

## The Plot Against FDR: A Model For Bush's Pinochet Plan Today

by William F. Wertz, Jr.

The three most prominent historical models for the kinds of economic and financial warfare operations carried out by the financial oligarchy as described in John Perkins' recent book *Confessions of an Economic Hit Man*<sup>1</sup> are: 1) the Venetian empire during the period leading into the Hundred Years War and the Dark Ages of the 14th Century; 2) the Venetian-style empire established by the British East India Company following the Treaty of Paris at the conclusion of the Seven Years War in 1763; and 3) the Anglo-American-German cartels established in the 1920s. The purpose of this report is to examine the latter as the most immediate precedent for the current danger presented by a private financier oligarchy bent on world domination under the guise of "globalization."

It is the thesis of this report that the post-World War II financial oligarchical system described by Perkins is a direct continuation of the cartel arrangements of the 1920s, which led to World War II. Globalization had its precedent in the pre-World War II cartel arrangements, which U.S. President Franklin D. Roosevelt intended to dismantle after the war.

Roosevelt had sent a letter to Secretary of State Cordell Hull on Sept. 8, 1944, in which he said: "The history of the use of the I.G. Farben trust by the Nazis reads like a detective story. Defeat of the Nazi army will have to be followed by the eradication of those weapons of economic warfare."

However, despite the clear intention of President Roosevelt before his untimely death, those same cartels survived

the war under the control of their pre-war Anglo-American cartel partners, who blocked the post-World War II plan to dismantle the cartels.

Hitler was brought to power in Germany by an international financial oligarchy based in London and Wall Street. Faced with a global depression, the financial oligarchy opposed solving the crisis using American System methods of physical economic development as implemented by Roosevelt in the United States, and as proposed under the Lautenbach Plan in Germany before Hitler's ascension to power.<sup>2</sup> Instead they fostered the creation of fascist governments in Italy, Germany, Spain, etc., in an effort to maintain their control over a collapsing financial system, at the expense of the welfare of the population. The fascist regimes brought to power were designed by synarchist financier circles, to enforce their genocidal slave labor and looting policies and to carry out military aggression in search of further loot.

This is the same policy seen today in the form of the global effort to impose International Monetary Fund (IMF) policies of debt collection and austerity. The leading edge of this fascist policy is the Bush Administration's current drive to privatize and thus loot the Social Security system introduced to the United States by President Roosevelt in the 1930s. The model explicitly cited by Bush for this drive today is the economic policy of George Shultz et al., implemented in Chile under the murderous Operation Condor of dictator Gen. Augusto Pinochet.

Before World War II, when Hitler was engaged in a mobilization to prepare for aggressive war, the financial oligarchy

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1. *Confessions of an Economic Hit Man: How the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions* (San Francisco: Berret-Koehler, 2004). Lyndon LaRouche's commentary on the book, "The Follies of the Economic Hitmen: Re-Animating the World's Economy," appeared in *EIR*, Dec. 3, 2004. *EIR* on Dec. 3, 2004 began a series of articles on the deeper history of the "hit man" operation, including a review of Perkins' book and an interview with the author in our issue of Dec. 10, 2004.

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2. See Helga Zepp-LaRouche, "The Lautenbach Plan for Economic Recovery," *EIR*, March 20, 1998; and Michael Liebig, "Recovery Program Could Have Blocked Hitler's 'Legal Coup,'" *EIR*, March 5, 1999.



*Twenty-four defendants from Germany's I.G. Farben trust were charged with war crimes, at the Nuremberg Tribunal. President Roosevelt had called for "the eradication of those weapons of economic warfare," but the economic hit men of the financial oligarchy sabotaged his intention, after his death.*

in London and Wall Street was completely intertwined with the German-centered branches of the cartels. During the war, many of these companies continued to trade with the enemy. That same oligarchy after the war rushed to protect its assets, and in the context of the Cold War, which it provoked through Churchill and Truman after the death of Roosevelt, conspired to use those assets to overthrow the post-war Bretton Woods system, envisioned and set into motion by Roosevelt, based upon the sovereign nation-state and the American System of political economy. In its place, the financial oligarchy wanted to establish a form of universal fascism without Hitler, in the form of what we now call globalization.

It was this apparatus of which President Dwight D. Eisenhower warned in his Farewell Address, when he referred to the "military industrial complex." The Bretton Woods system could not be eliminated immediately. That would not occur until the first decisive steps were taken in 1971 by President Richard Nixon, under the influence of George Shultz. Since then, the cartels have been on an offensive to completely eliminate the sovereign nation-state and the American System of political economy, championed during his lifetime by Roosevelt, and today by Lyndon LaRouche.

### **The Cartels: A Schacht-Dulles-Morgan Plan**

The involvement of John Foster and Allen Dulles in the creation of the cartels, and in what eventually became the Hitler project, began from the period of the Versailles Treaty

of 1919, which required that Germany accept sole responsibility for causing World War I. As a consequence of this, Germany lost 13.5% of its 1914 territory and was forced to pay war reparations. The economic effect of the latter severely crippled the German economy in the 1920s, leading to the collapse of the Weimar Republic. The worsening depression in the 1930s contributed to Hitler's rise to power.

During World War I, Allen Dulles was posted to Bern, Switzerland by his uncle, President Wilson's Secretary of State, Robert Lansing. There he served as chief of intelligence in the American Legation. Lansing brought both Allen and John Foster Dulles into the Versailles Peace Treaty negotiations. By mid-1920, Allen Dulles was First Secretary of the American Embassy in Berlin.

In post-World War I Europe, attorney John Foster Dulles represented the Bank of England and the J.P. Morgan firm. In the Spring of 1920, just after the Versailles negotiations, John Foster met Hjalmar Horace Greeley Schacht (1877-1970), then a minor official of the Allied-created German banking authority, who would later emerge as the architect of the Nazi slave-labor, war economy in the 1930s.

On March 20, 1922, Schacht made the following proposal to John Foster Dulles for a new international system:

"A solution of the reparation problem . . . to give Europe a couple of years—say five—to restore . . . steady conditions in the different countries. . . . Germany must find a loan of say 5 billions of gold marks, proceeds of which have to be

handed at once to France. . . . My idea is, not to issue a state-loan but a loan of private corporations. I want to form, say, four private German corporations; to each of these four corporations the German government has to grant the monopoly of exports of some bulk articles as for instance coal, potash, sugar and cement, each corporation controlling the export of one of these articles. The monopoly has to be granted for 20 years. The inland producers have to deliver their production to the corporations. . . .

