

The Nazi Hydra In America

*How America's right wing politicians are plunging
the country into a fascist
police state.*



Glen Yeadon & John Hawkins



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Introduction

The Nazi Hydra In Fascist America is a currently an ongoing work in progress of the White Rose. The Nazi Hydra was conceived to fill a gap in the literature by providing a detailed overview of the influence of fascism within the United States. The intent and motivation for such a project was twofold: to sound an ominous warning as to the direction this country is taking at the hands of the right wing and to provide a convenient all encompassing source on fascism in the United States for the reader. In this regards the chapters are heavily documented. And I urge the reader here and throughout the book to read the sources cited for further details. When complete the book is projected to span **sixteen chapters**. Chapters will be made available on this web site as they are completed.

After two years into this project I now understand why such a book was never attempted before. Such a detailed accounting of fascism within this country would literally fill volumes. Some of the chapters are brutally long, yet I feel that I have omitted far too many details for the sake of the reader. For instance, the Chapter *Ratlines* covering the CIA and its reliance on Nazi war criminals, is over 27,000 words or roughly 60 pages.

Many details had to be omitted in writing that chapter in setting up the premise of how this over reliance of Nazi war criminals started the cold war, influenced our foreign policy and even influence our medical testing on orphans and prisoners. At least a half dozen excellent books exploring this aspect of fascism comes to mind and the reader is referred to them extensively in the chapter. But such omissions of details become a fact of life in presenting a broad overview of a complex and many faceted topic.

In fact nothing remains unchanged from the original outline. Even the title was changed to better reflect on the subject from the original title of High Noon: in

Fascist America. The real danger of fascism is that its so insidious that it can creep into every crack of daily life unnoticed including religious groups, hence the logic behind the change in title. Chapters were omitted and others added as research dictated. Additional information and revisions need and will be made in some of the chapters already written. But such changes are the hallmark of good research.

Some readers will undoubtedly find the *Nazi Hydra* disturbing. They shudder at reports of another Nazi war criminal being deported and the crimes against humanity that he inflicted onto others. They fear to ask the question how such a person could slip into the country or how many more are present. Others may be livid with anger as the *Nazi Hydra* details the associations of the Republican Party and past presidents: Nixon, Ford, Bush and Reagan with Nazi war criminals. But history cannot be rewritten and it's a story that must be told. Those that aided Nazi war criminals are no less guilty of crimes against humanity than any of the Nazi war criminals and need be held fully accountable at the end of a hangman's rope at Nuremberg

In tracing the roots of fascism from the 1920s to the present the one aspect that I find the most amazing is how small the click of hard core Nazis supporters is. The truth is fascism in America revolves around a handful of Wall Street firms and leading American families. One name above all others in steering the country towards full-blown fascism stands out above all others: Bush. For over seventy years and three generations the Bush family has been hard core supporters and advocates of fascism.

With the record of the current Bush regime a short excerpt from the first leaflet of the White Rose Society, a small group of students who dared to oppose Hitler and the Nazis bears repeating.

"Nothing is so unworthy of a civilized nation as allowing itself to be governed without opposition by an irresponsible clique that has yielded to base instinct. Who among us has any conception of the dimensions of shame that will befall us and our children when one day the veil has fallen from our eyes and the most horrible of crimes - crimes that infinitely out-distance every human measure - reach the light of day?"

Who will survive to bear witness this time?

Preface

Before diving into the subject matter at hand a note is in order concerning the documentation. This writer would have preferred to use references entirely from hard copy works over web site urls. Hard copy references are permanent as opposed to the more fleeting nature of the web. In this regard this writer has tried to limit web references to those of organizations only rather than to personnel pages that may be here today and gone tomorrow.

But the web is a wonderful research tool, yes the web has a lot of junk as well but so does any library. It's up to the researcher to sort out the reliable information in both and to discard the junk. Secondly information on the web is more current than what you can find in any library. With that said the writer has made heavy use of web references. Yes, they may be fleeting in nature, and yes the information may be updated in the future but that is a hazard of any research source. With that said the web references found within this book do what any references do and that is to give credit to the original writer after all you are reading this book on line. For this reason no attempt to update the html links will be made.

This book addresses the topic of creeping fascism in America. Before proceeding we need to carefully define what is meant by creeping fascism. Fascism itself will be defined in the first chapter. Creeping fascism refers to events themselves that may not be truly fascist in nature but when viewed in the context of a greater movement they can indeed be seen as part of a fascist movement or contributed to the rise of fascism. Events of creeping fascism will all have one thing in common they will represent a loss of freedoms for the average citizen. Indeed if any single event in the U. S. short of the suspension of the constitution could be properly labeled as fascist or in any other country for that matter.

Much of what this writer labels as creeping fascism could be properly termed Neo-fascism. Another author who has struggled with what constitutes fascism and neo-fascism is Eatwell.³ The precise definition is all but impossible. Nor does this writer really like the term neo-fascist or neo-nazi. It tends to somehow lend some creditability to them. It's like putting a happy face on a Nazi; rip the mask off and you still have a stark raving lunatic. For the purpose of this book creeping fascism will be defined as any measure that lends support to the elite or takes freedoms away from the greater masses. The danger with such a definition is that's it's a little too broad if used indiscriminately as will be shown shortly but neither the less it's the best definition available to define creeping fascism, which in the remainder of the book

will simply be referred to as fascism.

It is the inherent nature of fascism that a revolution is not needed for the fascist to gain power. Indeed the only shooting revolution of the three classical fascist countries was in Franco's Spain. Both the Nazis and Mussolini rose to power in what could be more properly called a noisy protest. This is what makes fascism so dangerous and insidious. It can result from a natural decay of a democratic capitalistic society. Certainly economic troubles aid the fascist, as does the lack of strong leadership, it was precisely such conditions and the resulting chaos that allowed the Nazis to seize power in Germany.

This then is the basis and justification of the term creeping fascism. It refers directly to the decay of a democratic society and the gradual erosion of liberties and freedom leading to an authoritarian state. Thus when the writer labels an event as fascism he is looking at that event in the context of a larger movement in which individual freedoms and liberties are being gradually washed away. Once again the same type of events are easy to spot looking at the history of Germany now, but without the benefit of hindsight the imagines are indeed blurry. For one America may reverse this slide into the dark side. We still have the ability to counteract those that wish to revoke our freedoms. In the final chapter the writer will present definite steps that can be taken to regain our freedoms. Failure to include such solutions is fatalistic and the outcome far too dark to contemplate without their inclusion.

In the second chapter it will be shown that how fascism is unique in not requiring a shooting revolution and can arise out of a nature degenerative process of a democratic capitalistic society. Since fascism is a top down movement all that is required is that the elite of that society begin to concentrate their power without regards to the masses. Thus all fascist need do is to corrupt the political and economic processes to begin their march to a totalitarian state. They can do so with spreading forth propaganda to discredit the government, the schools, the media, the scientists, the courts and the remainder of the very institutions that have made America great. Once they have created a critical mass of distrust in the public then they are free to begin the process of concentration of power. This is the approach that the hard right and Republican Party has followed since the election of Reagan in 1980. It is a gradual process that can easily be cloaked until it's too late. The purveyors of fascism are free to mask much of the concentration under the banner of capitalism. Such as the consolidation of the media, which is today nothing more than the mouth-piece for corporate America.

The writer is not being an alarmist when he labels an event that seems almost harmless as fascism. It's the inherent nature of creeping fascism that masks the true significance of these events until it's too late. Freedom is a precious commodity nor is there any shortage of thugs that will do anything to kill it; it requires a constant vigil. These events leading to fascism may appear to be innocuous by themselves, certainly there were many such events in Germany prior to the rise of the Nazis. Its only after we have seen the nasty outcome of Nazi Germany that we can see that these events were not innocuous that they contributed directly to the rise of the Nazis. But at the time of their occurrence the average German citizen would have dismissed them without any further thought as harmless. But that's the benefit of hindsight.

To expound further on how these events can appear harmless at the time of the event, a brief look at the reaction to the appointment of Hitler will provide the ideal

example. Considering the enormity of the event with the benefit of hindsight one would expect the reaction to have been a loud and bloody protest, but instead the reaction was muted indifference. In a newsreel that was widely shown in movie houses throughout Germany, Hitler's appointment as chancellor was the last of six events. It followed such newsworthy items as a report on ski jumping, a horse race and a horse show. Editor of *Vorwärts*, Friedrich Stampfer recalled that most people had no idea what had befallen them. Foreign reactions were restrained. A Czech diplomat in Berlin saw nothing significant in the new cabinet. The British ambassador informed England that the appointment of the cabinet marked the end of the presidential governments.¹ Other members of the German press reported that it was Hugenberg who was the power behind the new cabinet. Indeed some of the leaders of big business expressed more concern over Hugenberg as economic minister than of Hitler.²

To further complicate matters these events need not have been supported by the Nazis, they may have been supported by well meaning government officials or others while the Nazis were still viewed as nothing more than a noisy bunch of thugs led by a little guy with a funny mustache. One such example would be the flaw in the German constitution that made no allowances for a negative parliament. It was a defect that Hitler successfully exploited in his quest for power. Following the war the flaw was corrected and the German parliamentary system has performed admirably. Another example would be the lack of comprising among the various parties to form a parliamentary president starting around 1930. This was another large factor in the rise to power of the Nazis, there was an acute power vacuum; there was no strong leadership. The electorate was simply too fractured or polarized for a strong leader that was responsible to the people to arise. Yes, much of that polarization was the direct cause of the Nazis, but the other parties likewise contributed to it, including the centralist parties.

Another example would be the practice of big businesses forming cartels dating all the way back into the monarchy. How much these cartels contributed to the economic problems of the 1920s can only be estimated, but it certainly added to the economic woes of Germany. Further the various fractions of businesses sought out conflicting goals from the government contributing to the general government instability. The Rhur industrial sought to promote free trade while the agribusiness's sought out higher tariffs on grain imports to protect their livelihood.

Additionally we have already hinted that some of these events even proceeded the formation of the Nazi party. Indeed the best example of this is the prevalence of anti-Semitic feelings in Germany dating all the way back to the time of Martin Luther. Hitler exploited the underlying anti-Semitism to divide the electorate in order to gain power. Is racism in America part of a fascist movement? In the book that follows it will indeed be treated and labeled simply as fascist. Again we don't have the benefit of hindsight at the moment to know. We do know from looking at the history of fascism that racism is indeed a characteristic of fascism, as is any method that can divide the electorate.

This writer feels that divisionism is another trait of fascism that is always present just as is authoritarian and extreme nationalism is. The writer acknowledges that any political party in a democracy uses some form of divisionism in order to win elections. But there is a difference here, when this writer refers to divisionism as a

trait of fascism he is referring to destructive divisionism that serves only but one purpose and that is to solely further the aims of the user.

A good example of this destructive divisionism was after first being appointed chancellor Hitler immediately set about destroying any chance at forming a parliamentary majority. This will be gone into more depth in the first chapter. Likewise, the Republican led government shut down over the budget in 1997 was simply labeled a fascist move on the part of the Republicans in an analogy in the same chapter. Clearly this writer means it to be an example of creeping fascism and not out right fascism, the writer chooses not to insult his readers' intelligence by repeating the exact phrase. Throughout the remainder of this book the writer will label such events as fascism rather than creeping fascism. Likewise this writer will simply label an event as divisionism rather than destructive divisionism. One final example of divisionism that has already been mentioned is racism. Certainly it serves no constructive purpose and it certainly fractures the electorate.

This particular rise of the hard right in America is unique and poses a dangerous threat to our liberties and freedoms. Like the period between wars this rise in fascism is global in nature not confined to one country or one area of the world. The author does recognize that there have been times in the past of widespread repression such as the rise of the Klan in the 1920s, the prosecution of the Wobblies in the same time period, McCarthyism in the 1950s and even COINTELPRO in the 1960s. What then makes this time particularly dangerous and unique? The second chapter explores the 3Ms needed for a revolution to succeed. Those are the media, the military and the money. The hard right today have taken on the aspects of social darwinism and at no time in the past has the wealth of the country been controlled by so few. The media has consolidated until only seven companies now control the airwaves and the press. . In essence it is now a reality that big money now owns the media, the only exception to that is the net. But even here consolidation is already beginning to occur.

It should be noted that a similar consolidation of the press occurred in Germany during the late 1920s. Indeed there are many parallels and analogies between the present time and Nazi Germany. Other writers have also noted a "hauntingly similarity" to Nazi Germany.⁴ In this case the writer attributes the sudden shift to the right in America to five factors: conservative religious revitalization, economic contraction and restructuring, racism, social stress and backlash, and a well-funded network. In past times, not all of these root causes have occurred simultaneously. This writer concurs with such an analysis and those topics will be explored later in detail.

Indeed this shift to the hard right would not have happened without the excesses from the 1960s. The 60s was the period in which the religious right laid the ground work for their movement. The Goldwater campaign provided a pivotal role for the formation of today's hard right. Not only did it provide fertile ground for the organizers but it also lent some sort of legitimacy to their radical extremist views and served to desensitize us.

The primary focus of this book will be the times following 1980. As hinted to already in order to understand the shift and the danger it presents background material from earlier times is needed. The chapters from the first section will lay the ground work for the background needed to fully understand the 1980s and the hard right movement. The second part will deal with the 1980s and more recent times. In

any book such as this, which is primarily a survey of the subject, the various topics are numerous and a full discussion of any single topic is beyond the scope of this book. Indeed books have been written on the topics or even of subdivisions of a topic. The writer is not going to bore you with over repetitious examples and analysis. Rather the writer will present various examples that serve to make the point before moving on. The objective here is to stimulate the reader into thinking for himself not to provide exhaustive analysis and examples.

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CHAPTER 1

What Fascism Is & Isn't

No other word causes so much misunderstanding, confusion and heated debate in politics than fascism. The term has been applied to many of individuals such as McCarthy, Hoover and others, to government policies and to government themselves many times incorrectly. What then is fascism exactly? Webster's Dictionary defines it as: "A government system marked by a centralized dictatorship, stringent socioeconomic controls and belligerent nationalism." But the author takes exception with that definition. At best the definition is too abstract, nor does the definition capable of taking into all forms of fascism.

There is a resurgent widespread attempt by the far right to label fascism as a form of socialism. Fredrick von Hayek was the first to attempt labeling the Nazis as socialist in his book *The Road to Serfdom* published in 1944.⁷⁰ The hard right quickly adopted it as it allowed the hard right to escape the charges that they had much in common with the Nazis.² Such endeavors are not only silly but dishonest as well and represent an attempt by the right to distance themselves for their earlier support of Hitler by the far right prior to the bombing of Pearl Harbor.

Hayek's book is first based on two erroneous assumptions from the very beginning. He first assumes that fascism and communism are one and the same as they are both totalitarian systems. This makes about as much sense as calling a maple tree a pine tree because both are trees. His second erroneous assumption lies in his believe that only socialism or liberalism leads to totalitarian systems. In fact all political systems can lead to totalitarian systems and all political systems are inherently unstable as is any system created by man. A later chapter will look at this instability of governments or political systems.

From there Hayek takes severe liberties with history. For instance he goes on to claim that the United States by deliberate policy allowed the growth of cartels and syndicates after 1878.⁷¹ Indeed this date and time period is significant but not for a move towards socialism or liberalism rather it's the opposite a move towards fascism and corporate rule. Even a reader with a rudimentary knowledge of American history would recognize this time frame as the beginning of the robber baron era and *laissez faire* economics, precisely the type of economic policy Hayek holds in utmost esteem. Later chapters will detail both the significance of this time period and how governments fail due to the rich elite corrupting the system.

Hayek offers little proof to support his conclusions; in fact the book is devoid of any proof or even examples to support his conclusions. The book degenerates into an argument by assertion. Not only did Hayek take severe liberties with American history he ignored the very nature of fascism in Germany and Italy.

Mussolini stated shortly after the March on Rome; in various speeches "We must take from state authority those functions for which it is incompetent and which

it performs badly... I believe the state should renounce its economic functions, especially those carried out through monopolies, because the state is incompetent in such matters... We must put an end to state railways, state postal service and state insurance." The state returned large monopolies to the private sector after returning them to profitability such as the Consortium of Match Manufactures, privatized the insurance system in 1923, the telephone system in 1925 and many of the public works.

In Germany the Nazis announced they would end nationalization of private industries when they seized power. In 1932 Hitler returned control of the *Gelsenkirchen* company to private hands and in 1936 returned the stock of "United Steel" to private hands. Throughout the 1933-1936 period the Nazi returned to private hands the control of several banks: Dresdner, Danat, Commerz and Privatbank, the Deutsche Bank and several others. In 1936 the steamship company Deutcher Schiff and Maschinenbau was returned to the private sector. Likewise in 1934 Dr. Schacht the Nazi Minister of Economy gave instructions to hasten the privatization of municipal enterprises. These enterprises were especially coveted by the rich industrialist as they had been prosperous even during the depression.

Both in fascist Italy and Nazi Germany the tax system was changed to one favoring business and the wealthy. The Nazi allowed industry to deduct from their taxable income all sums used to purchase new equipment, rich families employing a maid were allowed to count the maid as a dependent child and reap the tax benefit. In Italy the Minister of Finance stated: "We have broken with the practice of persecuting capital."⁷³

Such programs catering to big business and the rich elite is more akin to the policies of the Reagan Administration than it is to any liberal administration including FDR's. Likewise in the following chapters the reader will see that it was the rich industrialist that was behind the fascist movement in the United States during the 1930s. Thus its no surprise why the right wing today attempts to try and label fascism as socialism in trying to distance themselves from their previous support of fascism.

Perhaps the only redeeming feature in Hayek's book is his acknowledgement of environmental problems.⁷² Indeed this is significant considering the book was first published in the 1940s long before the birth of the environmental movement. He readily acknowledges the problem of industrial pollution and the harmful effects of deforestation yet he stops short of any meaningful solution. Rather his solution is the same leave the market alone and condemns regulation. We have plenty of proof of such a fool hearty approach both here and globally. As late as the 1970s rivers caught fire in the United States, cities were smog stricken, harmful pollutants were damaging the environment world wide. And today we face the problems of global warming and ozone depletion and the problem of environmental estrogens, a problem with the potential of being even more threatening than both global warming and ozone depletion.

But perhaps the most damning of all evidence that Hayek was dead wrong about fascism being a form of socialism comes from the implementation of an economic system based on his beliefs. Hayek later taught at the University of Chicago the same university that trained the "Boys from Chicago" that were the economic brains behind the fascist regime of Pinochet in Chile. There is no question in the mater that under

Pinochet, Chile was indeed fascist the result of a coup against a leftward government bent on reform.

