a fanatical malthusian, and he fairly drools over the prospect.

Surviving Sir Sigmund as chief of the Warburg dynasty is his cousin, Eric Warburg of Hamburg, who figures in Attali's account as a minor character. The late Stefan Possony, an Hungarian emigré turned senior U.S. intelligence officer, told this reviewer before his death of his 1945 assignment to interrogate Eric Warburg—then a lieutenant colonel in U.S. intelligence assigned to debrief the Nazi hierarchy—on the Warburg role in the Bolshevik Revolution. U.S. military intelligence files, Possony reported, showed that Eric's father Max, at the family bank in Hamburg, and Eric's uncle, the financial attaché at Germany's Stockholm embassy, conduited the foreign ministry funds to Lenin which financed the November 1917 Bolshevik coup. Eric, a bank trainee in his late teens, was a witting participant, according to Possony's files.

Possony's interview with Eric Warburg produced nothing. Possony complained long afterward, "He wouldn't say anything." Attali's book provides devastating, if circumstantial, evidence, of what Possony was looking for, namely, the continuity of banking networks associated with the so-called Anglo-Soviet Trust into the postwar period. We will turn to this in a moment.

During 1982 and 1983, this reviewer talked with Eric Warburg twice at his Hamburg bank, and numerous times by telephone. Warburg, at the time, was among the most powerful men in West Germany. Then-Chancellor Helmut Schmidt, who spent two weeks' summer vacation each year on Warburg's yacht in the Baltic, was in the habit of repeating Warburg's counsels verbatim in public policy addresses. His powers failing, the 83-year-old banker reminisced about his family's history; he cited with special pride an incident not reported in published sources. Queen Christina of Sweden, upon her defection to the Catholic faith and her abandonment of the Swedish crown in the middle of the 17th century, had been hidden for a period of months in the Hamburg area by his, Warburg's ancestors. "That was when your family was still called, 'del Banco,'" I offered. Warburg shouted, "Who told you that?" and closed the interview.

Eric Warburg's touchiness about something which can be found in published sources, reflects on the two principal omissions in Attali's account: They concern Venice and Moscow. The great net of intermarried Jewish banking names as Warburg, Rothschild, Oppenheim, Mendelssohn, Schiff, Loeb (which Attali describes), and less famous but more important ones, such as David-Weill of Lazard Frères (which Attali does not), had its origins in the Venetian absorption of Sephardic Jewish banking families no later than the expulsion from Spain in 1492. But they remain Venetian today, and that is the secret of their tie to Moscow. Our allegation has been that the Venice-centered "Trust" network of Count Giuseppe Volpi di Misurata and his superspy Parvus remains intact; Attali provides scattered pieces of the puzzle, while diverting attention away from the picture itself.

His account of Warburg origins mentions the family presence in the Hamburg (Altona) area starting 1647, but (in line with the standard myth) mentions no continuing Italian connection to a family which began in 14th-century Pisa as "del Banco," i.e., "of the bank."

Yet, Eric Warburg reported his family's role in the Jesuit order's most successful covert operation against the Swedish Lutheran princess whose father, King Gustavus Adolphus, saved the Protestant cause in the Thirty Years' War before his death at the first Battle of Lützen in 1631. Evidently, the Warburgs, from their first days in Hamburg, were not merely a pseudopod of Venice-centered international banking, but operated on behalf of Venetian intelligence, whose Contarini family had created the Jesuits a century earlier.

"The history of the Warburgs is that of a Sephardic Jewish banking family switching from the South to the North," Attali reports. It may be significant that (according to Attali's account) "Diego Texeira de Sampaio of Spain," an exiled Jew, "became financial adviser to Christina of Sweden; his son Manuel would later settle in Hamburg."