“The corporations are to issue loans at a total amount of 5 billions gold marks. . . . As the total export of the 4 corporations can be estimated at 500 million gold marks, the amount of the loan will be repaid within 10 years. . . .

“The loan which I propose is not . . . based on any political treaty. . . . The repayment of the loan is under control of first industrial and commercial people of the highest standing.”

The letter was forwarded by Dulles to Thomas W. Lamont, partner of J.P. Morgan, with Dulles’s support, and over the next several years the essence of this Schacht-Dulles-Morgan plan was put in effect. This was the origin of the British-directed, German-centered international cartels which were created in the 1920s.

Schacht himself was appointed German National Currency Commissioner in November 1923, and one month later was named president of the Reichsbank.

John Foster Dulles had been, since 1919, the lawyer for Richard Merton, the founder of the most important of these cartels, Interessen Gemeinschaft Farben (I.G. Farben). In 1924, Dulles was selected by J.P. Morgan to draw up the Dawes Plan, for reshaping Germany’s reparations payments in negotiations with Schacht. In 1926, John Foster Dulles became chief executive of Sullivan and Cromwell, the law firm which represented all of the cartels.

## The Formation of the Cartels

The Schacht-Dulles-Morgan plan resulted in a series of arrangements in 1926-29, involving some of the biggest British, American, and German firms. The two leading cartels were the I.G. Farben chemical combine and the International Steel Cartel. Both had their beginning when \$800 million in foreign loans was extended under the Dawes Plan, to consolidate the German chemical and steel combinations into cartels. Three Wall Street houses, Dillon, Read & Co.; Harris, Forbes & Co.; and National City, handled three-quarters of the loans.

In 1925, the I.G. Farben combine was formed by six of the biggest German chemical producers. In August 1927, Standard Oil agreed to embark on a cooperative program of research and development of the hydrogenation process—the production of gasoline from coal—which had been discovered by a German scientist in 1909. In 1928, Henry Ford merged his German assets with those of I.G. Farben. And then on Nov. 9, 1929, the establishment of an international petrochemical cartel was achieved with the marriage of I.G. Farben to ICI and Shell Oil of Great Britain, and to Standard

Oil and DuPont of America.

The cartel agreement between Standard Oil and I.G. Farben formed the core of the agreement. First, Standard Oil was granted one-half of all rights to the hydrogenation process in all countries except Germany. Second, the two agreed “never to compete with each other in the fields of chemistry and petroleum products. In the future, if Standard Oil wished to enter the broad field of industrial chemicals or drugs, it would do so only as a partner of Farben. Farben in turn, agreed never to enter the field of petroleum except as a joint venture with Standard.”

By the beginning of World War II, I.G. Farben had cartel agreements with 2,000 companies around the world, including Ford Motor Co., Alcoa, General Motors, Texaco, and Procter and Gamble.

In 1926, the International Steel Cartel was established, with offices in Luxembourg. This was a privately organized policing system that governed the steel trade of the world from 1926 to 1939. Its German component was the United Steel Works Corp. (Vereinigte Stahlwerke), a combination of the four biggest steel producers in Germany. This group, led by Ernst Poensgen, Fritz Thyssen, Otto Wolff and others, managed to get more than \$100 million from private investors in the United States. Dillon, Read & Co., the New York investment firm of Clarence Dillon, James V. Forrestal, and William H. Draper, Jr., floated the bonds.

When the first international agreement was signed on Sept. 30, 1926, all the sponsors of the steel cartel declared that it was a first step in the formation of an “economic United States of Europe.” By 1938, about 90% of all iron and steel shipped in international trade was under the control of the International Steel Cartel. Besides Germany, which ran the cartel, membership included Austria, Poland, Czechoslovakia, the United Kingdom, and the United States, even though the U.S. companies—U.S. Steel, Bethlehem, and Republic—could not sign the formal agreements for division and restriction of markets because of U.S. anti-trust laws.

In 1919, three German electric-lamp manufacturers, Siemens & Halske, AEG, and Auergesellschaft, formed a new company known as Osram, in an effort to regain lost foreign properties and markets. AEG was largely controlled by the U.S. company General Electric. Similar ties existed with all the other related firms in Germany, Britain, and the United States. In 1924, to prevent possible “foreign” competition, Osram proposed the creation of a company in Switzerland called Phoebus, which would be jointly owned and managed by all the participating companies. By July 1929, Osram and General Electric’s subsidiary for foreign operations, International General Electric, created a “partnership for all time.” From 1929, the relations between Osram and International General Electric developed along lines similar to the arrangements of I.G. Farben with its foreign partners.

As early as the 1920s, four-fifths of German industry was grouped into combines.



*Hjalmar Schacht (center), at the Nuremberg Tribunal, 1946. It was Schacht who in 1922 proposed, to John Foster Dulles, the cartelization of German and other international industry. That cartelization made possible the Nazi war mobilization. Schacht became the Reichsbank president and later Hitler's Economics Minister.*

## The Banking Aspect

The American System of political economy is based upon national banking, as opposed to the Anglo-Dutch Liberal system of an independent central bank. Montagu Norman, who was governor of the Bank of England from 1919-44, was the primary advocate of the creation of independent central banks. Germany, like England, had a privately owned central bank, the Reichsbank, which was headed by Norman's protégé, Hjalmar Schacht, from 1923 until 1930, and then again after Hitler assumed power in 1933, until 1939, when Schacht was replaced by Walther Funk.

There were six centralized commercial and investment banks in Germany: the Labor Front Bank (Bank der Deutschen Arbeit), set up by the Nazis; Reichs Kredit Gesellschaft, a leftover from World War I; Berliner Handelsgesellschaft; Commerzbank, also based in Berlin; and the two giants, Dresdner Bank and Deutsche Bank. The strength of these two latter banks was that they combined deposit banking with investment functions, a practice not allowed in the United States. They were also directly connected to I.G. Farben. The only director of I.G. Farben who came from outside the firm was Edward Mosler of Deutsche Bank, while Carl Pfeiffer, an inside man at I.G. Farben, became a director of Dresdner Bank.