In order to dispel the myth of the Nazis being socialist we need to first define socialism. Socialism is defined rigidly as an economic system in which the workers own the means of production and distribution of goods. A more relaxed definition would be simply that the workers maintain political control over the production and distribution of goods. Even using the more relaxed definition of socialism the Nazis can not be labeled as socialists, as there simply was no worker control over the production or distribution of goods in Nazi Germany. In fact the Nazis outlawed legitimate labor unions and installed in their place quasi-like unions that were controlled by the industrialists. In a déjà vu manner the Republican Party has recently tried to enact a similar measure conferring legal status on worker groups controlled by corporations. In fact some writers have stated that you cannot have fascism without corporatism as the corporate power structure has much in common with fascism. During the period preceding the outbreak of WWII it was common to refer to fascism as corporatism in polite English society.

Others more recently tries to define it as the "Third Way", in the sense that it borrowed ideas from both capitalism and socialism. The basic philosophy behind the "Third Way" essentially labels any regulations or government controls over businesses incorrectly as socialism; essentially it's just a restatement of syndicalism. The writer rejects such nonsense whole heartily. It again represents an attempt to distance the right from their support of Hitler in the 1930s and ignores that the basis of the German economy under Hitler was a capitalist system where the means of production remained in private hands. Further following the logic of the "Third Way" one would have to label all capitalistic systems as "Third Way." For throughout history there has never been a pure capitalistic system. A pure capitalist economy is so inherently and fatally flawed that it's never been even tried. But that is to be expected for any system that awards the winner with all the eggs. Nor has there been a pure socialistic system human greed simply prevents it. The dangers of such nonsense can be illustrated with the following quote taken from a Baptists fundamentalist's web page in their labeling of the Japanese economy as fascist:

However, Fascism is an economic term, denoting the type of economy where the Means of Production [Factories, companies] and the ownership of raw materials [mines, oil wells] remains in the hands of private individuals, but where the government intervenes to determine how many competitors will be allowed to produce the same thing, how much is produced, and what prices may be charged.¹

Here it can be seen that the term fascism has been clearly misapplied. This description indeed could past for the economic theory of the fascist philosopher Georges Sorel. This is a description of syndicalism; it was the economic model of fascist Italy and Nazi Germany to a large extent. Syndicalism does draw some aspects from socialism but the system is still a capitalistic system as ownership of the means of production and distribution of goods remain in private hands. It is no more socialism than the conclusion of the Robber Barons and the corrupt politicians of those days like those involved in Tammy Hall. The only difference between this example of syndicalism is that the government participation is open versus the backroom corruption of politicians in Tammy Hall.

Not only does Japan invoke syndicalism but almost all the Pacific Rim nations

do to some extent. These are the same nations that the hard right has held up in the past as darlings of capitalism and free enterprise. Yet these are precisely the same economic policies of the Nazis that they have tried to foist off as socialism. The key distinction here is the means of production still remains in private hands just as it did in Nazi Germany. No capitalistic society has ever existed without some form of syndicalism or government control over the economy. The closest America came to an entirely capitalistic system was either the 1890s and the Robber Barons or the laissez faire policies of Herbert Hoover, and as we all know that didn't end to well in the Great Depression of the 1930s.

No where does the quote above refer to totalitarian control or extreme nationalism in fact they have tried to define fascism in strictly economic terms for their own purposes. But it does serve to point out the dangers of inventing the "Third Way" or the use of syndicalism in an attempt to label the Nazis. The problem here is where does syndicalism end and capitalism begin. Is the trading of pollution credits a form of syndicalism or is it free enterprise? The hard right In America today would attempt to label it as socialism as they try to do with any laws or regulations of business. In fact the past laws regulating corporations were much more severe and restricting in the 1800s than today, as we'll show in another chapter. One could argue that it was through syndicalism that the power elite and corporations gradually eroded those laws until corporations now enjoy more freedoms than what an individual enjoys. We'll show that this is precisely what has happened in America in a following chapter.

But environmental and labor laws are not socialism they are in fact nothing more than an attempt to bring an out of control system hell bent on exploitation of the environment and labor back to order. This writer takes the point of view that no labor law or environment law was ever passed in a vacuum. All of these laws were brought about only by a need to correct an unhealthy or unsafe situation.

Regulation of businesses or corporations by itself is not socialism. It is this writer's opinion that a business entity has no rights other than what privileges a society wishes to grant it. People have rights; a paper creation of a society such as a corporation has no inherent rights. This writer takes the opinion that business entities such as corporations only have conditional privileges based upon providing for the common good. All such paper creations do have an obligation to serve the society, which created it, failing at that it has lost any right for its continuing existence. It is the right nay, the obligation of that society to restrict the rights of such entities to promote equality for all and to prevent a ruling aristocracy from developing. This view is hardly socialism or radical, unless one wishes to label Thomas Jefferson as a radical socialist as his words below show.

"I hope we shall take warning from the example of England and crush in its birth the aristocracy of our moneyed corporations which dare already to challenge our Government to trial, and bid defiance to the laws of our country."³

Perhaps one of the better definitions of fascism comes from Heywood Broun, a noted American columnist in the 1930s:

"Fascism, is a dictatorship from the extreme right or to put it a little more closely into our local idiom, a government which is run by a small group of large industrialists and financial lords... I think it is not unfair to say that any businessman in America, or public leader, who goes out to break unions is laying the foundations for fascism"⁷⁵

The author if forced to define fascism in a single sentence or phrase would label fascism as a totalitarian government with extreme nationalism tendencies in which the government is controlled and operated for the benefit of a few elite. But this writer does not believe that an all-encompassing definition of a complex system can be stated so simply. Such simple definitions undoubtedly fail in time. Rather this writer takes the view of listing the traits that are common to the classical fascist states of Franco's Spain, Nazi Germany and fascist Italy. The writer's list of traits of fascism is presented below. Note that the first two are the two most defining traits, obviously many of the others can be applied to many other social-political systems as one moves down the list.

1. Totalitarian
2. Extreme nationalism
3. Top down revolution or movement
4. Destructive divisionism such as racism and class warfare
5. Extreme anti-communism, anti socialism and anti-liberal views
6. Extreme exploitation
7. Opportunistic ideology lacking in consistency as a means to grab power
8. Unbridled Corporatism
9. Reactionary
10. The use of violence and terror to attain and maintain power
11. Cult-like figurehead
12. The expounding of mysticism or religious beliefs

Not all fascists need exhibit all of the traits once again it should be emphasized that the all fascist will exhibit a totalitarian view coupled with extreme nationalism. We'll look briefly at the above traits and how they relate to fascism using primarily Nazi Germany as an example. First because it was undisputedly fascist and secondly because there is more literature available on the Nazis than on either fascist Italy or Franco's Spain. But finally the use of the Nazi's as an example is closer to the focus of this book that is creeping fascism in America. We'll define creeping fascism as the gradual lost of freedoms of the masses to the power elite. A full definition of creeping fascism appears in the preface. It should be noted here at the onset in most cases the term fascist will be applied to events throughout this book that in themselves may not be truly fascist by themselves but as a whole of a greater movement may indeed be creeping fascism. And make no mistake the power elite, those that own and run America's corporations are fascist. They have forced war on this country to protect their assets, they have over exploited their employees, they have used violence to bust unions, and they rely on divisionist policies such as racism and class warfare to maintain their power. Eventually such loses leads to a final fascist state much like the slow rise of the Nazis in Germany over the period of 1920-1932. Only here in America

the process has been much slower.

Before looking at each of the traits listed for fascism a brief review of the history of fascism and its roots in modern philosophy. By looking at the roots of fascism in philosophy we can gain an understanding why fascism is often described as reactionary. By looking at the various philosophers that have come to be associated with fascism we will be able to see that many of these traits come directly from fascism's roots in philosophy. In that way we can then see how some of these traits that can be applied to other social-political system are central to fascism.

Many writers have assumed that fascism has no intellectual or philosophical roots due to its lack of a consistent ideology. But such views are incorrect; the roots of fascism extend back to the French Revolution. In essence fascism was a reaction to the French revolution. It was a reaction particularly to the slogan of the revolution of "Liberty, Equality, Fraternity" that they hated the most.

The concept of liberty from oppressive regimes in the daily lives of its citizens including forced religious values and the concept of voting and majority rule where the minority still retained a set of inalienable rights incensed them. Such a concept was a direct threat to the kings and nobles of the time as well as to the church. Remember this was a time for debtor's prisons, indentured servants and vassal states.

Equality in the eyes of the law was unspeakable. How could a mere peasant have the same rights under the law as the kings, nobles and merchants? This was the time when the king's word was the law. Rights was based on the social standing of ones birth. The only rights a person had at the time were the rights that the king was willing to extend to you, and they could be withdrawn at any moment.

Fraternity in the sense that all men and women shared humanity was considered heresy. It was a time when slaves were still considered and treated as animals. Women were considered property not part of a greater humanity that needed to be shared.

All three terms meant a loss in power and control by those in power. But, this is exactly what the philosophers that have come to be associated with fascism were reacting to and rejecting. The period following the French Revolution produced a virtual intellectual stew of various philosophies including those of Marx and Engels. We'll take a brief look at some of the major philosophers of fascism and how they relate to the traits listed early and how they were a reaction to the French Revolution. This list of philosophers is by no means complete, but it will suffice to show that many of the traits attributed to fascism above have roots going back as far as the French Revolution.

Arthur Schopenhauer (1788-1860) was a German philosopher perhaps, best known for his *The World as Will and Representation*.⁴ His beliefs held that the will is the underlying and ultimate reality. The whole phenomenal world was only the expression of will. Individuals have free will only in the sense that everyone is an expression of a will. Thus we are not authors of our own destiny, character or behavior according to Schopenhauer. His views parallel the development of relativistic physics that came a century later. His views were influential on Nietzsche and others.

Georg Hegel (1770-1831) a German philosopher who held pantheism as the heart of his beliefs. *The Phenomenology of Spirit* and *Science of Logic* are two of his better-known works. He viewed that all existence and all history as divine and that

nature was sacred. He viewed God as an absolute spirit that also manifested itself in material things and individuals. He believed God acted through humans and embodied himself first in nature, then in the rising stages of human consciousness and civilization. He also had an ethnocentric and egocentric view. He maintained that the German nation was the highest carrier of the wave of God's development. He believed that the bureaucratic monarchy of Prussia was the highest form of state. These later views were certainly manifested in the Nazi's view of the Aryan race as shown in the following quote.

"Thus the highest purpose of the folkish state is concern for the preservation of those original racial elements which bestow culture and create the beauty and dignity of a higher mankind. We, as Aryans, can conceive of the state only as the living organism of a nationality which not only assures the preservation of this nationality, but by the development of its spiritual and ideal abilities leads it to the highest freedoms."⁸

Fredrich Nietzsche (1844-1900) a German philosopher best known for *Thus Spake Zarathustra*.⁵ Hitler liked to be photographed staring at a bust of Nietzsche. He theorized two sets of morals, one for the ruling class and another for the slave class. He viewed that ancient empires grew out of the ruling class and that religions arose out of the slave classes, (which denigrates the rich, the powerful, rationalism and sexuality.) He developed a concept of an "overman" a superhuman, which symbolized man at his most creative and highest intellectual development. Obviously the "overman" was manifested in the Nazi's view of the Aryan race. He suffered a mental breakdown most likely from the advances of syphilis and was cared for by his mother and later his sister Elisabeth. His sister painstakingly gathered his notes to publish his latter works. However, she was active in the rising anti-Semitic movement at the time and may have tainted his later work with her views. From time to time Nietzsche enjoys a rebirth of popularity. Today is one such rebirth of popularity fitting in well with the unmitigated greed and corporatism of today's hard right. The connection to the Nazis is obvious as shown by the following quotation.

"with satanic joy in his face, the black haired Jewish youth lurks in wait for the unsuspecting girl whom he defiles with his blood, thus stealing her from her people. With every means he tries to destroy the racial foundations of the people he has set out to subjugate. Just as he himself systematically ruins women and girls, he does not shrink back from pulling down the blood barriers for others, even on a large scale. It was and it is Jews who bring Negroes into the Rhineland, always with the same secret thought and clear aim of ruining the hated white race by necessarily resulting bastardization, throwing it down from its culture and political height, and himself rising to be master."⁹

A note here to the reader notice the similarity in this passage and the Council of Conservative Citizens that Senator Lott and representative Barr supported before becoming embroiled in the resulting scandal in late 1998.¹⁰ The web site for this white supremacist group described inter racial marriage to the mixing of chocolate

milk with plain milk and labeled it as a path to racial extinction. They also described Lincoln as a communist.¹¹

Henri Bergson (1859-1941) was a French philosopher of a Jewish father and an English mother. He was the winner of the Nobel Prize for literature in 1927. He rejected the idea that scientific principles could explain all existence. He was a promoter of what has become known as Social Darwinism.⁶ Perhaps one of his better know works was *Time and Free Will*. He was also a believer in pantheism. Once again we see the obvious connection with the Nazis of a master race in the following quote concerning the Nazi's euthanasia program:

"...a secret circular went out from the Reich interior Ministry which marked the beginning of a programme of euthanasia for mentally ill or deformed children up to three years old. Doctors would be required to report all such cases to the health authority on special forms; the forms would then be forwarded to a panel of three medical assessors who would adjucate over life or death by appending "-" or "+"." Should all three place a "+", a euthanasia warrant would be issued, signed by the Reichsleiter Philipp Bouhler of the Fuhrer's Chancellery or SS_Oberfuhrer Dr Viktor Brack, head of the Chancellery's Euthanasia Department II. And so it happened: infants marked for death were transferred to what were referred to as Children's Special Departments in political reliable clinics, there to be given a "mercy death" by injection or in one institution at Eglfing-Haar simply starved by a progressive reduction of diet."⁷

Georges Sorel (1847-1922) was a French philosopher who had considerable influence on Mussolini. As we have already noted his writings promoted an economic model based on syndicalism. He also believed in the degeneration of societies and believed that social decay could only be delayed by idealists who were willing to use violence to obtain power. His views were extremely anti-democratic and anti-liberal.

With this very brief review of philosophy we have shown that the fascist traits of nationalism, totalitarian, racist, violence, unbridled corporatism, reactionary and the top down nature of fascism all are grounded in the works of past philosophers.

A totalitarian government is one that seeks to maintain control over all aspects of public and private life, by using propaganda, terror and technology. Totalitarian regimes seek control over political, social and the culture. The astute reader should note the lack of economic control the fascist regimes in the pass have left ownership of production in private hands. It is true that they rely on syndicalism to exert a limited control over the economy. But such control is directed more along the lines of advancing the state such as production of war material. Dictatorships differ in seeking only limited control over the political environment of a society.

There was only limited government ownership under the Nazis. Prior to the Nazi take over, the German governments took over failing businesses and continued to operate them. When the Nazis took over the government already owned a large number of enterprises. When the Nazis took over they began to privatize many of these businesses, especially the ones that had remained profitable during the depression like the electric utilities.

Once Hitler assured big business that they would be free to continue to operate,

they failed to raise any further objections to the Nazis. The large German steel and coal industries especially welcomed the Nazis. Hitler's plans for rearmament meant large contracts for new ships, tanks, etc. Later during the war when a labor shortage appeared, it was Krupp from the German steel industry that first raised the question of using slave labor from the concentration camps. At first the Nazis were reluctant to allow the inmates to be used as slaves as it would slow the progress of the "final solution." However, once Krupp offered to pay for the slaves the Nazis readily agreed and soon there was no shortage of companies seeking slaves.

2

What is less understood about the totalitarian power Hitler achieved was the path to obtain that power. There never has been totalitarian regime that had instant access to total control. Even Mussolini took three years before consolidating his power. In case of the Nazis it took even longer. Nor did the path to that totalitarian state start with the elevation of Hitler to the position of chancellor. Some historians trace the roots of the path all the way back into the 1800s. In a later chapter we will explore the reasons why fascism doesn't need a revolution to gain control. A complete analysis of German history from the time of the monarchy to the seating of Hitler is beyond the scope of this book if not beyond the scope of any single book as volumes could be written. What follows is a very brief look at the slow erosion of freedom and the concentration of power as it relates to the final totalitarian state.

For our purposes we will only look at the period following WWI as being relevant. For the most part the period following WWI was a period dominated by raucous politics and crisis after crisis in Germany. The two periods in which the Nazis gained the most strength was the early 1920s during the hyper inflationary period culminating with the Beer Hall Putsch and the depression of the 1929-1931. There is little need to examine the raucous politics of that period, everyone is well aware of Hitler's SA thugs breaking up political rallies of other parties which also resorted to the same tactics. It would not be untrue to describe many political rallies of the time as ending in brawls.

Hitler and the Nazis were extremists, and mostly rejected by the German voters during the good economic times during the 1920s. For example in 1928 they only polled 2.6 percent of the vote gaining just 14 seats out of the 491 seats in the Reichstag by virtue of the republic's proportional representation. By 1930 and the start of the depression the Nazis had increased their seats to 107 out of 577 seats in the Reichstag. In July 1932 election at the height of the depression the Nazis polled 37.4 percent of the vote winning 230 seats in the Reichstag and was now Germany's largest party.¹³ In the Nov 1932 election they only won 196 seats as a anemic economic recovery was already underway, the people began rejecting the Nazis and their radical views and actions.

But Germany's plunge into a totalitarian state began before the Nazis took over. It was as much of a result of a lack of a strong leader than anything else. For the first eleven years of the German Republic there had been seventeen cabinets headed by nine different chancellors.¹² Undoubtedly the country faced grave crisis in this period such as hyperinflation, but the lack of strong leadership and a increased polarization is readily apparent. Yes, the Nazis were the most notorious radicals

unwilling to compromise, but the other parties has to share some of the blame for this polarization as well. The blame can be extended beyond the parties to the vested interests behind each party including that of big businesses. Fracturing the electorate by polarization was playing right into the divisionist character of the Nazis, whose radical program lacked a broad base of support as the election results from 1928, showed.

The policies of the German governments during the 1920s inadvertently aided the rise of the Nazis. Throughout the 1920s the government arrested many of the leaders from the left. It would not be unfair to term these arrests as purges. The arrest of any strong leaders emerging from the left only served to further polarize the country by creating a vacuum on the left that was only filled with the more radical communists. A similar situation is emerging in the United States, throughout this century the United States has conducted purges of the left: the Great Red Scare of 1919, McCartyism of the 1950s, and COINTELPRO operations during the sixties. Without the voices from the left to moderate policy, the political center in the United States has shifted to the hard right.