Attali belongs to that category of fascist given, unlike the Nazis, to a certain philosemitic enthusiasm, because his examination of these banking families has convinced him that Jews have a special capacity for evil. But there is nothing Jewish about Sigmund Warburg; his own world view, as Attali documents from hitherto-unpublished diaries, centered on the German writer Thomas Mann, the great eulogizer of the Venetian principle, which the Germans call, *Lust am Weluntergang*, i.e., "pleasure at the destruction of the world" (e.g., *Death in Venice*). Warburg could recite entire sections of Mann's novel by heart. Financially and philosophically, Warburg and his ilk are Venetians. Attali portrays Sigmund as a morbidly superstitious man, watching for omens, avoiding numerologically ominous dates on the calendar, "always surprised to have lived another second," contemplating (with the great pessimist Mann) the end of civilization from his monkish, austere vantage point. His principal philosophical discussion partner was the decadent Austrian writer Stefan Zweig, a double-suicide with his wife in 1940. He frequented

Benedictine monasteries to exchange gloom with the West's champion world-haters.

Perhaps he had a right to be pessimistic. After all, he knew what he was up to.

S.G. Warburg left Germany in 1933 after an argument with his uncle, Max, whose touching faith in his intimate friend Hjalmar Schacht convinced him that he would be protected, while Schacht's economic policies created the Nazi death-camp economy. Max Warburg objected not to Schacht's death-camp policies, merely to sending the Jews in first. He had been instrumental not merely in bringing Schacht back to the Reichsbank, but had helped found the Bank for International Settlements in 1930, the institution which imposed Schacht upon Germany in 1932 when it could not meet reparations payments. Schacht proceeded to bring in Hitler, as the appropriate enforcer for his austerity plans.

Attali documents Max Warburg's position from Warburg's own unpublished memoirs, suppressed by his family; it would be interesting to know what else might be found in those memoirs. But he omits damning evidence that Max Warburg provided the seed-money for Europe's fascist movements, through a 1924 donation of 50,000 gold marks to Coudenhove-Kalergi, the Austro-Venetian nobleman who founded "Pan-Europa" as an umbrella group to support the Mussolini or Dollfuss variety of fascism on the European plane. As Lyndon H. LaRouche and I documented in *The Ugly Truth about Milton Friedman*,² Coudenhove's diaries express gratitude to Max Warburg as the great benefactor of his movement.

Sigmund Warburg, meanwhile, eked out an inconspicuous living in London during the war, taking business the Rothschilds and others did not want. In 1945, the family had been reduced to a pimple on the posterior of the Allied powers, with no functioning bank bearing the family's name. Yet, by the mid-1960s, S.G. Warburg and Co. had become London's premiere merchant bank, and the center of a web of alliances which set the trend for major developments in world finance, i.e., the slide toward the present catastrophe.

Apart from hailing to Sir Sigmund as a financial genius, Attali can offer no better explanation than to refer repeatedly to Warburg's improbable "placing power," i.e., the ability to find buyers for other peoples' securities, derived from his personal charm, and the network of contacts his family had built up for centuries. What precisely was the network? Starting 1973, S.G. Warburg's principal overt alliance was with the Banque de Paris et des Pays-Bas, founded in the 1830s by the Venetian-Jewish de Comondo family, whose Banque Ottoman had dominated the finances of the Turkish Empire for the preceding century. Paribas, Warburg's partner just as the Eurodollar boom exploded, holds a reported 12% of the equity of the great Venetian insurance and reinsurance cartel, the Assicurazioni Generali. Through the reinsurance market, the Venice-based reinsurance cartel, including the giant Allianz Versicherung of Munich, dominates the trillion-dollar-

per-year flow of insurance premiums through the 80 largest insurance companies.

The nature of the reinsurance business, as we reported in *Dope, Inc.*, lends itself uniquely to the laundering of the \$500 billion of narcotics revenues flowing each year through the monetary system. With an unparalleled worldwide network, the Venetian insurance cartel dominates the world market in flight capital. Banks like S.G. Warburg's, which invented the "Eurobond market," provide the investment outlets.

"Eurobonds," i.e., unregistered, offshore, bearer securities, are sold to anonymous buyers, whose coupons are clipped through Swiss or Luxembourg trust accounts. They have become a far more reliable means of hiding illegal funds than numbered bank accounts, whose iron code of secrecy broke down under U.S. law-enforcement pressure. Their issue volume last year exceeded \$200 billion, almost five times greater than the volume of ordinary international bank lending.