Besides these Big Six, there were several small but important private banking partnerships, such as Bankhaus J.H. Stein in Cologne, run by Baron Kurt von Schröder. After the war, it was discovered that at least 20 of the best known directors

of the German cartels, including I.G. Farben's Baron von Schnitzler and Otto Wolff, and Friedrich Flick of the German Steel Trust, made regular deposits in a special account in this bank labeled "Sonderkonto S." Whenever Nazi SS chief Heinrich Himmler wanted money, contributors would make deposits to this account and the money would be withdrawn to fund the SS. The records showed that von Schnitzler made steady contributions of at least \$40,000 a year, as did Friedrich Flick.

In addition to these private German banks, one of the central instruments of the synarchist international in setting up the cartels and bringing Hitler to power was the Bank for International Settlements (BIS) in Basel, Switzerland. From its inception, and continuing to this day, the BIS has been known as the "bankers' bank." In opposition to the American System conception of national banking, the BIS is based on the Anglo-Dutch model of central banks independent of the control of sovereign nation-states.

The BIS was created in 1930, under the so-called Young Plan, by the world's central banks, including Montagu Norman's Bank of England and the U.S. Federal Reserve. The Young Plan was named after Morgan agent Owen Young, who was chairman of the board of General Electric. The BIS was inspired by Hjalmar Schacht, who was then the president of the Reichsbank. He was supported in the creation of the BIS by Montagu Norman, who was advised by Baron Bruno Schroder of the British branch of J. Henry Schroder Bank. Schroder's partner, Frank Cyril Tiarks, was Norman's co-

director at the Bank of England throughout Norman's career.

Among the directors of the BIS under its American presidents, which included Thomas McKittrick during World War II, were Hermann Schmitz, head of I.G. Farben; Baron Kurt von Schröder, head of the J.H. Stein Bank of Cologne, and a leading officer and financier of the Gestapo and the Death's Head Brigade; Dr. Walther Funk of the Reichsbank; and Nazi economist Emil Puhl—the latter two figures, Hitler's personal appointees to the board.

The BIS was the money funnel for American and British funds to support Hitler's assumption of power, and then to build up his war machine. By 1939, the BIS had invested millions in Germany, while Kurt von Schröder and Emil Puhl deposited large sums of looted gold in the Bank, which after the war were used to fund the Nazi "rat-lines." Named after the lines on the mast of a sinking ship on which rats would try to escape, the Nazi rat-lines were used to smuggle Nazis and their collaborators out of Europe to safety in South America and Southwest Asia.

The BIS was an instrument of Hitler, but it continued to exist with the approval of Great Britain even after Britain went to war with Germany. The British director, Sir Otto Niemeyer, and chairman Montagu Norman, remained in office throughout the war.

A resolution was introduced at the Bretton Woods conference in July 1944, calling for the BIS to be dissolved, and another one calling for an investigation of its books. The latter was withdrawn under pressure, and after the war no investigation ever occurred. The BIS continues to operate to this day.

## The Plot To Install Hitler

In his book, Perkins describes his role as an economic hit man (EHM) on behalf of a financial oligarchy. If the hit men did not succeed in getting a targetted nation to succumb, then it was time to deploy the "jackals" to carry out assassinations or coups d'état. If the jackals failed, the military would come in directly. In a very real sense, I.G. Farben was the economic hit man of the financial oligarchy of that day; the Nazis were the jackals.

In 1930, Schacht resigned as president of the Reichsbank, due to differences with the Weimar government. Like Hitler, whom he came to support, Schacht opposed continued payment of war reparations, and, like Hitler, demanded brutal austerity directed at the working population, through militarization of the economy.

Schacht made his pro-Hitler viewpoint clear in a speech he gave on Oct. 20, 1930, before the Foreign Policy Association in New York, on "The Young Plan in Relation to World Economy." Schacht was joined at this event by his long-time colleague, John Foster Dulles.

In his speech, Schacht criticized the German Social Democrats for trying to increase the living standards of the working class at the expense of the richest 80,000 people in Ger-

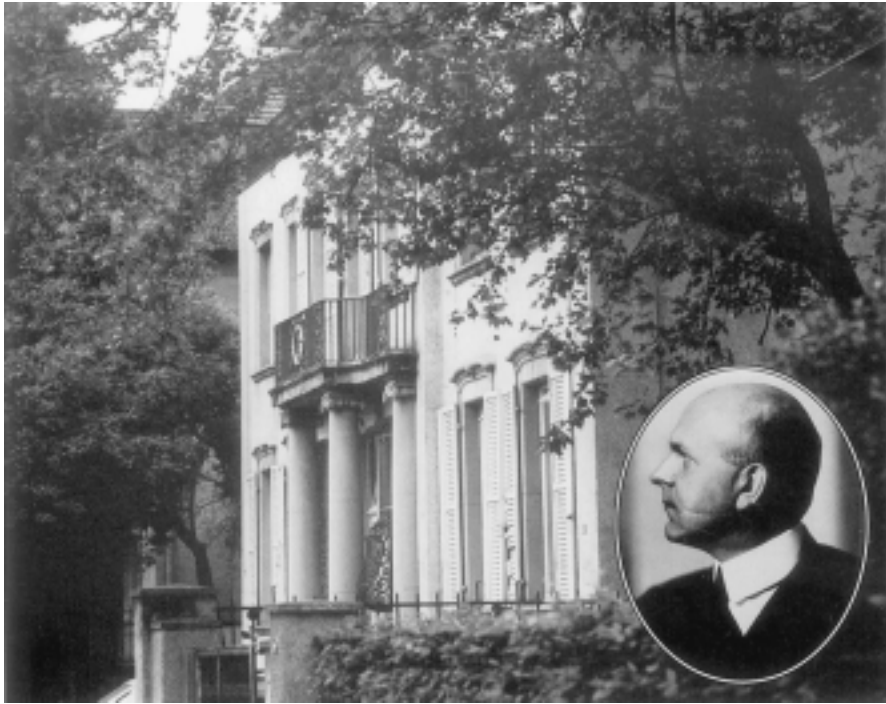


*Secretary of State John Foster Dulles in West Berlin, in 1954. One of the principal architects of the Cold War, Dulles in the 1920s had been the chief executive of Sullivan and Cromwell, the law firm which represented the industrial cartels. He worked with Schacht to finance Hitler's government.*

many. He stressed that Germany suffered an import surplus of 2 billion marks a year due to the lack of raw materials. In addition, Germany had to pay one and a half billion gold marks per year on interest and amortization for private loans, plus approximately 2 billion of reparations. That meant that Germany had to make payments of more than 5 billion marks a year, by achieving an export surplus. "In order to make the export surplus, we must import the raw materials wherefrom to manufacture our goods. So to reach the aim we have to increase the present German trade by nearly 50%. I think that the Allied countries . . . will not stand that. . . ."