The immediate result in the lack of strong leadership is frequent changes in government, which only lead to more instability and chaos. An ideal parallel is the long string one term Presidents ending with Lincoln and the Civil War. The polarization of the United States gradually increased from about 1820 on resulting in one term presidents. Another string of one term Presidents ended with the election of Roosevelt in the middle of the Great Depression. In both U.S. case the ending result was not pleasant: a civil war and a depression.

Such frequent changes in government do not allow business to make long range plans, nor does it allow for enough time for programs enacted by a government to work. These effects then act as negative feedback further increasing the polarization and the resulting chaos.

Additionally the German constitution was flawed and did not account for a negative parliament. Power in Germany was concentrated in the office of the president headed by Hindenburg who initially had been elected by conservatives and reactionary rightists. He was a member of the aristocrats from the Junker class and had been a war hero; he likewise held sentiments for the monarchy. The president had the power to appoint cabinets and chancellors. Beginning in 1930 Hindenburg began the practice of appointing chancellors of his choice that were not beholden to the parliament. To allow the chancellors to circumvent parliament he granted these chancellors emergency powers that had been given to the president by the constitution. Starting in 1930 almost all national laws including the power to tax were enacted by presidential decrees and not by the parliament. Such presidential decrees would be similar to the executive orders in the United States.

Hence, even before Hitler was appointed to the chancellor position, power was being concentrated into the two offices of the chancellor and the president. At least twice before appointing Hitler as chancellor, Hindenburg entertained ideas of violating the constitution by not holding elections within the sixty days as required by the constitution.

Hindenburg had also avoided appoint Hitler as chancellor twice before January 1933. Even with the support of big business Hindenburg failed to appoint Hitler when the Nazis held more seats in the Reichstag than any other party.

It wasn't until after Hitler met in secret with von Pappen at the Cologne home of Baron Kurt von Schroder that Hindenburg would relent and appoint Hitler chancellor. The baron was the head of the international Schroder banking empire and had previously raised funds to pay off the Nazi's debt.

The secret meeting on January 4, 1933 allowed Hitler and von Pappen to work out their differences and to agree to a new cabinet under the direction of both. This secret meeting was the birthplace of the Third Reich.

However, there were two Americans that also were in attendance: John Foster Dulles and his brother Allen. The Dulles brothers were there as legal representatives for Kuhn Loeb Company, which had extended large short term credits to Germany. Their presence was to secure a guarantee of repayment from Hitler.

Moreover, Kurt von Schroder had extensive financial contacts in New York and London. He was a co-director of Thyssen foundry along with Johann Groeninger, Prescott Bush's New York bank partner. Schroeder was also the vice president and director of the Hamburg-Amerika Line, the same shipping line seized from Prescott Bush for trading with the enemy.

Throughout 1932, actions taken by the Bush-Harriman shipping line were directly responsible for bringing Hitler to power. The constitutional government tried to disarm the Nazi Brown Shirts to stop the mad election melees and murders. The U.S. embassy in Berlin reported:

"Hamburg-Amerika Line was purchasing and distributing propaganda attacks against the German government, for attempting this last-minute crackdown on Hitler's forces."

During 1932, Hitler's thugs murdered thousands of Germans. Arms for Hitler were shipped to Germany aboard Hamburg-Amerika Line. They were transferred to river barges before reaching Antwerp and then transported across Holland freely. Samuel Pryor, founder of Union Bank and a partner in the Hamburg-America Line was also executive committee chairman of Remington Arms. Hitler's Brown Shirts were armed primarily with Remington arms and Thompson submachine guns. A Senate investigation of Remington concluded that all of the political factions in Germany were armed with mostly American made guns.

Once Hitler and von Pappen had reached an agreement on their future course of actions. Pappen pressured Hindenburg to appoint Hitler as chancellor. The success of the meeting was recorded in Goebbels. On January 5, 1933 Goebbels wrote in his diary: "If this coup succeeds, we are not far from power... Our finances have suddenly improved."

Hindenburg had appointed Hitler, as chancellor with the understanding Hitler would be a parliamentary rather than a presidential chancellor. Hitler immediately set about sabotaging the efforts to form a parliamentary majority. Here is one of the first examples of fascism and divisionism.

On February 1 parliament was dissolved and new elections were scheduled for early March. Using his henchmen Hitler had the Reichstag building burnt. The fire was blamed on the communist, his main revivals. Hitler banned the communist from the upcoming election. Additionally Goring deputized his storm troopers to harass any political opposition from his position in the cabinet; even then the Nazis could

not achieve a majority in parliament as they polled only 43.9 votes.¹⁴ By summer all political parties except the Nazis had been dissolved. On the death of Hindenburg in 1934 Hitler assumed the office of president and further consolidated his grip on power. It would take a couple of additional years before Hitler was a true totalitarian, he purged the justice system of judges with adverse views appointing rabid Nazis in their place, the storm troopers were given police powers. Justice was now the Nazi party line.

One does not need to expound upon the extreme nationalism of the fascist. The history of their invasion in a quest for world dominion is well known. Mussolini turned his attention to Ethiopia and North Africa; Hitler first to Austria, then Czechoslovakia, followed by Western Europe and later to Norway and the east.

Hitler had left a blueprint for his extreme nationalism and the quest for lebensraum in Mein Kampf as shown by the quote below.

"If the National Socialist movement really wants to be consecrated by history with a great mission for our nation, it must be permeated by knowledge and filled with pain at our true situation in this world; boldly and conscious of its goal, it must take up the struggle against the aimlessness and incompetence which have hitherto guided our German nation in the line of foreign affairs. Then without consideration of traditions and prejudices it must find the courage to gather our people and their strength for an advance along the road that will lead this people from its present restricted living space to new land and soil; and hence also free it from danger of vanishing from the earth or of serving others as a slave nation.

The Nationalist Socialist movement must strive to eliminate the disproportion between our population and our area—viewing this later as a source of food as well as a basis for power politics—between our historical past and the helplessness of our present impotence."¹⁵

The third trait of fascism is that it consists of a top down revolution or movement. It is becoming more accepted today that the Nazis drew support from all classes. Indeed this seems a reasonable assumption looking at all of the evidence. The storm troopers for the most part drew their numbers from the lower and middle classes. For the most part they were unemployed laborers, inept middle management or failed businessmen. Likewise, given the vote tally of over thirty percent in the 1932 elections the Nazis had to have drawn votes from all social classes. But this has no bearing on who controlled the direction of the party. Control of the party rested solely with Hitler and whom he allied with. He chose to ally with the upper class and big business as borne out by his policies after gaining power. There is little controversy over the considerable support Hitler drew from the aristocrats, the military or the Junkers.

Telltale signs fore warning of the elite control over the power behind the power is evident from the very formation of the party until the final days before gaining power. Once again we will take a brief look at the real support behind the Nazis, those that financed their rise to power. This is becoming an increasing issue of contention as the hard right tries to distance themselves from the similarities between the hard right in America and fascism.

The first thing of note in the formation of the Nazis was how Hitler became a member. Hitler himself did not form the party initially. He joined an existing party and then molded it according to his wishes. In fact, his company commander had ordered him to attend a meeting of what was the German Workers Party. Here was his initial reaction to the party.

"My impression was neither good or bad; a new organization like so many others. This was the time in which anyone who was not satisfied with developments and no longer had confidence in the existing parties felt called upon to found a new party. Everywhere these organizations sprang from the ground, only to vanish silently after a time. The founders for the most part had no idea what it means to make a party—et alone a movement—out of a club. And so these organizations nearly always stifle automatically in their absurd phillistinism."¹⁶

The order from his company commander provides the first evidence that the elite backed Hitler from the very beginning. At any point from this date the German military could have withdrawn its support of Hitler and disbanded the Nazi party.

Hitler was a good orator by all reports as well as an astute political observer. He knew how to motive the masses in his name and how to sustain a movement. Someone once remarked recently that you needed only gain control of the 3Ms to gain power. The three "Ms" are the military, media and money. Undoubtedly the same 3Ms were behind the rise of the Nazis. As we seen in the passage from *Mein Kampf* Hitler started with the blessing of the military. The military as well as big business played a behind the scenes role in the appointment of Hitler as chancellor. It's the last of the 3Ms where much confusion and debate arise, Hitler's source of funds or money.

Big business likewise had a large hand in bringing down Bruning in 1930. In a large part it was the constant bickering by special interest groups that led to the falling of Bruning's cabinet. Big business was urging the following demands on the Bruning government:

1. The government must take steps to lower the cost of production and widen the profit margin.
2. Lower taxes
3. Reduce the size of government.
4. Lower unemployment insurance benefits
5. The government must allow wages to progress to lower levels, by voiding labor contracts and binding arbitration.²⁶

If these demands from the business community seem familiar to the reader, it's because in a large part they are the same policies that the Republican Party has been advocating for the last twenty years.

Throughout the 1920s and up until Hitler was appointed chancellor the Nazi party was plagued with a shortage of money. After release for prison for the failed Beer Hall Putsch, Hitler's only known source of income was from the sale of *Mein Kampf* and fees for newspaper articles he would write. The first edition of *Mein*

Kampf was published July 18, 1925 in an edition of 10,000 copies selling for 12 marks. By the end of the year almost all copies had been sold. A new edition was printed but sales in the following year plummeted.

Nevertheless, almost immediately after being pardoned he bought a new super-charged Mercedes-Benz for 28,000 marks.¹⁷ Additionally, Hitler did not drive, so he had the additional expense of a chauffeur. Likewise, from 1925 until his appointment as chancellor in 1933, Hitler lived in increasing comforts, if not outright lavishness for the times. Certainly, the royalties from *Mein Kampf* and fees for his other writings were insufficient to cover even his living expenses, not to mention the party's expenses.

Also the funding for an ever-increasing number of SA troopers many of which were unemployed had to be secured. Turner has suggested that the Nazis were self sufficient from dues, speaker's fees and donations at rallies. But this seems almost improbable looking at the numbers from 1930. In 1930 there were about 100,000 storm troopers that had to be fed, housed and otherwise supported additionally there were 15,000 in the SS. Nazi membership at the beginning of 1931 was only 389,000.¹⁸ Thus it seems very reasonable that outside sources of funding was needed to maintain the SA and SS as well as the ever increasing lifestyle of Hitler. Membership fees in the Nazi party started at a mark per month, non-paying members were quickly dropped from the party.

From the very beginning of the Nazi party Hitler showed a knack for obtaining funding from the more privileged members of German society. For instance everyone is well aware of the trial following the Beer Hall Putsch but less well known was a secondary trial following the putsch. In the secondary trial several businessmen that had donated money or other support for Hitler were put on trial. Some have attributed much of this early funding of the Nazis to the secret Thule Society.¹⁹ Another early source of funds in the early 20s came from the efforts of Scheubner-Richter who was adept at gaining funds from Bavarian aristocrats, big businessmen, bankers and leaders of heavy industry.²⁰ Another source of early funds came indirectly from Fritz Thyssen. Henry Ford also exerted a considerable influence over Hitler in the early 1920s if not outright funds. Some passages from Ford's *International Jew* are nearly identical to passages in *Mein Kampf*. Ford's book is reported to have had a large effect on many of the school children of the time that were suffering through hyperinflation and economic hard times while reading a book written by the world's foremost capitalist.

3

The extent of Ford's financial donations to Hitler still remains a mystery. The U. S. ambassador to Germany, William Dodd was quoted saying "certain American industrialists had a great deal to do with bringing fascist regimes into being in both Germany and Italy."²¹ The extent of corporate America's collaboration with the Nazis before the war and even during the war in some cases is not fully known. But as time goes by and more information becomes available, the collaboration begins to appear significant as shown in the following article.

"Bernd Greiner said 26 of the top 100 US companies in the 1930s

collaborated to some degree with the Nazis before, and in some cases after, Hitler declared war on the United States in December 1941. Company headquarters in the US have denied they knew what was going in Germany, but there is evidence to suggest they knew their German subsidiaries used slave labor, tolerated it and in some cases were actively involved, Greiner said.

Greiner confirmed a report in the newspaper *Die Zeit*, based on his findings of US corporate involvement in Nazi Germany. The findings went beyond allegations of US lawyers and historians last year that automakers General Motors and Ford collaborated with the Nazi regime."²²

One of the more historically accurate but shamefully apologetic to big business sources is the book by Turner.²³ Turner does a good job in detailing the extensive participation of the leaders of business with the Nazis. However, he reaches the conclusion that big business did not support Hitler with a rather contrived definition of what big business is. He based his definition on the value of the float of stock on the market. His definition limited the number of companies that he would classify as big business to only 14 companies in the Ruhr industrial area and a smattering of companies located elsewhere. Essentially his definition would be the equivalent of saying that only the Dow 30 companies in the U. S. could truly be called big business. This of course is nonsense, the majority of people would certainly consider Chrysler, Texas Instruments, Hewitt Packard, John Deere and Key Bank to be big business, but according to Turner's book they are not. It is from this group of second and third tier businesses (in keeping with Turner's definition) that provided the most help and support for Hitler.

Secondly Turner focuses much attention on the period of 1920-1928 which at the time the Nazis were only at best a minor noisy party. During this time the Nazis were lucky to poll more than three percent of the vote. Yet Turner tries to use this as proof that big business did not support Hitler's rise to power, although there he does admit that Fritz Thyssen and Kirdolf were supporters of the Nazis during this time. An equivalent situation would be today's Libertarian Party, a party that draws support from Koch, head of Koch refinery (a second tier company by Turner's reasoning). But no one is rushing to fund the Libertarians today when they cannot even poll five percent of the vote.

Finally when the source of funds were unquestionably from big business Turner attempts to belittle them by saying the source of the funds was a junior level executive that couldn't be responsible for overall company policy. Or he attempts to say they were given to an individual Nazi. In one shameful passage Turner attempts to belittle the funds given to Nazi fund-raiser Walther Funk as being solely used by Funk. Turner describes a particular drunken binge across town by Funk in which he passed out some rather large tips and then draws the conclusion that perhaps none of the funds given Funk ever reached the Nazis.²⁴ This is not the work of a historian as Turner claims to be this is nothing more than conjecture by a propagandist. There is also one other speculative conclusion one could draw from this passage and that is the amount of money Funk was receiving was so enormous that it permitted such behavior.

Turner does a good job in showing that it was those second and third tier

businesses that supported the Nazis. In Duren a Rhenish manufacturing town the Nazis received considerable support from local industrialist such as the millionaire dynasties (a term in use from the 1820s in describing these two families) of the Schoellers and the Schulls. Another area in which the Nazis received broad support from businesses was Solingen an industrial town.²⁵ Overall Turner documents the participation of business leaders and their support for the Nazis leaving no question in the reader's mind that business leaders exerted a considerable influence on the Nazis if one can over look his contrived definition of big business. Unfortunately he ends his study just as the Nazis seize power.

Many businesses chose to align and support the Nazis after they gained power. Krupp and I.G. Faben were both executors' of Goring's Four-Year Plan to make Germany self-sufficient militarily by 1940. One can view the details of Krupp's involvement and support for the Nazis after March 1933 in the documents from the War Crimes Tribunal at Nuremberg.³¹ The full set of available documents from Nuremberg is also available on line.³² By 1939 Faben provided the Nazis with 90 percent of their foreign exchange, 95 percent of imports and 85 percent of all military and commercial goods. In 1932 Hermann Schmitz Faben's joint chairman joined forces with Kurt von Schroder director of a wealthy private bank. Schroder was a fanatical Nazi often times dressed in his black SS uniform. Schroder is the man that is closely linked with Chase Bank, Standard Oil and William Teagle and ITT. Schroder and Wilhelm Keppler in 1932 formed the group known as "The Fraternity." This group guaranteed a source of money to the Gestapo and members agreed to contribute an average of one million marks a year to Himmler's personally marked "S" account and the transferable secret "R" account of the Gestapo.²⁷

In April of 1933 Gustav Krupp sought out a private meeting with Hitler. Krupp agreed to become Hitler's chief fundraiser and chairman of the Adolf Hitler Fund in return Hitler promised to appoint Krupp as the fuehrer of Germany industry. Over the years Krupp contributed over six million marks of his own money to the Nazis, and if his correspondence shows that he truly enjoyed his job as chairman.²⁸ Likewise it is common knowledge that after Hitler was appointed chancellor he greeted people cheerfully with the Heil salutation.

Schirer writes that in 1931 when Hitler decided to cultivate relationships between influential industrial leaders, he kept their identity a secret.

"The party still had to play both sides of the tracks. The party had to allow Strasser, Goebbels and Feder to beguile the masses with socialist talk and denigrating the industrial magnates."

Some of the meetings were so secretive that they were in forest glades.²⁹

Further proof of the industrialist involvement and support of the Nazis comes from the testimony of Funk at Nuremberg. The entire list is far too long to reproduce here but besides, Thyssen and Krupp it included Georg von Schnitzler—I.G. Farben, August Rosterg and August Diehn of the potash industry, Cuno, Otto Wolf, Kurt von Schroder and many other wealthy industrials.³⁰

On May 2, 1933 the Nazis raided and occupied all trade union headquarters. The leaders were beaten and arrested, some were placed in the concentration camps.

Union funds were confiscated and the unions were dissolved. Members of the communist party and the social democrats had already been arrested. On June 20, 1934 in what has become known as the Night of Long Knives, Hitler purged the socialists within the Nazi party, chief among them Roehm.

With the broad financial support from the leaders of the business community as well as from the military leaders and aristocrats the Nazis was truly a top down organization. As already shown the Nazis used and the lower class as foot soldiers to gain power. They did so in a deceiving manner and once in power immediately set about betraying their interest.

We have already shown one example of divisionism by the Nazis in their rise to power. But what sets fascist divisionism apart from the ordinary divisionism of any other political ideology? Certainly any politician in a democracy appeals to some sort of divisionism, as he is fully aware that he can not possibly appeal to the entire electorate. The difference lies in the fact that divisionism is always destructive in fascism and serves only as a means to gain and maintain power. Even after gaining power Hitler went to great pains in dividing power playing one follower against another creating rivalries in the party in the process. In short Hitler kept the Nazi party divided as if it was a set of small fiefdoms. One of the biggest myths about the Nazis is that they were a single unit when in fact they were a badly conglomeration of various fractured parts. Eatwell states the paradox of Hitler's power as: "because the party was so divided that he had power and in turn the party was divided from other key centers of power such as the army." 47 In other ideologies the divisionism is not inherently destructive rather it's based on differing approaches to reaching an equitable solution to a problem. In his rise to power Hitler had no intention of compromising with the other parties to form a parliamentary president, his moves were calculated to destroy any chance of that.

A couple of examples from the present can further delineate the difference between the two. Certainly many of the tax proposals coming from the Republican party today could be classed as divisionism as they favor the upper income earners over the lower income groups. This writer does not believe these can be properly labeled as a trait of fascist divisionism. They are more a reflection of difference in opinion.