Sigmund Warburg and his partner Gert Whitman (an alias for Gert Weissmann, Schacht's right-hand man at the Nazi Reichsbank) invented the "Eurobond" in 1962. "The lenders were anonymous, which allowed for the investment of doubtful capital and for interest to be received without payment of tax—which was what made the market successful. Some said that former Nazis, the Mafia, deposed rulers . . . found in these issues an opportunity to launder their money," Attali notes.

But his most startling revelation reads as follows: "In addition the Moscow Narodny Bank [the Soviet-owned bank in London] and the [Soviet-owned] Banque de l'Europe du Nord signed an agreement with the Commonwealth money managers to invest some of the Soviet-held dollars in these markets. Eurodollars were now buying Euro-issues."

All accounts of the origin of the Eurodollar market, i.e., the offshore dollar pool whose volume now exceeds \$3 trillion, cite its curious origin in Soviet and Chinese dollar deposits in European banks during the Korean War, to avoid possible seizure of funds by the United States. "In the middle of the Cold War, it was the state banks of the U.S.S.R. and China that were making short-term loans of dollars to Western Europe to finance its reconstruction."

In *Dope, Inc.*, we argued that the Soviets maintained an overseas *fondo*, an investment trust, with at least \$50 but perhaps \$100 billion of resources, holding shares of Western companies through intermediaries. Our report that the Warburg family was among their principal money managers finds corroboration from Attali.

However, Soviet financial resources in 1962 provided relatively small change for the Eurobond market. The big bucks came from the United States itself, thanks to Warburg's friends in the Kennedy administration. "At the end of the summer [of 1962] Sigmund went to Washington to see his friend George Ball, who had become assistant secretary of state [Ball, later to join the Lehman Brothers investment

firm, had served in the Marshall Plan Paris office under the direction of Venetian banker Bruno Luzzatto]. Ball backed him in the idea of winning support from President Kennedy for European construction and encouraged him to create additional financial markets for dollars outside the United States."

The result of these deliberations came on July 18, 1963, when Kennedy announced an "interest equalization tax" on loans contracted to foreigners in the United States. Sigmund Warburg, who had concocted the idea along with George Ball, proceeded to take advantage:

"In August, he made a tour of the main European central banks. In London, Bonn, Rome and Paris, he told each governor:

We can't let the whole international capital market die just because New York closes. Companies must be able to borrow without your having to create money. Anyway these dollars will arise anyhow, because only a reduction in the American payments deficit would make that

happen because instead of preventing the outflow of dollars from the United States, the tax will, on the contrary worsen it. Therefore, the best thing is for you to allow the issue of long-term loans in dollars. Besides, I have just done it a month ago in London with the help of some of your banks. Let them join us in transactions of this kind."

That confident prediction of failure came from the banker who had sold the scheme to the United States in the first place! Warburg proceeded to gather "contraband dollars" into the fold, in combination with such creative accountants as Robert Genillard of White Weld. During the 1970s and 1980s, S.G. Warburg's, through its subsidiary Mercury Securities, became the dominant investment-banking power in the Hong Kong market, the main repository for opiate-traffic revenues, as, again, documented in *Dope, Inc.*

As the Eurodollar market exploded out of control, the value of the pound sterling, and then the dollar crashed; culminating in the 1971 suspension of U.S. gold payments. The world was en route to the monetary disaster of the 1980s, and the banking system had run out of the control of the combined Western central banks. Attali's evidence, skewed as his presentation may be, convicts some of the criminals who planned it that way:

References

1) *Dope, Inc.: Boston Bankers and Soviet Commissars*, by Jeffrey Steinberg, David P. Goldman et. al. New Benjamin Franklin House; New York 1986.

2) *The Ugly Truth about Milton Friedman*, by Lyndon H. LaRouche, Jr. and David P. Goldman. New Benjamin Franklin House; New York 1980.