Schacht concluded his speech by praising the "Hitlerites" who had just achieved significant vote totals in the German elections. The support Hitler received in these elections, in which he campaigned against the payment of reparations, was characterized by Schacht, who lied that the Nazis posed no violent threat, as "a warning to the world":

"Ladies and gentlemen, the last political events in Germany do *not* mean that something violent or revolutionary



*On Jan. 4, 1933, Hitler revived his flagging political prospects by meeting secretly with former Chancellor Franz von Papen at the home of banker Kurt von Schröder (inset). Von Schröder, head of the J.H. Stein Bank of Cologne, would become a leading officer and financier of the Gestapo and the Death's Head Brigade.*

Hitler on “private enterprise.” Göring then asked for financial support from those attending. Schacht made it more explicit: “At this table we must raise a fund of 3,000,000 marks.”

Von Schnitzler, who attended the meeting, went back to report to the entire Board of Directors of I.G. Farben on the meeting. The company put up 400,000 marks, the largest single contribution to Hitler’s campaign. The next day, the Reichstag Fire took place, which Hitler blamed on the Communists (it was actually instigated by Göring). Hitler used the fire as the pretext for forcing through emergency rule. This was the first act of Hitler and the Nazis, after receiving the Farben contribution.

Clearly it was the view of Schacht and his backers in London and Wall Street, that only Hitler could carry out the brutal austerity policies which Schacht advocated. Thus on March 16, 1933, after Hitler consolidated his power, Schacht resumed his position as president of the

will happen. They mean simply a form of protest within the legitimate lines of the Constitution, and I think it is the very great advantage of modern democracy that you can feel the sentiments and the opinions of a big people from the constitutional vote and that is what these last elections mean. Even the Hitlerites, even these radicals of the Right, will not do anything violent. All they are asking for is not to become dishonest, not to become forced by politics into a situation which would make them lose their self-respect. They want to maintain their self-respect, and that is why they gave that warning to the world.”

Soon thereafter, Schacht began to organize support for Hitler and his National Socialist German Workers Party (NSDAP, the Nazi Party). In 1931, after discussions with both Hitler and Hermann Göring, Schacht pushed Chancellor Brüning to bring the NSDAP into the government. Then in November 1932, as a member of an organization called the Circle of Friends of the Economy, Schacht initiated a petition among industrial and financial circles, calling upon President Hindenburg to appoint Hitler as Chancellor. On Jan. 30, 1933, Hindenburg did so, after a meeting of former Chancellor Franz von Papen and Hitler at the home of Baron Kurt von Schröder in Cologne.

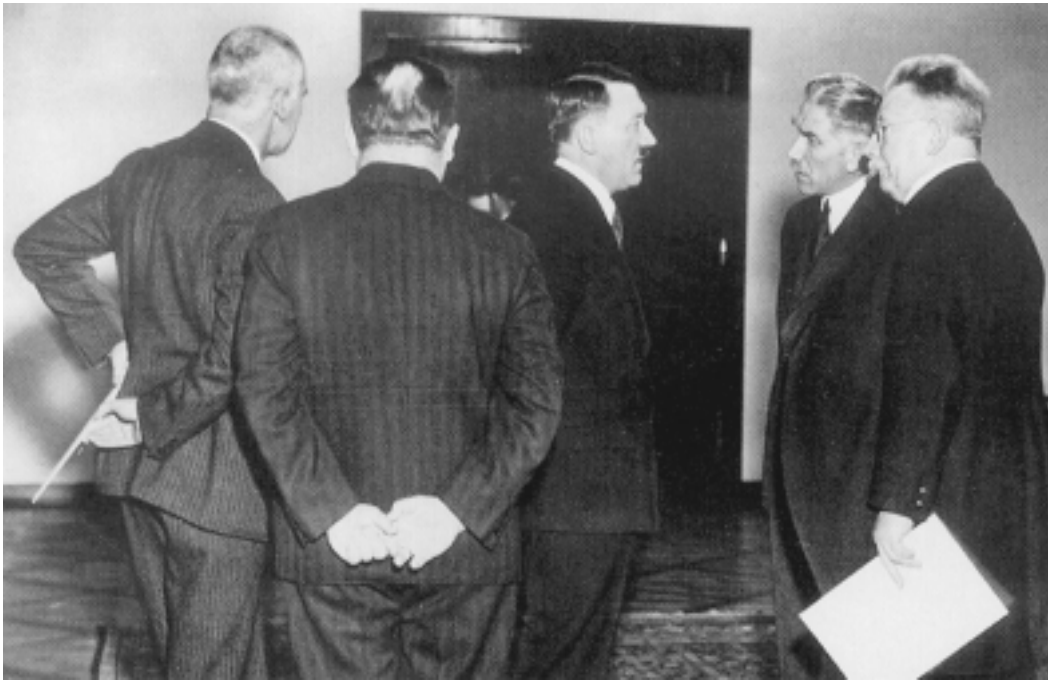
Nonetheless, the Nazi Party was not assured of victory in the March elections. So on Feb. 20, 1933, Göring invited 20 leading industrialists and bankers to hear a speech given by

Reichsbank. Later that year, John Foster Dulles, as a representative of Brown Brothers Harriman, Dillon Read, Kuhn Loeb, and all private investment banks and Wall Street firms, travelled to Berlin to negotiate with Schacht on the financing of the new Hitler government. He was accompanied by a Sullivan and Cromwell subordinate and three employees of Chase Bank.

In August 1934, Schacht was appointed the Nazi Economics Minister, a position he held until November 1937. From 1935-37, he also functioned as Plenipotentiary for the War Economy. Only in January 1939 did he resign as Reichsbank president, due to a jurisdictional dispute with Hermann Göring, who had been made virtual economic dictator. Schacht nonetheless remained minister without portfolio until 1943.

Long before Hitler came to power in 1933, he had received substantial support from the private cartels. The most famous case is that of Fritz Thyssen of the United Steel Works Corp. or the German Steel Trust. In 1941, Thyssen published a book entitled *I Paid Hitler*, in which he admitted that he began funding Hitler with a contribution of 100,000 marks in October 1923.