However, an example of an act that could be termed a fascist divisionism was the Republican caused shut down of the government in November 1995 after Clinton vetoed the budget bill. Clinton had previously warned Congress that unless changes were made in the budget he would veto the bill. Members of the hard right Council for National Policy and many of their Republican members openly had declared they would shut down the government. In essence, the Republicans adopted the same policy that Hitler had in his bid to dismiss parliament; they refused to negotiate honorably.

Just as Hitler had taken a position to subvert democracy, so had the Republicans, led by Gingrich. The constitution defines the passing of the budget in detail. The spending bills originate in the House after passage by both the House and the Senate. It is then sent to the President, who may either veto it or sign it. If the bill is vetoed, it is up to Congress and the President to reach a compromise bill. Otherwise, Congress must pass a bill with a two-thirds majority. The failure of Congress to pass a bill to avert a government shutdown was a dereliction of their

constitutional duty. Fortunately, the outrage coming from the general public forced the Republicans back to the negotiation table. The point to be made is the only difference between the two events—the Republicans feared the wrath of the people and capitulated, Hitler had no such fear and parliament was dismissed.

The Republican shut down of the government also serves to point out a flaw in our constitution, just as there was a flaw in the German constitution. In the case of the U. S. constitution there is no other mechanism other than shutting down the government if Congress fails to pass a budget. If the fascists in America can be successful in polarizing American politics to such an extent that the public, or at least a considerable portion of it, tolerates a government shut down, then the entire budget process becomes a fracas. And after observing the behavior of the Republicans in their ill fated attempt to impeach Clinton such a possibility does not appear so remote.

Another example of divisionism that is solely destructive that is not based on racism or class warfare was the impeachment of Bill Clinton. It served no purpose other than to smear the president, the articles of impeachment fell far short of what the founding fathers had defined in the phrase "high crimes and misdemeanors." That phrase refers back to the misuse of offices in England under the king. Additionally, the investigation of Ken Starr has been plagued by civil rights abuse and possible criminal action by Starr himself. It resembles a coup headed by the multi millionaire Scaife with the aid of the religious right, more than it resembled a justified impeachment.

But perhaps, the greatest illustration of the divisionism was seeing support for the impeachment evaporate like rain on hot pavement in the Senate following the State of the Union address and a thorough defense of the charges by Clinton's legal team. The House prosecutors with the conclusion of Ken Starr questioned Monica Lewinsky further in secret. This single action by the House Republicans invoked criticism from even members of their own party in the Senate. It was conducted against the agreed upon rules, and it was unconstitutional in that the power of investigation is delegated to the Senate. Likewise, it is against the statute of the Independent Council. It served no purpose other than to further divide and disgust the country. In short, it is nothing but an attempt at a power play.

4

Often times this divisionism takes the form of racism or class warfare. It is often stated that Mussolini tried to eliminate class distinctions in fascist Italy. But the reality is that he only reinforced those distinctions. Certainly the Nazis practiced the racism version in an outrageous manner in the form of the Holocaust. On the other hand fascist Italy was not racist in nature until after Mussolini adopted Hitler's Jewish solution. Fascism doesn't necessary have to be racist in nature but racism is often used to divide the citizens, as their radical platform isn't appealing to the broad masses. In addition racism is violent in nature and the resulting chaos from the violence serves to further divide the masses. Whether or not a fascist state is racist seems to depend more upon the culture of the society in which it arises. Italy before fascism had a long history of generally equable racial relationships going all the way back to the old Roman Empire. For instance even the slaves were eventually given full

rights in Rome. However, the roots of anti-Semitism goes back much further in Germany as shown in the following quote.

"This is a good month to reflect on the toxicity of words meant to kill. Nov. 9 marks the 60th anniversary of Kristallnacht, the 1938 'Night of Shattered Glass' unleashed by the Nazis to terrorize Germany's Jews. The date was chosen specially by Josef Goebbels, Hitler's propagandist, to honor the birthday of Martin Luther, the 16th century monk who was a father of the protestant Reformation and the founder of what became the Lutheran church.

Hitler greatly admired Luther: "He saw the Jew as we are only beginning to see him today." Indeed. Luther saw the Jews as 'hopeless, wicked, venomous, and devilish... our pest, torment, and misfortune.'

Initially certain that his version of Christianity would appeal to Jews, he expected large numbers of them to convert. When that failed to happen, he turned violently against them. In 1543, Luther published *On the Jews and Their Lies*, a work that would become known throughout Germany, perhaps the most widely disseminated work of anti-Semitism by a German until the rise of the Nazis 400 years later.

"What then shall we Christians do with this damned, rejected race of Jews?" Luther asked.

"First, their synagogues should be set on fire, and whatever does not burn up should be covered or spread over with dirt, so that no one may ever be able to see a cinder or stone of it...

Secondly, their homes should likewise be broken down and destroyed...

Thirdly, they should be deprived of their prayer books and Talmuds, in which such idolatry, lies, cursing and blasphemy are taught.

Fourthly, their rabbis must be forbidden under threat of death to teach any more...

Fifthly, passports and traveling privileges should be absolutely forbidden to the Jews...

Sixthly, I advise that... all cash and treasure of silver and gold be taken from them...

Burn down their synagogues, forbid all that I enumerated earlier, force them to work, and deal harshly with them... If this does not help we must drive them out like mad dogs, so we do not become partakers of their abominable blasphemy and all their other vices. I have done my duty. Now let everyone see to his."

This is hate speech.

Sixty years ago next Monday on the night of Luther's birthday, Nazi gangs rampaged across Germany. In every Jewish neighborhood, windows were smashed and buildings were torched. All told, 101 synagogues were destroyed, and nearly 7,500 Jewish-owned businesses were demolished. On that night, 91 Jews were murdered; 26,000 were rounded up and sent to concentration camps. It was the greatest pogrom in history. And it was nothing compared with what was to come."33

The question then remains whether the fascism in America can be considered racist or not. The past history of racism in the United States would tend to support such. As a nation, we was one of the last industrial nations to allow slavery, and it took the Civil War to end slavery. It has been less than fifty years since "separate but equal" was the rule of the land. It's only been sixty years since Japanese citizens and immigrants were interred in camps following the bombing of Pearl Harbor. The Rosewood incident happened less than a hundred years ago, and lynching of blacks was common well into the 20th century. This country has had a long, incredulous history of bigotry and even genocide. There is no question of the genocide of Native Americans in the efforts of the U. S. Army in passing out blankets infected with small pox, or the slaughter of the Plains Indian's primary source of food, the buffalo. Then there was the Trail of Tears, as well. The Irish immigrants, following the potato famine, were greeted by the *Know Nothings*, a party that based its support on the hate of Catholics.

All of the hard right groups are racist, although more than one tries to play their racism down or to hide it, such as the John Birch Society and some of the various militia groups. Others are openly racists, such as the Klan, the Nazis and the skinheads. The great unifier of the far right, the Identity religion, links many of the hard right groups. The Identity religion is based on anti-Semitic belief that the true followers of Jesus immigrated to Britain and northern Europe, that today's Jews are the descendents of Satan. It's the mainstay religion among the militias, the Posse Comitatus, and even among some of the Klan groups.

Besides the normal hate groups based on racism or anti-Semitism the religious right has emerged in the 1990s as a venomous hate group basing their hate on gays and abortion. Abortion clinics increasingly are becoming targets of bombings, arson and vandalism. Late in 1998 Matthew Shepard was murdered in Wyoming after being tied to a fence and then pistol whipped, for being gay. Below are some quotes from Pat Robertson on gays.

"This conduct [homosexuality] is anti-social, and it is a pathology. It is a sickness, and it needs to be treated. It doesn't need to be taught in the classroom as a preferred way of life..." - *700 Club*, 3-7-90

"...the acceptance of homosexuality is the last step in the decline of Gentile civilization." —Pat Robertson, of the Christian Broadcasting Network, warned that hurricanes could hit Orlando, Fla., because of gay events there. *Time magazine*, Oct 26, 1998

"If the world accepts homosexuality as its norm and if it moves the entire world in that regard, the whole world is then going to be sitting like Sodom and Gomorrah before a Holy God. And when the wrath of God comes on this earth, we will all be guilty and we will all suffer for it." - *700 Club*, 9-6-9534

Compare that last quote of Robertson's to the following quote of Hitler on syphilis.

"...they speak of this whole field as if it were a great sin, and above all express their profound indignation against ever sinner caught in the act, then

close their eyes in pious horror to this godless plague and pray God to let sulfur and brimstone preferably after their own death rain down on this Sodom and Gomorrah, thus once making an instructive example of this shameless humanity."³⁹

Such evidence, as Robertson's words, abounds that they would persecute gays, it abounds in the numerous ballot measures in various states that would deny gays their civil rights. Such a measure passed in Colorado, only to be overturned by the Supreme Court. Another measure, led by Lon Mabon in Oregon failed state wide, but was reintroduced on local ballots in the following election. Mabon has also led ballot measures to limit the concept of a family and limiting abortions to only the first trimester. The first was another attempt to limit the rights of gays.

In June 1998 near Jasper, Texas a black man, James Byrd was dragged behind a pickup body parts were found over a two mile length of the roadway.³⁵ It is too early for trends in hate crimes to emerge as the FBI only began tracking hate crimes in 1991. But the one thing that does appear to the writer is that hate crimes are becoming increasingly violent. The real danger of these two murders is they serve to desensitize us leading to more numerous and increasing levels of violence just as the Nazis used increasing levels of violence against the Jews.

Racism is reemerging in various forms in the 1990s in political issues and in the Republican Party. English only laws are being promoting with increasing frequency by various Republican candidates including Robert Dole and have even appeared on some ballot measures such as California Prop 187. The obvious targets are immigrants from Mexico, in effect its nothing more than the reemergence of nativism. Other forms of nativism have appeared such as denying immigrants access to welfare and the school system for children of immigrants. Nativism is also behind various immigration bills and the increasing efforts directed at illegals.

Perhaps the most dangerous form of racism to emerge has been the Republican efforts to 'monitor' the polls. And videotape those leaving. Cases have arisen in the 1998 election in North Carolina, Georgia, Michigan, Maryland, Kentucky, Texas and Maine. The efforts are direct primarily at districts in which have a high percentage of minorities. Such efforts serve no useful purpose and do constitute a violation of the Voting Rights Act.³⁶ More disturbing is the Chief Justice of the Supreme Court, William Rehnquist served as the director of Republican 'ballot security' in the poor areas of Phoenix, Arizona between 1958-1962.³⁷ He likewise wrote a pro separate but equal memo as a law clerk for Justice Robert Jackson. All of which was brought out in his confirmation hearings.

An even more subtle effort on the part of Republicans in deny votes to the minorities and the poor is centered about the debate to allow a statistical correction to the 2000 census. Such effort on the part of the Republicans goes far beyond the election of 2000. The census will be used to reapportionment of the congressional districts for the decade. Thus by denying the correction they in effect are perpetuating their power to the 2010 by undercounting groups that historically vote for Democrats.

In Dec 1998, Republican House member Bob Barr and Senator Trent Lott were exposed as keynote speakers before the Council of Conservative Citizens, a racist organization. Lott was later determined to have been an honorary member and had

written several articles for their paper dating back to the early 1990s. In January, Republican National Chairman, Jim Nicholson asked members to dissociate themselves from this group and directly appealed to national committee member Buddy Witherspoon from South Carolina to resign. The request was refused.³⁸ Once before, the Republicans were asked to denounce the radical John Birch Society at their National Convention in the early 1960s. Moderate members such as the former President Jerry Ford, did so. However the measure failed.

Another Republican that deserves mention here is Pat Buchanan and his anti-Semitic views. Buchanan has opposed virtually all civil rights bills and favorable court decisions; he has supported apartheid in South Africa; he has spewed forth views of Holocaust denial; he has called fascists such as Franco and Pinochet soldier-patriots. And Buchanan was a key figure in urging Reagan to visit the SS cemetery in Bitburg.⁴⁰

Thus as we prepare to enter a new century, the Republican Party has adopted racism as a divisionist tool to divide the electorate in an attempt to maintain power and enact their extremist agenda. Not all members of the Republican Party are racist, but many of the members from the hard right that controls the party are racists. There are honorable members of the party, but they are being forced into lesser and lesser roles. The extremists have gained control. It is the burden of those honorable members to take back control of their party and denounce the extremist before it becomes too late.

Perhaps the best assessment of the use of destructive divisionism by fascist comes from a 1945 War department publication:

"Three Ways to Spot U.S. Fascists.

Fascists in America may differ slightly from fascists in other countries, but there are a number of attitudes and practices that they have in common. Following are three. Every person who has one of them is not necessarily a fascist. But he is in a mental state that lends itself to the acceptance of fascist aims.

1. Pitting religion, racial, and economic groups against one another in order to break down the national unity is a device of the divide and conquer technique used by Hitler to gain power in Germany and in other countries. With slight variations, to suit local conditions, fascists everywhere have used this Hitler method. In many countries, anti-Semitism is a dominant device of fascism. In the United States native fascists have often been anti-Catholic, anti-Jew, anti-Negro, anti-Labor and anti-foreign born. In South America native fascists use the same scapegoats except that they substitute anti-Protestantism for anti-Catholicism.

Interwoven with the master race theory of fascism is a well planned hate campaign against minority races, religions, and other groups. To suit their particular needs and aims, fascists will use any one or a combination of such groups as a convenient scapegoat.

2. Fascism cannot tolerate such religious and ethical concepts as the brotherhood of man. Fascists deny the need for international cooperation.

These ideas contradict the fascist theory of the master race. The color, race, creed or nationality—have rights. International cooperation, as expressed in the Dumbarton Oaks proposals, run counter to the fascist program of war and world domination. Right now our native fascists are spreading anti-British, anti-Soviet, anti-French and anti-United Nations propaganda.

3. It is accurate to call a member of a communist party a communist. For short, he is often called a Red. Indiscriminate pinning of the label Red on people and proposals which one opposes is a common political device. It is a favorite trick of native as well as foreign fascists.

Many fascists make the spurious claim that the world has but two choices—either fascism or communism and they label as communist everyone who refuses to support them. By attacking our free enterprise, capitalist democracy and by deny the effectiveness of our way of life they hope to trap many people."74

5

The extreme anti communism and anti socialism stance of the fascist is beyond dispute among honest historians. Both communists and socialists were the first to enter the concentration camps in Nazi Germany. Both Mussolini and Franco fought against communist influence. From the brief survey of the fascist philosophers and extreme anti liberal stance anti-liberalism has been a factor in fascism from the beginning. No one needs a review of the Nazis' violations of civil rights or other freedoms. We have already shown that the Nazi used socialism as a ruse to gain power but once in power they purged the socialists within their party. The following quotes taken from *Mein Kampf* will illuminate the anti-communism, anti-parliamentary democracy and the social darwinism of Hitler.

"Just as in 1918 we paid with our blood for the fact that in 1914 and 1915 we did not proceed to trample the head of Marxist serpent once and for all, we would have to pay most catastrophically if in the spring of 1923 we did not avail ourselves of the opportunity to halt the activity of the Marxist traitors and murders of the nation for good"41

"As regards the possibility of putting these ideas into practice, I beg you not to forget that the parliamentary principle of democratic majority rule has by no means always dominated mankind, but to the contrary is to be found only in brief periods of history, which are always epochs of decay of peoples and states."42

"The best state constitution and state form is that which, with the most unquestioned certainty, raises the best minds in the national community to leading position and leading influence.

But as in economic life, the able men cannot be appointed from above, but must struggle through for themselves..."43

The second quote certainly is anti-liberal as it shows Hitler's contempt for the democratic process. The last quote reveals Hitler as a social Darwinist of which Turner makes the point in several places in his book.⁴⁴ Social Darwinism runs counter to the aims of socialism. In fact it is the antithesis. It allows the elite to gain further power, it willingly discards the poor and the weak as expendables.

With the anti-communism stance and social Darwinism character of Hitler, it is not surprising that the fascist in America would come from the extreme right. The United States was right in opposing communism. But to what links? As with anything else moderation is an admirable quality, excesses of any nature are damaging. Truman or Eisenhower were not fascists for their anti-communism actions. However, Tail Gunner Joe was either a fascist or a willing dupe of fascists. The type of anti-communism of McCarthy served no other purpose than to further his political career. He openly violated the right to free speech and assembly of his victims. His aim was to destroy them with out any regard to the evidence.

The social Darwinism as initiated by Reagan and his attacks on the poor, and the dismantling of the welfare program led by Newt Gingrich will also be labeled as examples of creeping fascism. Throwing people into the streets arbitrarily to fend for themselves is destructive; it is social Darwinism at its worst. Forcing them to except wages below the minimum wage law is denying them their equal rights. But it was precisely the economic woes of Germany that allowed the Nazis to rise to power. Currently America is enjoying good economic times, but when the economy takes a turn to the south the full impact of the lack of a social safety net is going to be felt hard.

The next trait of fascism, extreme exploitation is a direct result of one of the primary traits of fascism, extreme nationalism. The form of nationalism promoted by fascism not only concerns the standing in the world but also applies to the sacrifices that are expected of citizens. In short the fascist state reigns supreme the individuals are subordinate to the state. Once again we can see immediately the extreme anti-liberal philosophy of fascism. The subordination of individuals to the state is the antithesis of liberalism. Once again some quotes from *Mein Kampf* will suffice, as only a fool would dispute it.

"Since for us the state as such is the only form, but the essential is its content, the nation, the people, it is clear that everything else must be subordinated to its sovereign interests."⁴⁵

"a peace, supported not by the palm branches of tearful, pacifist female mourners, but based on the victorious sword of a master people, putting the world into the service of a higher culture."⁴⁶

Certainly from those two quotes there can be no question of the subordination of individuals or to any limits short of world domination by the Nazis. It is often stated that Hitler left a road map to his future goals in *Mein Kampf* there is no greater evidence of that than in the last quote. How then did he rise to power? The problem was nobody was listening. Nobody challenged him on his aggressive views toward war, or at best they believe that they could control or contain him. Only later

did they find out the errors of that false assumption.

This writer can find only two instances of this extreme exploitation in America. Thanks to the efforts of CBS *60 Minutes* and *Evening News* the story broke about the Tomb of the Unknown and how the Reagan White House pressured the military to find an unknown to bury on Memorial Day 1984. Turns out they deliberately buried a fallen soldier that wasn't so unknown due to the pressure coming from the White House. The unknown was Michael Bassie. Now this man had given everything to his country except for his name. And the lowlife filth occupying the White House had that stripped from him so he could have a photo op on Memorial Day in an election year. This writer can think of no other action that is more despicable, it's unforgivable. Of course Reagan made sure he was the star of this photo op and used it to promote and build support for his extremist military agenda.

The second instance comes at the hands of Newt Gingrich and the Republicans of the 104th and 105th Congress. They have stripped the rights of welfare recipients and required that they participate in workfare. The problem comes in that these poor souls are not even entitled to be paid the minimum wage or the right to unionize in some cases. In other words the Republican's answer to the poor is to work in perpetual slavery with no chance of ever breaking out of poverty.

But this event is much more dangerous and goes much further than it appears. The danger here lies in the suspension of the constitutional equality under the eyes of the law. The Republicans have in effect created a sub-class in which one of the very fundamental tenets of our constitution, equality under the eyes of the law was ignored and thrown out the window. Nor is this the only example of unequal treatment of the poor at the hands of the Republicans. They also have advocated cut backs in the budget for the public defender's office. The Republicans have been very successful in their propaganda in demonizing the poor. There seems to be an almost gutter level hatred of the poor and any aid to assist them. Instead of reaching out a compassionate helping hand towards the poor, the Republicans have adopted a mean spirited social Darwinist view.

This brings us to the trait of opportunistic ideology of fascism. Its perhaps one of the more confusing aspects of fascism. Mussolini appears to have been indeed a socialist before founding the fascist party. Mussolini likewise went from a pacifist to a rabid warmonger. Clearly such dramatic changes in ideology could only be based in an opportunistic grab for power. Mussolini started supporting a syndicalism economy, but by 1923 with clear objections from business leaders he concluded the Palazzo Chigi Pact. This pact's main intent was to simplify business relations by making the fascist the sole representatives of labor. In 1925 the Palazzo Vidoni agreement was signed. This agreement made Rossoni's union the sole representative of labor. It likewise prohibited the challenging of factory management, by the close of the year the grateful employer's federation publicly announced adherence to the fascist regime.⁴⁸ Such transformations illustrates the opportunistic ideology or is it a lack of ideology as well as further dispels the myth that fascism is another form of socialism.

Part of the problem with the ever-changing ideology of fascism arises from the divided party that was mentioned earlier. Strasser was a socialist and it seems that Goebbels was a Marxist. Both were allowed almost free reign in promoting their own economic views as long as it gathered more support of served Hitler's purpose. But

once their views failed to serve Hitler, they were then brow beaten severely. An example of such reversal in party ideology of the Nazis occurred on February 14, 1926. Prior to this date both Strasser and Goebbels had approved of a plebiscite campaign to deprive former royalty of their possessions. A measure, that was popular with the common citizens. On the given date Hitler summoned both men to a meeting in Bamberg. Before those gathered Hitler forced both to capitulate and abandon the program.⁴⁹ Similar events have already been given in which various Nazis were allowed to promote socialism in efforts to appease the lower classes in an effort to gain their support.

Examples abound throughout the history of the Nazis where they adopted their ideology to suit the audience. In October 1932 Strasser announced a new program that was a stark reversal of the program the Nazis had advocated in July. Higher taxes on the rich had been replaced with a general reduction of taxes, instead of price controls it centered on freeing prices, instead of protectionism trade policy export and global trade was now promoted. Likewise much of the inflammatory rhetoric had been dropped.⁵⁰

Hitler seems to have sensed the explosive nature of economics and tried to avoid the subject both publicly and within the party. From all indications he was dissatisfied with the party planks on economic matters. The only official stance on economic matters was the 1920 twenty-five point program. However, he only referred to this policy document disparaging in *Mein Kampf* and distanced himself from the document.⁵¹ Likewise Hitler would never take an aggressive stance on minor issues, he played to his audience to win their support.

Perhaps the most dramatic evidence of the opportunistic character of the Nazis is illustrated by the actions of thirty-nine businessmen in November 1932. The group contained such notables as Krupp, Thyssen, Bosch, Siemens and others. In a signed letter to Hindenburg they urged him to appoint Hitler as chancellor. In essence they were placing a bet that the socialism ideology was a fraud and that once in power he would be a tool of capitalist.⁵² This group had previously opposed Hitler for the most part.

The only other reversal in policy that could rival the bet that the leaders of big business made was Hitler's writings. In the first book of *Mein Kampf* he argued that France was the sworn and greater enemy of Germany. However, the second book of *Mein Kampf* he reversed course and argues forth that Russia is the enemy as opposed to the first book in which he proposed an alliance with Russia.⁵³ This then was a complete change in his foreign policy. One can only speculate as to the reasons behind such a switch.

Many writers have tried to label the Nazis as socialists in a folly to distance themselves from fascism theory. They are quick to point to the syndicalism policy as proof of socialist regulation of business. They are in error, of course. Syndicalism is neither left or right in itself. It can be either depending upon the structure. Syndicalism with labor groups or consumers dominating the issues would indeed be socialistic in nature. On the other hand syndicalism with only industry or business groups dominating is certainly from the right wing of the political spectrum. The issuing of controls or goals over the production of war material by the government in a syndicalism system is neither left or right, it's simply self-preservation. The goals and controls including the 4-Year Plan issued by Göring was nothing more than

gearing the economy up for war time production. In essence they were merely self-preservation measures.

6

Secondly they will point to many of the public works projects that were implemented under the Nazis as examples of socialism. An example being the construction of the *autobahn*, a project that had been planned by previous governments, as were many of the public work projects. The likewise forget that the Nazis took over at the bottom of a depression, public work projects were enacted not only in Germany but in the U. S. as well as a means to end the depression. Many of those projects in the U. S. were the construction of useful infrastructure such as the building of the high school in New Ulm, Mn. Others had a definite commercialism bent to them, such as the construction of Timberline Lodge on Mount Hood. Labeling the construction of a facility for a commercial business as socialism is simply fools folly. The same applies to many of the public works projects that were implemented under the Nazis.

Labeling such programs as socialism would be the same as labeling the construction of the interstate highway system as socialism. If the Eisenhower administration has one shining moment it would be his support and urging for the construction of the freeway system. For those that are silly enough to label such work as socialism, let them be reminded that no other single event other than the construction of the cross continental railroad aided the development of business. Today it would be inconceivable to ship material coast to coast without the interstate highway. Besides the obvious advantage to shippers the interstate highway system has spawned many new businesses. Think of the number of motels/hotels as well as the tourist traps, service stations and others that have grown up along the freeway system. The same applies to Germany and the *autobahn*.

Finally the same writers that label fascism as socialism would like their readers to believe that these government regulations and bureaucratic offices held ultimate power. Failure to comply would result in the owners being shot. Nothing could be further from the truth. The Nazis for a large part lived in fear of the leaders of big business, they were aware that they had no comprehensive economic plan and would defer to the judgement of the business leaders.

This point can be driven home with one simple example. Goring was one of the Nazis that had little economic knowledge but harbored some of the more radical economic ideas and was fond of using regulatory offices. Goring tried first to persuade the steel industry both the smelters and miners to use low-grade German ore as opposed to the high grade Swedish ore. Importation of ore from Sweden would use up precious foreign currency as well as being a less reliable source in event of war. The invasions of Denmark and Norway were conducted solely to protect the Nazis shipping routes for the Swedish ore. Most of the industrialist politely refused the request; even under threats of arrest for sabotage they still declined.⁵⁴ None were arrested for refusal instead Goring formed the Herman Goring Works to take on the task. By the time of the outbreak of the war it had evolved to be the largest company in Germany.

Farben is another example of the Nazis bowing to the expertise of leading

corporations. With the advent of the first 4-Year Plan they realized they needed the cooperation of their leadership in order to achieve self-sufficiency in a series of raw materials and finished products. Most of which were items that would be crucial to wartime production. By the end of the war Farben had a series of factories around concentration camps, were major users of slave labor along with Krupp and many other corporations. In short they were a major prop for the Nazis even before the start of the war.

But the most damning evidence of the Nazi's unbridled corporatism was evident shortly after passage of the Enabling Act. That would be the appointment of Hjalmar Schacht as president of the Reichsbank. Schacht was a brilliant financier who helped negotiate the Dawes Plan and was largely given credit for stabilizing the currency in 1923; he also detested democracy and parliamentarianism. His first official act was the creation of Metall-Forschungsgesellschaft A.G. (Mefo) a dummy corporation of four armament firms. The state assumed the liability for their debts. The Mefo bills were not unlike promissory notes, they were issued to government contractors and could be extended to five years.⁵⁵ Such favoritism of business is certainly not socialism, today in America such corporate aid is labeled as corporate welfare. The reader should note the similarity here not only to the present corporate welfare that's being doled out but also to Eisenhower's warning of the military-industrial complex. The American military-industrial complex didn't need to invent a new plan they were simply free to follow the example the Nazis used. In fact fascism is inseparable from corporatism, you simply cannot have a fascist government without corporations and a capitalistic economy.

Schacht was later appointed to minister of economics in 1934, a post he retained until he resigned in 1937 over policy disputes. He was not an anti-Semitic and was conscious of the negative aspects of the takeover of Jewish business on both the economy and the world opinion. By 1936 he was advocating slowing down the rearmament program fearing the return of inflation.⁵⁶ The reader should have heard bells ringing when he read the words the return of inflation. That short phrase dispenses with the myths that the Nazis maintained strict control of corporations and the prices of goods in short order. In effect such controls were non-existent. It should also be pointed out here that the economy at this time had taken on considerable shades of a consumer economy.

Italy used their form of syndicalism to eliminate labor unions; the Nazis followed a similar path. The workers benefited little from this unbridled corporatism. Unemployment went from an official figure of six million unemployed in 1933, to 2.7 million in 1937, and by the time of the outbreak of war there was a serious shortage of workers. But growth in wages was far less spectacular, real wages rose only sparingly. The index of wages rose from 92.5 in 1933 to 103 in 1937, an increase of a meager eleven-percent.⁵⁷ Much of the increase in wages was achieved only from working longer hours. The only real increases in the plight of the workers came with more unpaid leave. Many of the other benefits produced no real benefits to the worker, such as the factory beautification program.

From looking at the philosophers of fascism, it was revealed that fascism was a reactionary movement. What then was the fascist reacting to that led to the rise of Mussolini and Hitler? Many people responding to the question would simply answer the treaty of Versailles. But such an answer is only partially correct. It doesn't account

for the widespread rise of fascism in many European countries following WWI. In fact during the period between the two world wars every government from the Rhine to the Pacific underwent drastic changes. In many of those fascism had ample support but in the end was rejected. Some of the problem can be laid to the beginning dissolution of the British Empire and the arbitrary way in which maps were redrawn following WWI without regard to ethnic or natural barriers. An example would be the cobbled mess of ethnic groups that formed the former republic of Yugoslavia, an area that remains a hot spot today.

Britain and the United States were about the only two governments that did not undergo a major change during the period between the wars. However, neither was immune to the rise of fascism. In the U. S. the period between the war saw the rise of a great many fascist groups and groups closely aligned with the fascist. The German Bund, the Silver Shirts and the mother's movement were all aligned closely with fascism. It was also this period that seen the greatest membership in the Klan.

The United States avoided full-blown fascism by essentially adopting fascist methods on a milder scale. This was a shameful period in the history of America the infamous Palmer raids rounded up those with communist connections. The I.W.W was harassed constantly by Hoover and the FBI. In short only those with non-approved political beliefs would be prosecuted. This suppression of liberty had actually begun around 1900. At the turn of the century both conservative and liberal elements combined to pass a blizzard of new laws. This effort aimed at curbing lawless quickly became dominated by conservative elements and evolved in a tool for the right wing for the remainder of the century. With Hoover as head of the FBI he quickly targeted the leaders of the left for prosecution ignoring the criminal actions of the hard right groups. This has left the United States without any noticeable left wing compared to the rest of the industrial world as late as 1999. In a later chapter we will detail many of the shameful acts occurring in this time period. For now the reader will have to content himself with the few examples provided below.

Perhaps, one of the first and most notable events was the trial of Sacco and Vanzetti. Two immigrants charged with murder in Massachusetts. They were found guilty more on their political beliefs than on evidence. They were anarchists, atheists and reportedly draft dodgers, beliefs that threatened the industrialists of the time.⁶⁴ Both were executed, after considerable protest. Their trial set a dangerous standard that people could be prosecuted for their political beliefs. The inclusion of this trial here is to serve as a reminder of a new problem that is emerging to confront the hard right, jury nullification. Today there is considerable debate from both sides of the political spectrum on jury nullification arising in death penalty and drug cases. It bears close watching if the public becomes to polarized it could spell the end to the trial by jury system which has served admirably for over 200 years. On the other hand the intimidation of jury members with threatened prosecution or actual prosecution is an affront to the constitution and the jury system.

Various members of the right wing are now using this as an issue in another attempt to polarize the electorate for their own selfish purposes. These members of the right wing are promoting a system of justice backed by mob or vigilante justice. Essentially it's a system backed by violence that is not unlike the tactics used by the Posse Comitatus, the Freemen or various militias to corrupt the justice system.

The first example of political repression came in Minnesota, the then

Republican Governor Burnquist used the newly created Minnesota Commission of Public Safety to suspend New Ulm's Mayor Fritsche and City Attorney Pfaender for their pacifist views after war had been declared on Germany in 1917. The following quote details some of the shameful actions taken by the commission and its connection to the hard right.

In April 1917, soon after America declared war on Germany, the Minnesota Legislature, following ferocious debate, created the Minnesota Commission of Public Safety. This remarkable body, chaired and appointed by the governor, was given "all necessary power" to maintain order and enhance Minnesota's contribution to the war effort.

Technically limited by the state and federal constitutions, the commission essentially wielded all the authority of state government during the 18 months of its active existence.

The commission came to be dominated by representatives of the Twin Cities business community. It used its sweeping authority with gusto, not only to root out "disloyalty" but to combat labor unionism and agrarian activism as well.

The commission dispatched detectives throughout Minnesota to investigate people and organizations suspected of disloyalty. It regulated food prices and the liquor trade, imposing prohibition in some parts of the state. It banned union organizing and intervened on the side of management in a bitter Twin Cities streetcar strike. It created a "Home Guard" of some 8,000 troops to back up its decrees.

The commission served as a virtual campaign committee for Republican Gov. Joseph Burnquist in his 1918 re-election bid. It turned a blind eye toward frequent mob harassment of his opponents. It interrogated and intimidated Minnesotans who declined to purchase Liberty Bonds to finance the war effort.⁶³

Nor was such actions confined to just Minnesota, many states set up similar commissions. State sponsored violence against leaders from the left was common place. One group that suffered immeasurably was the I.W.W, the Wobblies. On Nov 5, 1916 Washington State suffered its bloodiest labor battle for all time. The resulting carnage between a local sheriff and the Wobblies left seven dead and over fifty wounded in the city of Everett.⁶⁵

All three of these events illustrate that in the United States repressed those with radical ideas in the time period of WWI and immediately thereafter. Pacifist, labor leaders, and leftist political leaders were all prosecuted with equal zeal. Remember this was the time period of the Rosewood incident and other atrocities. As the examples hint at the prosecution was lead by the hard right and business leaders. In effect the states own suppression of liberty failed to provide an environment conducive to the rise of fascism. But it was a terrible price to pay and not at all necessary. All it takes to defeat fascism is a united front or a strong leader.

But the real answer to the question is that fascism following WWI was a reaction to the Bolshevik revolution and the rise of liberalism ideals. Up until the Russian revolution the only economic system was capitalism. Communism was a new revolutionary system. It threatened the power elite directly and gave way to a rise in not only communism but socialism and liberalism as well. It was no accident that fascism arose first in Italy, where in the period of 1919-1922 socialist ruled in many

localities. Here fascism arose in the countryside where old practices such as sharecropping were giving way to new methods. In 1920 the largest strike in Italian agriculture ever was settled when the landowners capitulated. Elsewhere unions were wringing out concessions from the owners through strikes and boycotts.⁵⁸

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The real appeal of European fascism was the protection it afforded against working class movements, socialism and communism.⁵⁹ Hobsbawm states it even more forcefully in that without the October revolution and Leninism there would have been no need for fascism. For up until that time the demagogic right although politically active and noisy in many countries had been kept in check.⁶⁰ The entire Nazi movement was a reactionary movement. The reaction to the Treaty of Versailles is well known and need no further comment, as is the opposition to fascism to liberalism, socialism and communism. Rather the following quote will show how complete the reaction was to the events of the time.

"Today Christians... stand at the head of Germany... I pledge that I never will tie myself to parties who want to destroy Christianity... We want to fill our culture again with the Christian spirit... We want to burn out all the recent immoral developments in literature, in the theater, and in the press- in short, we want to burn out the poison of immorality which has entered into our whole life and culture as a result of liberal excess during the past... few years."⁶¹

The quote above was taken from a speech delivered by Hitler. It provides the illustration that the Nazis movement was completely a reactionary movement. Reacting not only to global power politics and the rise of the left but also to the changes in arts and culture of the time. It also provides the link to demonstrate that today's hard right movement in the U. S. is equally reactionary. In particular the element of the so-called religious right. Contrast it with the quote by Pat Robertson below.

"The Constitution of the United States, for instance, is a marvelous document for self-government by Christian people. But the minute you turn the document into the hands of non-Christian and atheistic people they can use it to destroy the very foundation of our society."-Pat Robertson (*The 700 Club*, Dec. 30, 1981)⁶²

Apparently, Robertson is under the impression that the constitution applies to only those he chooses and is null and void for the rest of us. Hitler held a similar contempt for democracy. However, the point that the Nazis were reactionary has been established beyond any doubt. The reaction was not just confined to the global political scene or economic conditions, but extended into the very roots of the culture.

Starting around 1980 fascism reared its ugly head globally. Unlike the rise of fascism in the 1920s this time the Reagan administration embraced it. In later

chapters it will be shown how the policies of the Reagan administration contributed to the rise of fascism if not openly supported various fascist groups. The administration openly promoted class warfare, allowed the LaRocuhians access to security and intelligence agencies, filled the EPA with Coor's lackeys and openly supported none but the elite. In essence the Reagan administration was the American equivalent of the passage of the enabling act.

There is no need to expand on the violent behavior of the Nazis or fascist, as there is not dispute of their long history of violence. Instead the violence of various groups in the United States will be explored. Many readers will immediately think of the violence that arose in the 60s during the war protests. In fact that is the great illusion of the media. The truth is that little violence was directly attributed to war protestors, in fact in the chapter on the 60s it will be shown that much of the violence that did come out of the war protests was the work of the FBI.

The real story of violence in the 60s was the violence inflicted upon the civil rights workers by the Klan. The early part of the 60s was marred by violence inspired by the Klan and racial hatred of right wing groups. Remember Eisenhower had to use National Guards to integrate the Little Rock school system. Kennedy had to use federal marshals to integrate Old Miss. When the Supreme Court order that busing was to be use as a tool for integration the violence spread nationally. The Klan burnt school busses in Michigan to prevent integration.