In 1922, W. Averell Harriman had been in Berlin to set up the Berlin branch of W.A. Harriman & Co. According to U.S. government investigators, “sometime prior to 1924” Harriman and Thyssen agreed to set up a bank for Thyssen in New York. The Union Banking Corp. was established in



*Hitler, Franz von Papen, and Alfred Hugenberg meet at the Chancellery on Jan. 30, 1933. President Hindenburg decided at this conference to accept Hjalmar Schacht's advice, and appoint Hitler as Chancellor.*

1924, as a unit in the Manhattan offices of W.A. Harriman & Co., interlocking with the Thyssen-owned Bank voor Handel en Scheepvaart (BHS) in the Netherlands. Prescott Bush, the grandfather of George W., became vice president of W.A. Harriman & Co. in 1926, the same year that the German Steel Trust was formed with the help of Dillon, Read.

After the war, Fritz Thyssen told Allied interrogators:

"In 1930 or 1931 . . . I told [Hitler's deputy Rudolf] Hess . . . I would arrange a credit for him with a Dutch bank in Rotterdam, the Bank für Handel und Schiff [Bank voor Handel en Scheepvaart, the Harriman-Bush affiliate]. I arranged the credit . . . he would pay it back in three years. . . . I chose a Dutch bank because I did not want to be mixed up with German banks in my position, and because I thought it was better to do business with a Dutch bank, and I thought I would have the Nazis a little more in my hands. . . ."

"The credit was about 250-300,000 [gold] marks—about the sum I had given before. The loan has been repaid in part to the Dutch bank, but I think some money is still owing on it."

On Oct. 20, 1942, the U.S. government seized the Union Banking Corp. of which Prescott Bush was a director, under the Trading With the Enemy Act.

Friedrich Flick, the major co-owner of the German Steel Trust with Fritz Thyssen, also financed the Nazi Party and was a member of the Circle of Friends of Himmler, who contributed large sums to the SS.

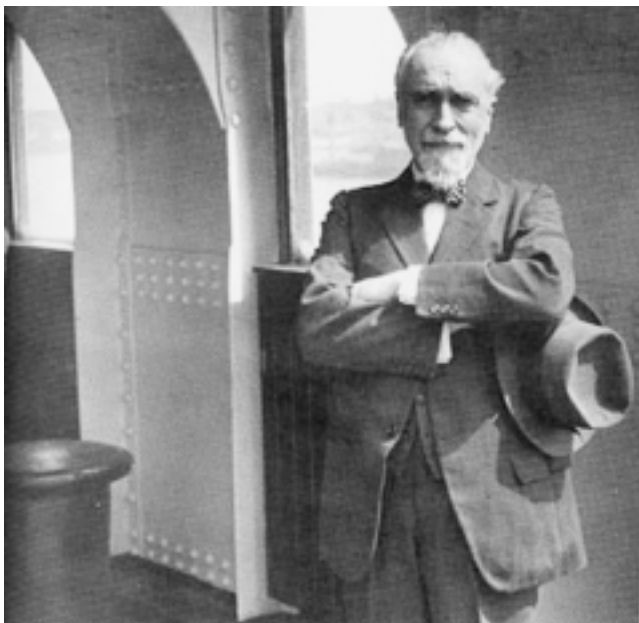
In March 1932, a DuPont representative in Germany wrote: "It is a matter of common knowledge in Germany that I.G. Farben is financing Hitler. There seems to be no doubt whatever that at least Dr. Schmitz is personally a large contributor to the Nazi Party."

## **The Plot Against Roosevelt**

The same networks which put Hitler in power and today support the anti-Roosevelt Cheney-Bush Administration, in early 1934 plotted to overthrow President Roosevelt in a military coup d'état. Simultaneous with the rise of Hitler in Germany, the du Ponts began to finance the American Liberty League and Clark's Crusaders, which had 1,250,000 members in 1933. Pierre, Irene, and Lamot du Pont and John Jacob Raskob, the former head of the Democratic National Committee funded the Liberty League, along with Alfred P. Sloan of General Motors. Irene du Pont and William S. Knudsen, General Motors' president, along with friends of the Morgan Bank, financed a coup with the aid of a \$3 million-funded army of terrorists modelled on the French Croix de Feu. The arms and munitions necessary would have been supplied by Remington, a DuPont subsidiary. The plot had found support from Hermann Schmitz, Baron von Schröder, and other Nazis.

However, Gen. Smedley Butler of Pennsylvania, whom they attempted to recruit to lead the coup, was so horrified by it that he exposed it to the authorities. Butler was on the record as saying: "War was largely a matter of money. Bankers lend money to foreign countries and when they cannot repay, the President sends marines to get it. I know—I've been in eleven of these expeditions." In 1934, the Senate Munitions Investigating Committee confirmed Butler's "suspicions that big business—Standard Oil, United Fruit, the sugar trust, the big banks—had been behind most of the military interventions he had been ordered to lead."

Fortunately this coup was aborted. Given the level of pro-Nazi treason in the U.S. and Great Britain, if Roosevelt had



*Montagu Norman, the governor of the Bank of England, was the foremost representative of the Anglo-Dutch Liberal System of independent central banking, and oversaw the financing of Hitler's rise to power.*



*Britain's Lord Beaverbrook (William Maxwell Aitken), before the war, was an enthusiastic supporter of Hitler and Mussolini. After the Nazi attack on Britain, the Synarchist International wanted to replace Prime Minister Churchill with Beaverbrook or Sir Samuel Hoare.*

not survived this and other plots, fascism would most likely have been successful in World War II.

### **The Pro-Hitler British Faction**

In Great Britain, there was a powerful oligarchical faction which supported Hitler throughout the 1930s, and in 1940 advocated a negotiated peace with Hitler. The Link was a British organization of highly placed Nazi sympathizers. The leader of the pro-Nazi faction in Britain was Lord Halifax, the British Foreign Minister who would become ambassador to Washington. Among the leading pro-Nazis was also the Duke of Windsor. In the Summer of 1937, the Duke had met with Hitler's envoys Rudolf Hess and Martin Bormann at the Hotel Meurice in Paris; the Duke promised to help Hess contact the Duke of Hamilton, who had a direct link with Himmler and Kurt von Schröder, to the Schroder Bank and to the synarchist Banque Worms. Hess was determined to forge an alliance with Great Britain, which explains his dramatic landing at the Hamilton estate in 1941. Also among the rabid British supporters of Hitler was Montagu Norman, of the Bank of England and the BIS, and Lord McGowan.