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Since 1980, right wing groups such as the Order, which murdered the Denver talk show host, Berg, likewise have dominated the violence. The leader of the Order was killed in a shoot out with law enforcement. Another right wing group, the Posse Comitatus became a household word only after the Kahl shoot out with law enforcement in North Dakota. And of course there was the bombing of the Oklahoma federal building by the right winger McVeigh. Perhaps the greatest widespread use of violence since the Klan has been the bombing and violence directed against abortion

clinics by members of the religious right.

Violence has been the hallmark of the hard right in America dating back at least as far as the Know Nothing Party in the 1800s and their hatred of Catholics. It was business leaders that hired Pinkertons to murder union organizers in earlier times. Yet there is relatively little in the way to support that left wing groups were equally violent. Groups like the Weathermen were violent, but the group was never more than a small fringe group. Its extremely small size limited the extent of its violence. One of the reasons for the lack of widespread violence from leftist groups has already been mentioned, the suppression of left wing groups by the FBI.

The last two traits of fascism will be explored together, as they are related by and underlying use of symbols and the inseparable nature of cults and religion. There is no doubt that both Hitler and Mussolini were in effect leaders of a cult. Their extremist views would rule out a major following otherwise. In fact both promoted imagines consistent with cults. Both chose to use propaganda to promote larger than life imagines of themselves. Both Hitler and Mussolini were Catholics; neither appeared to be particularly active members of the church. Hitler referred to Christianity throughout *Mein Kampf* as already shown by quotes of which a few more will be included here.

"The sword will become our plow, and from the tears of war the daily bread of future generations will grow."

"The more the linguistic Babel corroded and disorganized parliament, the closer drew the inevitable hour of the disintegration of this Babylonian Empire and with it the hour of freedom for my German-Austria people."

" the Lord's grace smiled on his ungrateful children."

Officially the Nazis were a Christian group if one can assign a religion to the group by the public policies they enact. In this case the assignment is based on the following prayer that the Nazis required to be recited in all public schools.

"Almighty God, dear heavenly Father. In Thy name let us now, in pious spirit, begin our instruction. Enlighten us, teach us all truth, strengthen us in all that is good, lead us not into temptation, deliver us from all evil in order that, as good human beings, we may faithfully perform our duties and thereby, in time and eternity, be made truly happy. Amen."⁶⁷

It's also true that the Nazis dabbled in mysticism as well. Certainly some of the philosophers were pantheism. But what really underlies both the religious and mysticism of the Nazis is the symbolism buried underneath. In fact one follower of fascism believed that the masses were unable to understand but mere slogans. From *Mein Kampf* the following quote concerns the symbolism hidden behind the Nazi flag.

" Not only that the unique colors, which all of us so passionately love and which once won so much honor for the German people, attest our veneration for the past; they were also the best embodiment of the movement's will. As National Socialists, we see our program in our flag. In

red we see the social idea of the movement, in white the nationalistic idea, in the swastika the mission of the struggle for victory of the Aryan man, and by the same token, the victory of the idea of creative work, which as such always has been and always will be anti-Semitic."66

At first in the quote above Hitler is referring to the old flag of Germany. The choice of red was based on stealing from the communist and was chosen deliberately to enflame the Marxists. Throughout Mein Kampf Hitler refers to the value of propaganda and made extensive use of symbols to convey a subtle message of hatred.

Once again the similarities to the right wing in America is seen. The Republicans have introduced a flag desecration amendment, never mind that it violates the right to free speech, their symbolism must be protected. But even more revealing was the letter Newt Gingrich distributed to members of GOPAC. In this letter members were to use the following words to impart a negative image: decay, failure, sick, liberal, unionized, welfare, corrupt, greed and intolerant. Likewise the following words were to impart a positive image: share, legacy, control, truth, and courage.68

Cults are inherently fascist in nature. The leader demands total submersion into the cult. America today has seen far too many examples of cult and cult behavior. A recent example would be the Waco incident of cult behavior that ended badly. But there are several right wing groups that do exhibit cult behavior besides the religious groups, the LaRouchians, many of the militias and the Order would all qualify as cults. In addition much of the hard right inside the Republican Party has taken on a cult like behavior in their idolizing Reagan. The 105th congress renamed the Washington airport after him. In the present congress Congressman Matt Salmon of Arizona has introduced a bill to deface Mt Rushmore by adding Reagan's image to the monument.69

Before concluding this chapter a brief summary is in order. It has been shown beyond any reasonable doubt that Hitler and the Nazis were right wing extremists beside described as social darwinists, the antithesis of socialism. It was shown that the Nazis were best described by syndicalism model and that syndicalism is neither socialistic nor capitalistic inherently. Syndicalism can be either depending upon the makeup; the Nazis were definitely capitalists in that there was no input from labor all input was reserved for the industrialist. Further it was shown that the industrialist openly defied Nazi desires in the case of the use of low-grade ores. It was also shown that many of the business that was government owned were taken over by the government prior to the Nazis some dating all the way from the monarchy. Likewise it was shown that many of the Nazi programs would be classified as corporate welfare today. And it was shown that the real power behind the Nazi movement was the top elitist. This should be sufficient for anyone to dispel the myth that the Nazis were socialist when in fact they were capitalistic extremists.

In defining fascism three traits stand above all others, totalitarian, nationalistic and extreme corporatism. In fact one can not have fascism without corporatism. Other traits of fascism such as destructive divisionism and the use of violence are secondary. And as fascist ideology evolved in the later half of the 20th Century a happy face was put on fascism by its leaders as they down played the violence and

racism. This can be seen best in the far right wing extremist groups currently active in the United States.

Additionally there is one fact that absolutely places the Nazis and Fascism in the extreme right wing portion of the political spectrum and not the left. No one disputes that a communism revolution doesn't attack the ruling elite of a country. Socialism and liberalism both in a sense attacks the same ruling elite, and the right wing extremists makes that claim although, both merely seek methods to ease the burden and allow the lower classes to prosper rather than attacking the elite. The Nazis on the other hand did not attack the ruling elite of Germany, the rich industrialists were allowed to continue their ways eased by laws that the Nazis enacted for their benefit. Likewise, the nobility of Germany was supported by the Nazis. In short the Nazis adopted the ruling elite in Germany and supported them the exact opposite of what a left leaning political ideology would support.

There is no better proof of the Nazi support for the ruling elite than looking at who supported Hitler in the 1930s in America. Granted many lower class people were involved in the pro-Hitler movement just as in Germany. But like Germany, it was the rich industrialists that funded these groups. Hearst ordered his newspapers to print pro Nazi articles in fact he had them print the Nazi propaganda directly from Gobbels. Irene du Pont funded several pro-fascist groups. Henry Ford was well known for his praise of Hitler and funded many pro-Nazis in the 30s. Andrew Mellon and John D. Rockefeller were supporters of Hitler as well. No one is foolish enough to argue that these men were not part of the ruling elite or rich industrialist in America at the time. In fact support for Hitler among the rich industrialists was rampant.

The continued propagation of such nonsense by the present right wing is nothing short of propaganda. It fits closely with the Nazis use of propaganda and the symbolism proposed by Gingrich and his negative words nor will it change the history of the right wing support of the Nazis.

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CHAPTER 3

Corporate Law: A History

Part 1: Constitutional Law

Let's begin this chapter with a couple items from tonight's news. First another twenty-nine deaths have been attributed to Firestone tires. In particular these deaths are linked to tires that the government wanted to included in the first recall but relented under assurances and pressure from corporate management. The second item on the news was the shortage of electric capacity in California. California had just deregulated the electric utilities this year and consumer's bills skyrocketed. People have been asked in California to turn off the lights on the Christmas decorations or possibly face a blackout. However, there was more to the story, it seems that the shortage is at least partially self made by the utilities themselves.

In the early 1990s, the local media here in Portland, Oregon carried several stories about a poor lad that had developed leukemia and without a life saving bone marrow transplant would die. The family's health insurance refused to pay for the transplant. The family was given a quote as to the cost by a Seattle hospital. The family was fortunate enough to raise the required amount through community car washes and bake sales and promptly returned to the Seattle hospital seeking treatment for their son. However, even with a certified check for the amount they had been quoted the hospital refused saying that the cost of such a transplant operation was almost double the price previously quoted. Dejected the family grimly returned home to Portland. The local media then picked the story up as a cause celebre. The community was out raged and within two weeks, the Seattle hospital relented to do the transplant for the original price. In short the hospital was not basing the cost of the transplant on actual cost, rather it was trying to base the cost on whatever dollar figure they could extract from that family.

Nor is this the only case of such price gouging in the mid 1990s, it was reported that the supply of interferon was being hoarded by the producers in an attempt to drive up the price. After the Valdez cracked up all of the oil companies raised their prices by a third again claiming a shortage of crude.

In Kentucky, a mine explosion killed seven miners, the corporation was cited for gross violations of safety regulations, no fans to draw out methane gas were even present. Many of the widows of this explosion ended up on welfare when their husbands were killed. Over 6,000 people, annually or roughly 17 a day are killed on the job, yet we never hear of an operating officer being brought to trial for murder or manslaughter. That number omits the thousands that have died as a direct result of exposure to toxic substances or disease causing agents in the work place.

It's now common place to hear on the news of managers altering employees' time cards, requiring them to work after punching them out. Or to hear of yet another sweatshop in operation, not in a third world banana republic but in our own large

cities, even where employees were held as virtual slaves.

Corporate welfare now totals over \$167 billion dollars annually. For the average taxpayer that means he is paying out \$1400 a year in taxes to support corporations. Meanwhile social welfare costs are less than a third of the cost of corporate welfare.

By 1990, ten corporations accounted for 22 percent of all profits in the United States. Only 400 corporations controlled 80 percent of all capitalist assets in the non-socialist world. Forty-nine American banks hold controlling interest in 500 large corporations. Ten corporations own the 3 largest television networks and 62 networks.

Are these crimes by corporate America just another product of the greed and immorality of the Reagan administration and its agenda of "free enterprise?" Or are these symptoms of a much deeper problem? From the first chapter, it should be readily apparent that fascism was a top down revolution of the elite. It was the large industrialists that brought Hitler to power in a backroom deal, almost an exact parallel to the candidacy of George W. Bush in 2000 and the special interest money behind him.

Before considering fascism within the United States, an understanding of corporations and how they have evolved to become a menace to our freedoms is needed. Make no mistake that the danger posed by corporations and the almost inherent fascism that accompanies a capitalistic economy poses the greatest threat to the liberty that anyone will ever face in their lifetime. However, most Americans understand little about how corporations became so powerful. They are largely unaware of the past restrictions on corporations that served the nation in good stead. A brief look at past state constitutions and court cases will provide the reader with a background in understanding how corporations were kept in check in the 1800s. It wasn't until after the Civil War that corporations became so prominent and powerful.

In the past, corporate laws held corporations in check up until the later part of the 1800s with the rise of the silver and railroad barons. In fact, corporate law evolved along with the emergence of a wealthy elite class. The first large change in corporate law came in the 1880s when corporations were given the rights of personhood. A case dating in the first half of the 1920s required the government to obtain search warrants to obtain corporate files. A decision that no doubt saved more than one profit monger supplying arms in WWI and hindered the prosecution of corporations that traded with the Nazis during WWII.

The old adage that you can't fight city hall applies in spades to corporations. If the reader doesn't believe me I have a draw full of changes corporations made without my permission to my insurance policies, my banking accounts and my mutual fund accounts. In effect, corporations control virtually every aspect of life today including the news.

Today many senior citizens make monthly pilgrimages to Canada to refill their prescription drugs. The state of Maine has even adopted a law requiring in the future that drug prices there must be comparative to those in Canada. Even an Internet site exists to help seniors to obtain their prescriptions through mail from Canada. Because American drug companies were losing millions in these cross-border sales, the George W. Bush administration banned such sales.

So what is the difference between Canada's health care system and that of the United States? If one was to listen to the extreme right and the Republican Party,

they are screaming that Canada's health care system is socialistic. Balderdash! Those same prescription drugs that can be obtained in Canada for a fraction of the price they sell for in the United States are produced by the very same corporations that are gouging American citizens. If those corporations were owned and run by the government then it would be truly a socialistic system. But, why the lie? Its simple Canada chooses to regulate their corporations. We have the same choice but the right wing politicians are shells bought and paid for by the very corporations that they are in charge of regulating. Its simply a diversion and scare tactic perfected by the Republicans to scream communism or socialism whenever anything should threaten their meal ticket.

A good example was the Republican response to President Clinton's proposal to expand Medicare. The Republicans chose Senator Bill First of Tennessee to deliver their response. First pretended to be just an old country doctor overwhelmed by regulations. First's performance was truly deserving of an Academy Award for best actor as the quote below exemplifies.

"You know, my father was a family doctor for 55 years. As a young boy making housecalls with him, I remember his stethoscope, his doctor's bag, and best of all his wonderful and compassionate heart."

However, the facts from Roll Call reveal a different picture.¹⁴ While Bill First is indeed a doctor, he is hardly a simple country doctor. In 1968, First's father and brother help launch the Hospital Corporation of America. First's wealth comes from his stock holdings in this giant health care unit. In 1996, First disclosed a minimum of \$13.7 million in assets; \$8 million of which was in Hospital Corporation of America. Of course, Senator First omitted his holdings in this health care giant in his response as he omitted the fact that Hospital Corporation of America faced a Justice department probe into charges of widespread fraudulent Medicare billing schemes. In other words, the ones writing the laws and regulations are the corporations.

Here we have the crux of the problem, regulation. Regulation of corporations is not socialism, when done to promote the common good it is liberalism at its finest hour. As paper entities, corporations have no rights only people have rights corporations only have conditional obligations to fulfill for the society that created them. It is the obligation of that society in creating a corporation to ensure that it works to the common good or welfare of the society and not just to the benefit of a few moneyed interests. That is liberalism not socialism. Perhaps, George Soros has stated the problem best. He firmly states that one cannot have a global economy without first having a global society. By society, he means a government or other regulatory mechanism.¹ The same applies equally well within a nation. This does not imply that corporations are necessarily bad or evil. They are just a tool for any society to better themselves. However, left unregulated they can and do acquire absolute power, which leads directly to the fascist state of corporate rule.

Before proceeding further, one needs to understand how corporate law and regulations have evolved. In doing so many myths commonly held by the hard right today about the founding fathers will be dispelled. The founding fathers were indeed liberals and did believe in a capitalistic economy. However, they also believed strongly in regulating trade. So much so that one of the enumerated powers in the

constitution granted the federal government power to regulation interstate commerce. It is a bold face lie to assume that the enumerated power concerning the regulation of commerce between states only applied to tariffs between the thirteen colonies or that the founders were supportive of corporations.

Corporations first came about in the middle of the 1600s in England when the crown vested governmental authority to certain commerce groups. The royal charters granted regulated the trading company or corporations since only the Crown had the right to govern trade. The right of the Crown to regulate or control the corporation largely went unused leading to much abuse and monopolistic power. Some such royal charters had their own governors and armies like the East India Company.

In fact, it was the East India Company that led to the Boston Tea Party. At the time, the colonies were boycotting tea, which was controlled almost solely by the East India Company. In an effort to prop up sagging profits from the boycott taxes on tea were cut. This in turn cut into the profit of a group of Americans smuggling tea into the colonies. Seeing their profits eroded by the tax cut they then raided the English ships in the harbor. While the classical story of the Boston Tea Party being a protest over rising taxes and tax without representation makes for good patriotic propoganda it is indeed patently false and has taken on mythical proportions.

This was but one of the many abuses the colonies suffered at the hands of English corporations. There were many other abuses. Often American colonial settlements were patents granted to English corporations by the Crown. South and North Virginia were two such patents. These corporations obtained their labor supply with indentured slaves. Typically after seven years of labor, the indentured slave would be given a hundred acres. As many as two thirds of the colonists are estimated to have been indentured slaves. Virginia, Maryland and Pennsylvania all began as commercial enterprises ran by chartered corporations.

A full listing of such abuses is beyond the scope of this book. However, the examples provided are sufficient to illustrate the contempt many of the founders had for corporations as well as the need to regulate them. Perhaps the eloquent words of Thomas Jefferson best sums up the founder's outlook toward corporations.

"I hope we shall take warning from the example of England and crush in its birth the aristocracy of our moneyed corporations which dare already to challenge our Government to trial, and bid defiance to the laws of our country "

The concept of granting a charter as a privilege and not a right carried over into early American corporate law. Thus the present view that corporations hold a property right is based on another myth. This point will be expanded further a little later in a look at some early court cases. In fact, the view of this property right did not come about until after the Civil War. Before this time, the concept of a corporate charter as a privilege was the commonly held view. The present view of a corporate charter having property rights only came about through judicial activism and through various state legislators.

The concept of corporate charters as a privilege was clearly carried forward into the Articles of Confederation when in 1781 Congress granted a national charter to the Bank of North America. Likewise, this concept of a privilege was carried into the

Constitutional Convention of 1787. During the convention James Madison twice proposed that Congress be given the power to grant charters. Both proposals were met with failure although no formal vote on either measure was ever taken. Various members opposed such proposals as unnecessary or feared they would lead to monopolies. Based on his fears of a national bank, Jefferson opposed the idea of federal charters fearing they would create monopolies. Jefferson was to loose on both views when congress later granted a federal charter for the national bank. Likewise, one can hardly blame the delegates to the convention for believing that there was no need for proposals regulating corporations, as at the time there were less than 40 corporations in 1787. That number rose to 334 by 1800.

Thus, the Constitution of the United States was left with only two clauses to regulate corporations. The commerce clause in Article I Section VIII and the obligation of contract clause in Article I Section X. The regulation and granting of corporate charters was left to the various states. The states continued to treat a corporate charter as a privilege granted only under special acts of their legislators. However, the process of hearings and petitioning the state legislators were plagued with delays, favoritism, and out right corruption.

What many people fail to understand is the Bill of Rights originally consisted of twelve rights. On December 20th, 1787, Jefferson wrote to James Madison about his concerns regarding the Constitution. He listed what he did not like in the new constitution in the excerpt below.

"First, the omission of a bill of rights, providing clearly, and without the aid of sophism, for freedom of religion, freedom of the press, protection against standing armies, restriction of monopolies, the eternal and unremitting force of the habeas corpus laws, and trials by jury in all matters of fact triable by the laws of the land, and not by the laws of nations."

Besides noting the many freedoms that now compose the Bill of Rights, Jefferson also noted the lack of restriction on monopolies. Many of the revolutionaries of 1776 believed any institution made up by and of humans—from governments to churches to corporations—must be subordinate to individual people in terms of the rights and powers held by the institution. This is perhaps best stated by Thomas Paine in *The Rights of Man* as the example below illustrates.

"that government is a compact between those who govern and those who are governed; but this cannot be true, because it is putting the effect before the cause; for as man must have existed before governments existed, there necessarily was a time when governments did not exist, and consequently there could originally exist no governors to form such a compact with. The fact therefore must be, that the individuals themselves, each in his own personal and sovereign right, entered into a compact with each other to produce a government: and this is the only mode in which governments have a right to arise, and the only principle on which they have a right to exist."

Jefferson received a good response in ten of the measures comprising the original bill of rights. The two issues of banning a standing army and blocking corporations from gaining monopolistic control over industries, were meeting with resistance and failed to pass. The Federalist were in power, a group Jefferson referred to as "the rich and the well born." The following quote from James Madison confirms the distrust of corporations held by the founding fathers.

"There is an evil, which ought to be guarded against in the indefinite accumulation of property from the capacity of holding it in perpetuity by ... corporations. The power of all corporations ought to be limited in this respect. The growing wealth acquired by them never fails to be a source of abuses."

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The first blow to increasing corporate power came in 1795 as the pace of incorporations continued to expand, was a movement to grant general charters to alleviate the problems with hearings and petitions. North Carolina was the first state in 1795 to enact a general incorporation law, followed by Massachusetts in 1799, New York in 1811 and Connecticut in 1837.² However, in some states it required more than a simple majority for the granting, renewing or altering a corporation charter. In 1840s, citizens in New York, Delaware, Michigan and Florida required a two-thirds vote of their state legislatures to do so. In Wisconsin and four other states every bank charter had to be first approved by the voters within the state after the charter was recommended by their legislatures.

Nevertheless, even under a general incorporation law states still treated the corporate charters as a privilege and restricted the activities of corporations to a great extent. The following list is some of the limitations placed on corporations by various states.

Limited Duration: Charters were granted only for a period of 10, 20 or 30 years after which the corporation had to be liquidated with the proceeds distributed among the shareholders.

Limited Land Holdings: Many states imposed limitations on the amount of land a corporation could own. Most often, the amount of land was limited to that required for the factory or mill site.

Limited Capital Holdings: Once again, many states limited the amount of money or financial assets a corporation could own. Some state banned corporations from owning other corporations or stock in them. Once a corporation exceeded the limit, it had to be either dissolved or split.

Specific Purpose Charters: This was perhaps the most common of all restrictions in the early years of this country. Corporations were chartered only for a specific purpose such as the building of a canal or road. Once the stated purpose was completed, the corporation was dissolved. Now charters are issued that enables a corporation to engage in any type of businesses.

No Limitations on Liability: Directors, managers and shareholders were

held to be fully liable for any debts or damages. In some cases, the lender or injured party was entitled to double or triple the damages. Other states imposed extremely high interest rates until the debt was fully paid.

Restrictive Shareholder Rights: The internal governance of corporations was much more restrictive than today. Shareholders had more rights. In case of mergers, some states required a unanimous vote of shareholders.

Restrictions on Pricing: Some states maintained the right to set prices on corporate products. Wisconsin for one gave the state legislature the power to set prices on products after reviewing the corporations expenses.

Revocable Charters: States maintained the right to revoke or change a charter at the will of the its' legislature. Almost all of the states adopted this clause after 1820.

Before continuing with a look at various state constitutions of the early 1800s a brief look at a couple of early Supreme Court cases is needed. Since, one of the cases led to the most states including a clause allowing for the modification or annulment of any charters the state may grant. Perhaps one of the best Chief Justices of the Supreme Court in all time was John Marshall appointed by John Adams in 1801. It was Marshall who shaped the Supreme Court into being a full third branch of government and strengthened the federal system.

Marshall presided over several landmark cases with a pro-business outcome. Four cases are notable. In *Fletcher Vs Peck*, the sanctity of a written contract was upheld. In *Gibbons Vs Ogden* the court established the power of congress to regulate interstate commerce to avoid a monopoly. In *McCullough Vs Maryland*, the court ruled that the state had no right to tax the federal bank. However, it was in *Dartmouth Vs Woodward*, which exerted the most influence in later years. Daniel Webster argued the case for Dartmouth before the court and implied that there was a property right.

Marshall was well known for his opinions choosing his words with the precision of a surgeon's scalpel. However, Marshall's opinion granted no property rights to a corporation. Rather he extended the Fletcher case and the principle of the sanctity of a written contract to include states as well as corporations as the excerpt below shows.

"A corporation is an artificial being, invisible, intangible and existing only in the contemplation of the law... It posses only those properties which the charter of its creation confers upon it...The opinion of the Court after mature deliberation, is that this is a contract, the obligation of which cannot be impaired without violating the Constitution of the United States."3

One should note that Marshall defined this case very narrowly. There was no mention of any property rights in his decision. It was simply a decision based on the sanctity of contracts. However, this was perhaps the first and most important pro-business case that has led to corporate abuse. Marshall correctly ruled in defining the case narrowly to contract law.

However, later pro-corporate judicial activists would use this decision to confer the rights of a person onto corporations. A decision that Marshall obviously did not

share as he defined a corporation very narrowly as an artificial being that only had properties, which its charter granted it. Marshall's words are clear and he clearly stated that the only "rights" a corporate has comes from its charter and not from the constitution. Again we see that a corporate charter is a privilege and not a property rights issue. Thus, the present day view of corporations having property rights and the rights of a person only came about through perversion of the law and the constitution.

However, it was this case in 1819 that led to the almost universal inclusion of states to include language to amend and revoke charters into both state laws and state constitutions. Here again by the states including such language it shows that the granting of a charter was a privilege that carried no rights and could be revoked whenever the corporate activities was not in the general interest of the state or the people.

A brief look at various state constitutions of the 1800s will further emphasis the point that a corporate charter is a privilege. A look at the Constitution of Pennsylvania (1838) reveals both the clause for revocation and establishes a time limit of 20 years for all corporate charters in Article I Section 25 as follows:

"No corporate body shall be hereafter created, renewed, or extended, with banking or discounting privileges, without six months' previous public notice of the intended application for the same in such manner as shall be prescribed by law. Nor shall any charter for the purposes aforesaid be granted for a longer time than twenty years; and every such charter shall contain a clause reserving to the legislature the power to alter, revoke, or annul the same, whenever in their opinion it may be injurious to the citizens of the commonwealth, in such manner, however, that no injustice shall be done to the incorporators. No law hereafter enacted shall create, renew, or extend the charter of more than one corporation."4

Nor was Pennsylvania the only state to limit corporations to a set time limit in Maryland legislators restricted manufacturing charters to forty years, mining charters to fifty, and most others to thirty years. Other states to include time limits in corporate charters include Louisiana, Michigan and several others.

The revocation clause was actually first written into the Pennsylvanian Constitution in 1784. Clauses of revocation were first commonly found in insurance and banking charters. Further the revocation clause was broaden and strengthen from 1784 to 1857 in which the legislature was required to revoke charters when ever corporate activities were deemed injurious to the community. Notice the specific mention of corporations engaged in banking. Private banking corporations were banned altogether by the Indiana constitution in 1816, and by the Illinois constitution in 1818. Ohio, Pennsylvania and Mississippi revoked charters throughout the early 1800s of any bank that engaged in activities that would leave them insolvent or financially unsound condition. Limitations on railroads are another common feature in many state constitutions. New York, Ohio, Michigan and Nebraska successfully revoke charters from a wide range of businesses including matches, oil, sugar and whiskey. By 1870, 19 states included a revocation clause presently 49 of the 50 states have a revocation clause. In 1857, Pennsylvania amended their constitution with

Article XI, in section 6 the following clause is found.

"The commonwealth shall not assume the debt, or any part thereof, of any county, city, borough, or township, or of any corporation or association, unless such debt shall have been contracted to enable the State to repel invasion, suppress domestic insurrection, defend itself in time of war, or to assist the State in the discharge of any portion of its present indebtedness."

Again, such a clause was commonplace in the early 1800s. The Alabama Constitution of 1875 can be used to illustrate two of the other points. In Article XIV Sections 5 and 9 respectively.

No corporation shall engage in any business other than that expressly authorized in its charter.

No corporation shall issue preferred stock without the consent of the owners of two-thirds of the stock of said corporation.⁵

The concept of a corporate charter as a privilege can best be illustrated by the Wyoming Constitution of 1889. Although Wyoming constitution allows for the creation of corporations under general law, it contains many restrictions on corporations.

The legislature shall provide for the organization of corporations by general law. All laws relating to corporations may be altered, amended or repealed by the legislature at any time when necessary for the public good and general welfare, and all corporations doing business in this state may as to such business be regulated, limited or restrained by law not in conflict with the constitution of the United States.

All powers and franchises of corporations are derived from the people and are granted by their agent, the government, for the public good and general welfare, and the right and duty of the state to control and regulate them for these purposes is hereby declared. The power, rights and privileges of any and all corporations may be forfeited by willful neglect or abuse thereof. The police power of the state is supreme over all corporations as well as individuals.⁶

In the second paragraph above, it is clearly stated that a corporation powers come only from the people that it is subservient to the people for the public good and general welfare. Wyoming's constitution is also the source of strong anti-trust language as follows:

There shall be no consolidation or combination of corporations of any kind whatever to prevent competition, to control or influence productions or prices thereof, or in any other manner to interfere with the public good and general welfare.

California's Constitution of 1849 as amended by Article XII in 1879 is perhaps

the longest in listing restrictions on corporations with a total of 24 sections.⁷ Sadly 20 of the 24 sections have already been repealed. In Section 3, the state holds all shareholders responsible for the debt of the corporation. Once again another myth, the myth of limited liability is destroyed. Notice in the text that follows of Section 3 that the shareholder need not be a present owner, he only had to be a shareholder at the time the debt was incurred. In Ohio, Missouri and Arkansas, stockholders were liable over and above the stock they actually owned. In the 1870s, seven state constitutions made bank shareholders doubly liable for any debts.

Each stockholder of a corporation. or joint stock association, shall be individually and personally liable for such proportion of all its debts and liabilities contracted or incurred, during the time he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock, or shares of the corporation or association. The directors or trustees of corporations and joint-stock associations shall be jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers of such corporation or joint stock association during the term of office of such director or trustee.

Section 8 prohibits corporations from infringing upon the rights of individuals. The text follows

The exercise of the right of eminent domain shall never be so abridged or construed as to prevent the Legislature from taking the property and franchises of incorporated companies and subjecting them to public use the same as the property of individuals, and the exercise of the police power of the State shall never be so abridged or construed as to permit corporations to conduct their business in such manner as to infringe the rights of individuals or the general well-being of the State.

Section 9 limits the activities of corporations to those that are defined in their charters.

No corporation shall engage in any business other than that expressly authorized in its charter, or the law under which it may have been or may hereafter be organized; nor shall it hold for a longer period than five years any real estate except such as may be necessary for carrying on its business.

By looking at several different state constitutions from the 1800s, it is clearly apparent that in times bygone that severe restrictions were placed on corporate activities. In the process many of the current myths concerning corporations have been destroyed such as that of limited liability. Even more remarkably this quick look at state constitutions has revealed that the granting of a charter as a privilege and not a right survived at least up until 1889 when the Wyoming Constitution was adopted as the phrase, for the public good and general welfare is unmistakable in its intent.

Unfortunately, the extent of regulation of corporations can be revealed by just looking at the state constitutions for all of the states constitutions looked at contained

a creation clause under general law. One would need to review all state laws to get a full understanding of the extent of regulation. Such a review would be a daunting task and beyond the scope of even a book let alone a single chapter within a book. However, one can glean a glimpse of it by looking at a list of the more important Supreme Court cases.

The first important case following the Marshall court came in 1839 in *Bank of Augusta v. Earle*.⁸ The court ruled that corporations were "persons" in the state of their charter, but were free to do business in other states. However, the court stopped short of declaring corporations were citizens protected from state laws, which violated the federal constitution.

In 1844, the court expanded the power of corporations and struck a blow against local control in *Louisville, Cincinnati & Charleston Railroad v. Letson*. In this case, the court ruled that corporations are citizens of the chartering state. And further added that the Constitution's diversity clause (Art. III, Sec. 2) allows corporate cases to be heard in federal court. As more and more corporations were chartered their power increased at a quickening pace. The increases in power still came about through judicial activism. With the increase in number and increases in corporate power wealth became concentrated into the hands of the few. After becoming president, Lincoln lamented.

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country....corporations have been enthroned and an era of corruption in high places will follow, and the money of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed."

2: Supreme Court Cases

The three decades following the Civil War saw further increases in the number of corporations and a much more rapid pace of favorable court rulings. Part of the increasing numbers of corporations no doubt came from the great give away of public lands to some 61 railroad companies. However, even with the huge land grants, the railroads could not live within the conditions set forth by the grants and over a third of the land a total of 190 million acres was forfeited. The reader is reminded that even today the terms of those grants are being disputed in court cases, most notably in the clear cutting of timber from and the shipping of the raw logs to Asia.

In 1868, the court ruled that corporations were not citizens within the context of Article IV Section 2 of the constitution. Elaborating the court defined a citizen there to apply only to natural persons, members of the body politic, and owing allegiance to the state. Corporations only had the properties that were conferred on it by the legislature. The reader should note that citizenship incurred an obligation of allegiance to the state. The many cartel agreements that American corporations willingly signed with German corporations granted allegiance to the German corporations and hindered both world wars immensely.

The court ruled in 1876 in *Munn V Illinois* that corporations with a public interest in this case the rate grain elevators charged farmers for shipping was subject to state regulation. The court further ruled that what constituted a reasonable the rate was a legislative and not a judicial question. This case is also very similar to a case settled before the Wisconsin Supreme Court. In *Attorney General V Northwestern Railroad* ruled that the state could set maximum fares on classes of rail transportation.⁹

It is important to note here, Justice Stephen J. Field dissented in *Munn*. Lincoln appointed Field in 1863 to the Supreme Court in a move that brought the number of justices to ten. Field would serve for another 34 years. It is equally import to note that Field's opinions were more often at odds with those of the time. He had just three concepts of government. One he felt that it was not a function of the government to protect individual liberty. Two, government should be limited. Finally, only the U.S. government should have the right to interact with foreign governments. His second view of government fit with his *laissez faire* economic views. Field first expressed his view that the 14th amendment protected private businesses from government regulation in this case.

In 1879, Judge Lorenzo Sawyer of the Ninth Circuit Court ruled in the *Orton* case that the federal government had control over the railroad land grants. However, he further restricted state regulation in controlling *ultra vires* acts of corporations. Stated otherwise, it means that corporate actions go beyond the powers actually granted to corporations. The ruling of the court led directly to settlers being evicted forcibly in the *Mussel Slough* battle of 1880 in which five settlers were killed. Sawyer is best described as a flatterer of Field. Field was also involved in this case. Sawyer was involved in several railroad cases that will shortly follow.

In 1882, Sawyer ruled in the *San Mateo Railroad* case in the Ninth Circuit Court that corporations were persons. Field was likewise involved. However, it is a mater of record that Sawyer owned stock in the Central Pacific Railroad. Additionally both Sawyer and Field were close friends of Leland Stanford and other parties involved in the rail cases. Sawyer was uniquely placed to expand the powers of corporations and used unorthodox interpretations of statutes and judicial review to do so.

In 1886, the Illinois Supreme Court struck down state Granger laws regulating railroad rates in *Wabash V Illinois*. The high point of pro-business judicial activism occurred in 1886. In this year, alone the Court struck down 230 state laws passed to regulate corporations. It was also the year of the most grievous act of all in furthering corporate power. This was the year that the Court handed down the ruling in *Santa Clara County v. Southern Pacific Railroad* declaring that corporations were persons under the fourteenth amendment. At the very outset of the case Chief Justice, Morrison R. Waite stated:

"The Court does not wish to hear argument on the question whether the provision in the Fourteenth Amendment to the Constitution, which forbids a state to deny to any person the equal protection of the laws, applies to these corporations. We are all of the opinion that it does."

This outrageous ruling has done more to damage our liberty and freedom's than any other single ruling in the history of the country. It in effect gave corporations the

same rights as persons but with none of the obligations and social responsibility cared with those rights. It paved the way for rendering the people subservient to corporations. The reader should note the year as well as this ruling came down right at height of the robber barons.

Before proceeding further a closer look at the members of this court is needed. It undoubtedly was the court that was most agonistic towards individual freedom and liberty than any other court with the possible exception of the Rehnquist court of today. Just as the Rehnquist court voiding the results of the 2000 election and appointing George Bush president, Associate Justice Joseph Bradley of this court cased the deciding vote in giving Rutherford B. Hayes the presidency.

This was the same court that rendered the Civil Rights Act of 1875 invalid in Plessy V Ferguson. In essence, the court threw out the fourteenth amendment in their ruling in direct contradiction to applicability of the fourteenth to corporations. Even more telling of the abusive nature of the court on civil rights was that number of fourteenth amendment cases between 1890 and 1910 only 19 dealt with the Negro while 288 dealt with corporations.

Nor was this court any more friendly to women's suffrage. In Bradwell v. Illinois the court upheld an Illinois ruling that denied women a license to practice law as a host of women suffrage and women rights cases followed the passage of the fourteenth amendment. In 1886, the Supreme Court Justices were Samuel F. Miller, Stephen J. Field, Joseph P. Bradley, John M. Harlan, Stanley Matthews, William B. Woods, Samuel Blatchford, Horace Gray, and Chief Justice Morrison. R. Waite. Field's view and character has already been alluded to and will not be further discussed. The Chief Justice, Waite shared similar views with Field. Waite believed that the first ten amendments applied only to the federal government and were not intended to limit the powers of the various states. Samuel Miller declared that any taxation was robbery in 1874.

The invoking of the 14th in the Santa Clara case has been ridiculed by later justices. Seventy year later in Connecticut General Life Insurance Company V Johnson Justice Hugo Black wrote.

"Certainly when the fourteenth amendment was submitted for approval, the people were not told that ratifying an amendment granting new and revolutionary rights to corporations...and were not told that it was intended to remove corporations in any fashion from the control of the state governments. The fourteenth followed the freedom of a race from slavery... Corporations have neither race or color."

William Douglas was another later justice that ridiculed the decision.

In 1890, the Sherman Antitrust act was passed outlawing contract, combinations, trust or conspiracies, which restrained or monopolized trade. Following passage, the largest wave of corporate mergers yet was to sweep across the country. Section 6 of the act required the forfeiture of any property transported across state lines that fell under the act. Sections 7 and 8 both defined corporations as persons.