Two other key members of this nest of pro-Nazis were Sir Samuel Hoare and Lord Beaverbrook. Hoare, as Secretary of State for Foreign Affairs in 1935, joined with Pierre Laval, Prime Minister of France, to endorse Mussolini's invasion of Ethiopia, in the Hoare-Laval Pact, for which Hoare was later forced to resign. However, he was then appointed Secretary of State for the Home Office by Nazi-appeaser Neville Chamberlain. When Winston Churchill came to power, he sent

Hoare to Madrid to be British Ambassador to Franco's Spain from May 1940 to July 1944.

Lord Beaverbrook accompanied Hoare to the negotiations with Laval over Mussolini's invasion of Ethiopia, and supported the pro-Nazi King Edward VIII (the former Duke of Windsor), during the abdication crisis. In 1935, Beaverbrook himself met with both Hitler and Mussolini, and in 1936 was the guest of Hitler's Foreign Minister, Joachim von Ribbentrop, at the Munich Olympic games. Beaverbrook's trusted aide, Sefton Delmer, who was in charge of Beaverbrook's *Daily Express* bureau in Berlin, was a confidant of Hitler, and in his coverage of the Reichstag Fire gave credence to the Nazi version of events which led to Hitler's consolidation of power.

The only thing which prevented a negotiated peace between the Nazis and Great Britain, was the determination by Churchill not to allow the British Empire to be taken over by Hitler, even though Churchill himself had been a supporter of Mussolini. (Churchill's letters to Mussolini, written between 1927 and 1944, were used by Hitler's wartime commando Otto Skorzeny, to blackmail Churchill after the war into releasing a number of Nazis from British prisons.) Nonetheless, it was Churchill's determination to preserve the British Empire which laid the basis for the successful U.S.-British alliance to prosecute the war against the Axis powers.





*Sir Samuel Hoare, who had endorsed Mussolini's invasion of Ethiopia in 1935, then served as British Ambassador to Franco's Spain during the war. He was a key operative of the Synarchist International.*

## The Preparation for World War II

After Hitler's consolidation of power in 1933, the U.S. and British branches of the German-centered cartels continued to consolidate their partnership, even as the German branches, particularly I.G. Farben, began to prepare for aggressive war.

For example, in 1936 the J. Henry Schroder Bank of New York entered into a partnership with the Rockefellers, forming Schroder, Rockefeller and Co., Investment Bankers, whose partners included Avery Rockefeller, nephew of John D. Rockefeller; Baron Bruno von Schroder in London; and Kurt von Schröder of the BIS and the Gestapo in Cologne. Their lawyers were John Foster Dulles and Allen Dulles of Sullivan and Cromwell.

Sosthenes Behn, the American International Telephone and Telegraph (ITT) chief, and Gerhardt Westrick, the head of ITT in Germany and an associate of John Foster Dulles, appointed both Walter Schellenberg, head of the Gestapo's counterintelligence service (SD) and Baron Kurt von Schröder to the board of directors, to ensure the company's continuing existence in Germany during the upcoming war.

At the same time, the chairman of the Rockefellers' Stan-

dard Oil of New Jersey, Walter C. Teagle, became director of American I.G. (Farben) Chemical Corp. Other members of the board of directors included: Edsel Ford, president of the Ford Motor Co.; Charles E. Mitchell, president of Rockefeller's National City Bank of New York; Paul Warburg, chairman of the Federal Reserve Bank; and Herman Metz, a director of the Bank of Manhattan.

While these relationships continued to expand, I.G. Farben was in the process of becoming totally integrated with the Nazi war-making machine, which it in large part directed. In fact, after the war, as reported in Josiah E. DuBois, Jr.'s book *The Devil's Chemists*, 24 executives of I.G. Farben were put on trial in Nuremberg on charges of "preparing and waging aggressive war" and "conspiracy to wage aggressive war." However, by the time the trial concluded on May 28, 1948, the political atmosphere of the anti-communist Cold War resulted only in a number of convictions on the charges of "slave labor" and "plundering," but acquittal on the charge of preparing and waging aggressive war. The same climate was also to sabotage the efforts to dismantle the cartels after the war. In fact during the trial, DuBois himself was attacked by Congressman Dondero as a "known left-winger from the Treasury Department who had been a close student of the Communist Party line."

It is absolutely clear that Hitler could not have launched his aggressive war in September 1939, had it not been for I.G. Farben and the economic warfare it carried out on behalf of the war mobilization. Lacking raw materials, as Schacht had emphasized in his 1930 speech before the Foreign Policy Association in New York City, Nazi Germany needed to create synthetic materials to run its war machine. Two examples demonstrate the point.

First, although Nazi Germany would continue to receive oil from I.G. Farben's cartel partner Standard Oil during the war, through shipments from Ibero-America via Franco's Spain, the I.G. Farben-developed "Leuna" hydrogenation process, to produce gasoline from coal, was crucial to fuel the tanks. In 1934, about 85% of German finished petroleum products were imported. Without synthetic gasoline, the Nazis could not have engaged in modern mechanized warfare. The hydrogenation process was developed and financed by the Standard Oil laboratories in the United States, in partnership with I.G. Farben, as part of the 1929 cartel agreement.

And second, without synthetic rubber produced through the Buna process pioneered by I.G. Farben, Nazi vehicles would not have had tires. Before World War II, Standard Oil had agreed with I.G. Farben, in the Joint American Study Corp. (Jasco) agreement, that synthetic rubber was within Farben's sphere of influence, while Standard Oil was to have an absolute monopoly in the United States only if and when Farben allowed development of synthetic rubber to take place there. But in 1936, the Nazi government issued an order prohibiting giving the know-how for the processing and manufacture of buna rubber to anyone in the United States. As a

result of this measure of economic warfare, synthetic rubber was not developed in the United States prior to the war.

In 1938, Standard provided I.G. Farben with its new butyl rubber process, while keeping the German buna process secret within the United States. It was only in June 1940 that Firestone and U.S. Rubber were allowed to participate in testing butyl and were granted buna manufacturing licenses.

In 1937, Schmitz, Krauch and von Knieriem of I.G. Farben travelled to London where they successfully negotiated the purchase of \$20 million worth of aviation gasoline from Standard Oil, for Göring's Luftwaffe.

In addition, Standard provided I.G. Farben plans for the production of tetraethyl-lead, an indispensable component of aviation gasoline, and at the urging of Standard Oil, the War Department in Washington granted a license to produce it in Germany, at a plant owned jointly by I.G., General Motors, and Standard subsidiaries.

In 1938, the Luftwaffe had an urgent requirement for 500 tons of tetraethyl lead, which was "loaned" by the Ethyl Export Corp. of New York. The collateral security for the transaction was arranged through Brown Brothers, Harriman, in a letter dated Sept. 21, 1938.

By the time of the Japanese attack on Pearl Harbor on Dec. 7, 1941, Farben had succeeded in gathering, through its U.S. connections, 80% of all magnesium production in the Western Hemisphere. The I.G. Farben arrangement with the Aluminum Co. of America and the Dow Chemical Co. limited production within the United States, and also fixed it so that all quantity exports from the U.S. went only to Germany.

### **I.G. Farben's Role in Aggressive War**

After Hitler came to power in 1933, I.G. Farben developed its own independent international intelligence operation, which operated out of an office at North West 7 in Berlin. This office was originally set up by Farben's president, Hermann Schmitz, in 1927. Then in 1929 he turned it over to his nephew, Max Ilgner, another Farben director. Soon afterwards, Max Ilgner went to the United States to set up American I.G. Chemical Corp. In 1934, he sent his brother Rudolf Ilgner to the United States, where he worked under Herman Schmitz's brother Dietrich, at American I.G.'s successor corporation, General Aniline and Film Corp. Schmitz had legally changed the name in the mid-'30s to dodge an investigation by the U.S. government.

One example of how N.W. 7 worked against the United States, occurred prior to the U.S. entry into the war. Having heard that Washington wanted to film its military installations in the Panama Canal Zone and in Alaska, General Aniline and Film offered to provide the film and cameras for free. Afterwards, the originals of photos were processed and shipped directly to Berlin. Copies were provided to the American government.

Also located at N.W. 7 in Berlin was an agency set up in 1935 by Hermann Göring called the Vermittlungstelle

Wehrmacht (Army Liaison), which was headed by Carl Krauch, the chairman of the supervisory board of directors of I.G. Farben. When Krauch moved on to work directly under Göring, he was replaced by Fritz ter Meer as head of the Vermittlungstelle Wehrmacht. Ter Meer was chief of the technical committee of I.G. Farben's managing board of directors and a member of the board of General Aniline and Film in Binghamton, New York. By 1937 every I.G. plant had a confidential representative working in the Vermittlungstelle Wehrmacht.

After the war, when asked about this office, von Schnitzler of I.G. Farben answered: "For twelve years the Nazi foreign policy and the I.G. foreign policy were largely inseparable. I also conclude that I.G. was largely responsible for Hitler's foreign policy."

In the case of Spain, DuBois reports that investigators uncovered records showing that Farben had backed Franco with huge sums. When they asked von Schnitzler about it, he responded, "It is not so improbable that we should foster interior movements in foreign countries."

In 1934, Hitler had appointed Gen. Wilhelm von Faupel as chief of the Ibero-American Institute of Berlin. Von Faupel was known as the "I.G. General" because he counted among his patrons George von Schnitzler, as well as Fritz Thyssen, Baron Kurt von Schröder, and Franz von Papen. During the Spanish Civil War, Hitler and Mussolini gave direct military support to Franco, and Hitler named von Faupel as Ambassador to Franco's insurgent government. With Franco's consolidation of power, von Faupel used the Spanish Falange to penetrate Ibero-America on behalf of I.G. Farben and the Nazis.

In several cases, as reported by DuBois, the I.G. Farben economic hit men used the threat of Nazi jackals to take over the chemical industry of another nation. This occurred in Austria, where two years before the Anschluss, Farben used the threat of Nazi invasion to take over all the chemical and explosives industries.

As for Czechoslovakia, before the Munich Pact, the Nazis had robbed part of the country's chemical industry and had halted all shipments of arms to Czechoslovakia's Sudetenland. And even before then, von Schnitzler had prepared a monograph on the structure of Prager Verein—a Czech chemical company located in the Sudetenland, with headquarters in Prague—and a plan for Farben to seize its plants if and when Hitler marched. In robbing Prager Verein, Farben first robbed the Belgian interests of their share, then stopped all arms shipments to Belgium.

On July 28, 1939, one month before the invasion of Poland, the Farben-operated Vermittlungstelle Wehrmacht in Berlin presented the German government with a long-prepared survey of the Polish chemical industries, called "The Most Important Chemical Plants in Poland." This was a blueprint for the Farben takeover which followed the invasion.

Farben had also prepared a document called "The New



*The Auschwitz concentration camp in Nazi-occupied Poland, with the infamous slogan “Work Makes You Free.” The camp was from the beginning an I.G. Farben operation, producing synthetic rubber and gasoline for the war effort.*

Order for France.” One of the Farben directors reported that the company’s Board of Directors “considered France not only a model for the plans in countries which will follow shortly, but a classic example of large-scale area planning.” What Farben planned was control over all patents, in order to control the economy of the whole continent. The idea was that *all countries* should be forced to register their patents with the Central Patent Agency run by Farben.

When Hitler rejected Farben’s “New Order for France,” Farben met with the leaders of the dyestuffs industry in France privately in November 1940, and demanded a clear-cut majority of 51% of all the companies. Although no agreement was reached at that time, by the next year the French companies succumbed to the Farben threats and agreed to create a new combine, Francolor, whose administrators included von Schnitzler and Ter Meer. Through Francolor, Farben gained exclusive licenses to 259 foreign patents and 53 patent applications. At a sales price of “nothing,” Farben now controlled a new combine valued at 800 million francs. Farben then proceeded to take over the French pharmaceutical monopoly.

In each of these cases, Farben, which itself organized the Nazi war mobilization, used the threat of Nazi invasion or, when that failed, actual invasion, to carry out its objective of plundering the economy of the targetted nation and the creation of a Farben-controlled “globalized” economy.

### **Auschwitz: The I.G. Farben Solution to the Raw Materials Problem**

The Auschwitz concentration camp was from the beginning an I.G. Farben concern. As indicated above, Germany could not have gone to war unless it had the ability to produce

synthetic rubber and gasoline. In less than four years before the start of World War II in September 1939 with the Nazi invasion of Poland, buna rubber had transformed the German market from one which imported 95% of all its rubber, to one which imported only 7%. By 1936, the first two buna plants had been built. Auschwitz was the third important one.

Auschwitz was to be the “buna plant to the east.” The name Auschwitz did not yet exist, except as the German translation for a little Polish agricultural town called Oswiecim in Upper Silesia, which had been picked out by Farben for this purpose even before the invasion of Poland. The location had been selected because the buna plant would require a million tons of hard coal, and Oswiecim was on the southern border of the Silesian coal fields. It would also need water, and three rivers united at Oswiecim.

The plan for Auschwitz involved four presuppositions: 1) the need for a buna plant in the east presupposed an aggressive war against the Soviet Union; 2) its location in the east, rather than in the west near the other plants, presupposed a war with the west, which would make western plants more susceptible to attack; 3) it presupposed the invasion of Poland in order to construct the plant; and 4) since there were not even 15,000 farmers in the area, the labor requirements for the plant presupposed the construction of a concentration camp for slave labor.

In 1937, I.G. Farben had also taken into consideration the economic advantages of joining buna rubber and Leuna fuels (hydrogenation) into one huge operation. When Auschwitz was selected as the site for the buna plant, Farben decided to locate a Leuna plant at the same site. A month later, an order came from Göring approving Farben’s employment of the

inmates at what would eventually be four concentration camps at Auschwitz, in the vicinity of the buna and Leuna factories. I.G. Farben also ran the mines that provided 2 million tons of coal that were needed every year for both factories.

All the details on the inmates who worked for Farben were kept, not by the camp authorities, but by Farben itself. The records showed that Auschwitz Camp I—built in 1940 to house only 26,000—housed 40,000 in 1941, as ground was being broken on the buna site. Between 1941 and 1943, more than 2 million inmates passed through Auschwitz Camp I, hundreds of thousands because of Farben's labor demands. To the gas chambers during that period—which did not include the year of greatest turnover, 1944—went 100,000 Farben workers. On the buna site, not including the Leuna installation, from Camp I alone Farben employed more than 300,000 slaves—though not at one time. Some 200,000 died on the job. Farben records for Camps II and III were not to be found. Camp IV, which was called "Monowitz," was known as "Farben's concentration camp." Built for 5,000 workers, it held as many as 20,000 at one time.

The conditions in the Farben-run factories were worse than in the camps. "Prisoners were condemned to burn out their own body weight by working," said a Czech physician. Even the SS complained about the treatment of the inmates by the Farben employees. Before the construction of the plants was completed, nine out of ten punishments were meted out by Farben employees. From the beginning there was a direct relationship between the production requirements set by Farben and the treatment of the inmates.

At the end of February 1943, a modern crematorium was inaugurated at Auschwitz. The Zyklon B gas which was used to gas the concentration camp victims to death was invented by I.G. Farbenindustrie, which had an absolute world monopoly of its sale by 1934. Every can of Zyklon B that went to Auschwitz was produced by I.G. Farben.

## Trading With the Enemy

During the war, the Rockefellers' Chase National Bank kept its offices open in Nazi-occupied France, handling the accounts of the Nazi Ambassador, Otto Abetz, who funded the Revolutionary Synarchist Movement (Mouvement Synarchique Revolutionnaire), which liquidated anti-Nazi cells in Paris. This movement, like the National Synarchist Union of Mexico, which was founded in 1937 by the Nazis, explicitly contained the name synarchism in its title. However, all of the fascist movements from the early 1920s through 1945, including the Nazis, were synarchist creations of the international financial oligarchy. (See box.)

Chase also handled the transactions of the Nazi Banco Alemán Transatlántico, which was the comptroller of the Nazi Party in Ibero-America. On April 17, 1945, Chase National Bank of New York was placed on trial in Federal court on charges of having violated the Trading With the Enemy

Act, for not having frozen the Smit diamond accounts.

The case involved Leonard Smit, a prominent diamond merchant in New York City, who in May 1940 began smuggling commercial and industrial diamonds to Nazi Germany through Panama. Roosevelt had issued orders freezing his accounts, but a few days later, Chase officials unblocked the funds at Smit's request, allowing the diamonds to be sent from the Canal Zone to Berlin.

Chase was acquitted; the fact that it had continued its activities in Nazi-occupied France during the entire war was not made public.

We have already documented how I.G. Farben utilized its relationship to Standard Oil before the war to weaken the United States and to strengthen the Nazi war machine. During the war, Standard Oil of New Jersey continued to supply oil to the Nazis, through shipments to fascist Spain, paid for by Franco funds that had been unblocked by the Federal Reserve Bank.

Secretary of State Cordell Hull, who would later denounce Argentina for collaborating with the Nazis, in 1943 covered up for Standard Oil by declaring that oil being shipped to Spain came from the Caribbean and not from the United States, and was hauled by Spanish tankers.

On Feb. 27, 1942, Thurman Arnold, chief of the U.S. Anti-Trust Division, confronted William Farish, president of Standard Oil. Arnold charged that "by continuing to favor Hitler in the rubber deal and patent arrangements," Standard Oil "had acted against the interests of the American government." He suggested "a fine of \$1.5 million and a consent decree, whereby Standard would turn over for the duration all the patents" in question. When Farish refused, charges of criminal conspiracy with the enemy were filed in Newark, New Jersey. However, they were later dropped, in return for Standard releasing its patents and paying a modest fine. Farish had to pay a paltry fine of \$1,000.

On July 13, 1944, as the war was raging, Standard Oil of New Jersey sued the U.S. government for having seized the synthetic rubber patents. On Nov. 7, 1945, Judge Charles E. Wyzanski decided in favor of the government. An appeal was denied, when on Sept. 22, 1947, Judge Charles Clark made the following declaration: "Standard Oil can be considered an enemy national in view of its relationships with I.G. Farben after the United States and Germany had become active enemies."

Throughout World War II, the American International Telephone and Telegraph (ITT) corporation remained in a partnership with the Nazi government. The German branch of ITT, of which John Foster Dulles's law partner Gerhardt Westrich was chairman, provided the German Army, Navy, and Air Force with telephones, air raid warning devices, radar equipment, fuses for artillery shells, etc.

ITT also handled traffic between Ibero-American countries and the Axis nations. CIDRA, ITT's Argentine subsidiary, handled calls to Buenos Aires, Germany, Hungary, and