In 1890, in Chicago, Milwaukee & St. Paul Railway v. Minnesota the court began retreating from its earlier ruling in Munn. The court now amended its earlier ruling

by stating that rail rates were subject to judicial review and due process if set by a commission. A series of cases followed all with the court favoring a pro-railroad or corporate rulings. In *Smythe v. Ames* in 1898 the court further extended the ruling to allow for judicial review even if the rates were set by legislature.

In addition, in 1890, New Jersey intensified the race to the bottom by relaxing its general corporate laws. After this time New Jersey would allow corporate charters for holding companies which permitted corporations to trade stock of other corporations and to issue their own stock as payment. In 1892, New Jersey went further repealing its anti-trust law. In 1896, New Jersey allowed charters to be granted for any legal purpose and removed any restrictions on mergers. Likewise the 50-year limit on corporate life was removed and for the first time, New Jersey would now grant charters to corporations operating outside its borders. Shareholders' rights received a blow as well. Under the new laws of the state directors were allowed to amend by-laws without shareholder approval, directors could now rely on proxy voting with all shareholder meetings held in New Jersey. The new laws were so popular that by 1897-1904 corporations chartered in New Jersey with a net worth of \$20 million or more reached 104 starting from a mere 15 in 1896. Enough revenue from the filing fees and franchise taxes was generated to allow the state to abolish property taxes.

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In response, Delaware pass a General Corporation Law in 1899 that allowed corporations to write any provisions they wished in creating, defining, limiting and regulating the power of the corporations. The reader should note this change in Delaware law as it figures prominently in a later chapter as the reason the du Ponts reincorporated in Delaware.

In 1893, the court issued perhaps its first anti-union ruling in *U.S. v. Workingmen's Amalgamated Council*. The court in this case upheld an injunction against a union on grounds that the Interstate Commerce Act required carriers to accept freight without discrimination. Also in 1893, corporations were first given the protection of the Bill of Rights in *Noble v. Union River Logging Railroad* by ruling that the railroad was denied its Fifth Amendment protection when the Department of Interior attempted to remove its approval of a right-of-way over federal lands.

Between 1894 and 1905 a host of anti-labor rulings were issued by the court. Before this time, it was common under state law for the state to limit the number of hours a person was allowed to work. In 1894, the court struck down the eight-hour shift for mechanics and labor in *Low v. Rees Printing*. Colorado eliminated its eight-hour day for mining and manufacturing by House Bill 203. In 1895, in *Ritchie v. People* the eight-hour day was eliminated for women garment workers. *Lochner v. New York* eliminated the ten-hour day for bakers in New York in 1905. In 1895, the court ruled that the Sherman Antitrust Act could be used against interstate labor strikes because such strikes were a restraint on trade.

In 1895, the Court upheld a monopoly of 98 percent of the country's sugar protection in *U.S. v. E.C. Knight Company* ruling that the Sherman Antitrust Act applied only to commerce not production. In a dissenting opinion, Justice Harlan wrote that the ruling placed the Constitution in " a condition of helplessness... while

capital combines...to destroy competition."

In *Hale v. Henkel* the court ruled against the corporation's attempt to use the Fifth Amendment but ruled that overly broad subpoenas for corporate documents could be a violation of the fourth amendment.

In 1911, the court broke Standard Oil into 33 corporations in *Standard Oil of New Jersey v. United States*. This case basically ended a short period of generally fair rulings against monopolies and trusts. It was for the most part the climax of the anti-trust sentiment started by Teddy Roosevelt. The Clayton Act of 1914 legislated price discrimination within the same industry and further stipulated that labor unions were not trusts.

In 1917, Idaho became the first state to enact criminal syndicalism laws; twenty-three additional states soon followed. The laws were used to suppress labor organizers, political activists and foreigners.

The Keating-Owen Child Labor Act was struck down by the Supreme Court in 1918 ruling that goods produced by child labor did not fall under the Sherman Anti-Trust Act which only applied to commerce.

Between 1920 and 1924 the court granted corporations the protection of the fourth amendment ruling that government officers seizing corporate documents violated the provisions against unreasonable searches in *Silverthorne Lumber v. U.S* and *FTC v. American Tobacco*. This decision came just as investigations into profit mongering by arms makers during WWI was heating up. Likewise, the decision provided those corporations that signed cartel agreements with I.G. Farben and other German corporations during the inter war period protection once WWII started.

In 1937, the court ruled that congress could protect interstate commerce from labor organizing in *National Labor Relations Board v. Jones & Laughlin Steel Corp.*

In the 1938 Subcommittee of Federal Licensing of Corporations hearing on Senate Bill 3072 sponsored by Senator Joseph O'Mahoney of Wyoming and William Borah, O'Mahoney argued "a corporation has no rights; it has only privileges."

In 1947, the anti-union Taft-Hartley act was passed over the veto of President Truman. The act declared the close shop to be illegal, outlawed secondary strikes and boycotts. Allowed employers to exempt themselves from bargaining with unions if they wished to and forbade the unions to contribute to political campaigns and required unions and their officers to confirm they were not supporters of the Communist Party.

The Celler-Kefauver Act of 1950 amended Section 7 of the Clayton act to include the lessening of competition through the acquisition of another company's assets.

In 1969, the Newspaper Preservation Act was past. The act specifically exempts newspapers from the anti-trust laws. Wholesale consolidation of newspapers followed until only a handful of corporations owned all the major newspapers

In 1976, the second most grievous extension to corporate power was granted to corporations by the court. In *Buckley v. Valeo* corporations were granted freedom of speech. Corporations were now free to contribute unlimited funds to election in effect buying the candidate of their choice. The year 1976 marks the beginning of another long period of pro-corporate rulings, as Republicans were once again able to stack the court with extremely conservative justices.

In *U.S. v. Martin Linen Supply Co*, a case heard in 1976 the court ruled corporations may use the Fifth Amendment to protect itself from double jeopardy to

avoid a retrial of an antitrust suit. In addition, in 1976 the court ruled advertising was free speech in *Virginia Board of Pharmacy v. Virginia Citizens Consumer Council*. In 1977, the court allowed corporations the protection of the Fourth Amendment to thwart the efforts of OSHA inspectors in *Marshall v. Barlow*. In 1977, court overturned state restrictions on corporate spending on political referendums under First Amendment protections in *First National Bank v. Bellotti* ruling that money was free speech.

After this brief review we can clearly see that the founders had just as much fear and loathing for big money (read corporations) as they did of big government. As the state constitutions showed, they chose to restrict corporate activities sharply. The founders certainly believed that a corporate charter was a privilege and conferred no property rights onto the owners of the corporations. In fact, many of the state constitutions granted only charters that were limited by some time duration after which the corporation would have to be dissolved. Almost all states gave their legislatures the power to revoke a charter if the corporations failed to live within its charter or when viewed as harmful to the general welfare of the state.

Most states through general law further restricted the activities of corporations limiting the amount of wealth or land they could accumulate. It was liberalism is its finest hour protecting the rights of the common man against the plutocrats.

It was only through judicial activism and corruption along with some state legislatures that eroded most of the laws governing corporations in the 19th Century. This erosion of the law paralleled the rise of a rich elite within our society. From an early chapter, it should be clear that the rich elite as a class didn't begin to emerge until after the Civil War. Which paralleled with the courts pro-business rulings reaching a climax with the robber barons of the 1880s and the Waite court's granting corporations the rights of a person under the 14th Amendment. In effect, the judicial system has conferred citizenship on corporations without any of the obligations and responsibilities that goes with individual citizenship. It leaves us in the precarious position of capital or money having more rights than that of the owner of the capital.

One good example of that was during WWII individuals could be drafted and forced to serve their country. The army hardly had to force anyone to serve their country after the bombing of Pearl Harbor. In fact, they had a different problem. They were overwhelmed with volunteers enlisting but short on supplies. However, the supplies and orders for munitions and armaments were slow to come. Corporations refused to produce war munitions in favor of consumer goods. In effect, corporations engaged in a sit down strike until they had obtained outrageously beneficial terms. Instead, America faced corporations that openly violated the law, corporations that blackmailed the government with threats of an interruption of the supply of gasoline and with corporations that conspired to fixing the price. Finally, America faced the armies of the Third Reich supplied by products built by American corporations. No, corporation ever faced charges of price fixing, of war profiteering and of treason with supplying the enemy with munitions. Yet, over three hundred corporations did business with the Third Reich during the war.

Certainly, the record of the Waite court with many agnostic rulings towards the civil rights of individuals and their liberties along with an extremely pro-business agenda spanning a period of almost 30 years should give us pause today. Especially with the present Rehnquist court quietly chipping away at the Miranda ruling and

other civil rights rulings. Likewise, it was the Rehnquist court that ruled some ballots in Florida were more equal than others and need not be counted. Thereby throwing the 2000 election to George W. Bush just as it was justices from the Waite court that installed Rutherford B. Hayes as president earlier. Such outrageous rulings should call into questions the confirmation procedure used in the Senate for court appointments. Perhaps a waiting period should be initialized in which the public can submit their own views before a vote.

The erosion of protections from corporations built into the various state constitutions has led to the present problems we are now faced with. We are now faced with a government for sale to the highest bidder. The erroneous decision of the court in 1976 equating money with free speech has left us with unequal rights. A citizen's voice is not equal to that of a multinational corporation simply because the corporation has unlimited financial resources to apply. Further, it has allowed corporations to grow to gargantuan proportions. Precisely the fear Jefferson expressed in his opposition to national charters.

2

In 1996, 51 of the world's largest economies were corporations with General Motors larger than Denmark, and Wal-Mart the number 12th corporation larger than 161 countries. The top 200 corporations in the world have sales that are equivalent to 28.3 percent of the world's GDP. The combined sales of these top 200 corporations are larger than all but the world's nine largest countries. These top 200 corporations employ 18.8 million people or less than a third of one percent. The world top five employers are General Motors, Wal-Mart, PepsiCo, Ford and Siemens.

Domestically the top one percent of Americans owns 40 percent of all U.S. assets. The corporate share of income taxes has fallen from roughly 40 percent in the 1940s to less than 15 percent today. While corporate profits rose and astounding 130 percent from 1980-1995 the average family saw a net decrease in their real wage. The problem was first detailed in *America: What Went Wrong?* written by Barlett and Steele for the *Philadelphia Inquirer* in 1992 and now available in paperback.

In the abbreviated list of court rulings and acts of congress above, the list stopped at 1987. For one the focus of corporate regulation changed. An era of extreme conservatism gripped the nation. Carter began deregulation of a few industries to prop up a sagging economy feeling the after effects of OPEC (see the chapter on the 60s). In the 1980 presidential race, Reagan ran on a platform of deregulation. If Carter began limited deregulation, the Reagan administration threw open the flood gates. The last dying gasp in favor of regulation of corporations came in 1984 when the judge ordered ATT to be broken into eight Regional Bells in an on going monopoly case.

Coupled with the earlier grievous court ruling of equating money as free speech and the reduction in the top tax rates for individuals and corporation, corporations were free to buy the politicians of their choice. The results have been a host of new bills enacted by congress granting corporations more corporate welfare, less regulations, more power and more rights. With the top tax rates reduced to a mere 31 percent, corporate executives soon reaped the benefits of exorbitant salaries and benefits at the expense of the employees. Employees became expendable and a new

industry was born overnight the temporary employment firms. Meanwhile the CEO's of corporations sought control of corporate boards further increasing their empire and concentrating their power.

The result of the deregulation of the 1980s and 1990s is literally punctuated with dismal failures. The era is marked in the beginning by a multi-billion dollar taxpayer bailout of the saving and loan industry. For much of the 1980s, the savings and loan bailout was a black hole for taxpayers' hard earned dollars. The industry had been deregulated and gambled on high interest junk bonds and foreign loans. When the junk bond market collapsed as well as the foreign loans the industry was devastated. Fallout from the resulting carnage lead to the Keating Five and Milken trials. Keating lobbied congress heavily promoting deregulation of the savings and loan but in the end Lincoln Savings and Loan went bankrupt, as did the reputation of the five congressmen most heavily involved with him. Milken, the junk bond king faced a 98-count indictment.

The end result of the savings and loan scandal and of the junk bond market went far beyond the taxpayer bailout. The junk bonds were used to finance leveraged buyouts further concentrating power in fewer hands. In addition, many investors in junk bonds found themselves empty handed with worthless paper or if they were lucky perhaps saw their investment reduced to fifteen cents for every dollar they invested. In the end, none of the perpetrators of the failed savings and loans faced serious sentencing. Milken was fined heavily and sentenced to a short prison term, his fortune somewhat reduced but he still was left a multi-millionaire.

Evidence exists that in 1988 presidential candidate George Bush was implicated in delaying the closure of Silverado Savings and Loan until after the election, his son Neil was on the board of Silverado.¹⁰

Perhaps, the most damaging aspect of the junk bond fiasco was the spawning of a mania of mergers. Even more than a decade later, mergers are continuing unabated. Just as Barlett and Steele detailed in 1992 mergers have continued. The large corporations that received tax bonanzas from the Reagan administration under the disguise that lower taxes would spur growth didn't invest their newfound wealth in research instead they bought out smaller corporations. Moreover, with each new merger and buyout, power and wealth was concentrated. For the employees it meant massive layoffs. Congress and the Justice Department have both been comfortably asleep at the wheel allowing corporations broke apart to remerge together in case of a couple of the Baby Bells and Exxon and Mobil.

Another of the first industries to be deregulated was the airlines. It has only been marginally successful if at all. Yes fares did come down but at a very high price of safety. Delays are more likely than on time departures and arrivals. Luggage is lost or damaged all too frequently. It is commonplace to now hear of another airline crash with possibly a hundred or more deaths resulting. Yet, studies of airplane crashes reveal that most deaths are not the result of the impact. Rather the deaths are the result of excessively weak seats. On impact, the seats tear loose and the passenger is propelled at 120 MPH forward. The lucky ones may indeed be killed when they are thrown against the bulkhead. More often than not, their limbs or spine is shattered and unable to move they perish in the flames or from the toxic fumes. The FFA has known for years of the weak seat design. In fact, the seats in your Honda Civic or Yugo are stronger. Car seats generally are capable of standing up under the strain of

20G forces those on the airlines only 9Gs.¹¹ Now how is that for deregulation?

However, the FFA was hobbled from the very beginning by congress with a dual mandate, one to regulate the industry and two to promote the industry. Only after the crash of Valu Jet did congress change this dual mandate of the FFA. Nor is it proper to place the blame on the FFA alone for air safety problems. The real problem lies with congress that creates a toothless agency to placate the public. Why does the agency need a congressional bill to require stronger seats? A regulatory agency should be allowed to implement reasonable controls over its charges. However, time and again congress will create an agency as a response to a problem with little or no authority to complete its mission.

Two other examples are the EPA and OSHA, in recent years congress has blocked planned implementation of stronger new standards. In the case of the EPA, it was the fine particulates. In the case of OSHA, it was new standards for repetitive motion. In short, these two agencies have been used by the Republicans for political football. Nixon used both against his political enemies. The Reagan administration made a mockery of the EPA by appointing a former employee of the Coor's family as well as that of the entire Department of Interior headed by James Watt. The full extent of the corrupt ties with corporate America under the Reagan administration will be dealt with in a later chapter.

The Reagan transition team in 1980 went far beyond the normal bounds of corruption. Reagan turned a blind eye towards ethics when it concerned his transition team. By far Reagan assembled the largest transition team of any president thus far. Many had obvious conflicts of interests. Nor did the requests from various members of Reagan's transition team stop within prescribe guidelines. Carter appointees refused to turn over lists of prospective enforcement cases to a member of the transition team that just happened to be an independent oil producer and his deputy whose firm represented Standard Oil of California. At the Labor Department Reagan's deputy team leader had filled a friend of the court brief with the Supreme Court challenging the enforcement of OSHA laws. Such confrontations were visible in every department. In short, Reagan's transition team was given a license to loot for their corporate benefactors.¹²

Every since the erroneous Supreme Court decision to equal money with free speech it has placed the politicians in the pocket of corporate America. Campaign finance was an issue in the 2000 elections and remains an issue in congress despite the best efforts of George W Bush and the leaders of the Republican Party to kill it. The Bush administration is rabidly pro-business as evident from his appointment of Gale Norton to head of the Interior Department. Norton was a protegee of none other than James Watt. Additionally, Bush has shown his allegiance to corporate America in the California electrical power shortage. Details of the bogus California power shortage and the Bush administration will follow in a later chapter.

This leaves the American citizen as a pawn of corporate America. While the corporate media blares report after report of crime in the streets the real crime story of corporate fraud goes unreported. In 1998, the FBI estimated the annual cost of robberies and burglaries at \$3.8 billion the annual cost of corporate or white-collar fraud has been placed in the hundred billion dollar range (note the FBI does not estimate corporate or white-collar fraud). The estimates of health care fraud alone was placed at between \$100-\$400 billion dollars. Securities fraud is in the minor

leagues at only \$15 billion dollars.¹³ The two figures point out one glaring and unmistakable fact. Regulation works, the securities market is tightly regulated on the other hand the health care field is wide open with little effective regulation and what does exist, exists primarily on the state and local levels. The Savings and Loan scandal alone cost US taxpayers between \$300-\$500 billion.

The FBI also reported in 1998 that 19,000 Americans were murdered in contrast 56,000 Americans died from job-related diseases such as Black lung. No estimate is even available for the number of Americans whose lives were cut short from cancer from environmental pollution or workplace exposure. Federal contractors routinely violate the Wagner Act and other laws, but are still allowed to continue to provide government services.

3

However, Americans and indeed all of the world's people face and even greater threat to their freedoms. The threat comes from the attempt to take fascism world wide through the WTO and so-called free trade agreements. This writer is not an isolationist in fact I whole-heartily endorse free trade. However, free trade means one thing and one thing only a reduction in or elimination of tariffs. Any trade agreement that goes beyond those boundaries is just another step towards global fascism and corporate rule.

In free countries, the laws are determined by the people or representatives of the people they are not set by some corporate fiat. However, that is not the case with the recent trade agreements such as GATT, NAFTA, the now defeated MAI or the present negotiations on GATS. All of these so-called trade agreements contain provisions that either overwrite exiting labor and environmental laws or mandates payment to any corporation that perceives itself to be injured by public policy and the laws of a sovereign nation or both. Further, these so called free trade treaties set up corporate tribunals as the final arbitrator in any disputes rendering the court system and national sovereignty mute.

For instance under GATT, the US was forced to accept shrimp imports from Thailand. The imports had been banned under US law because the Thailand law did not require shrimpers to use protective nets for sea turtles. Presently the US is bound by NAFTA to begin allowing Mexician tractor-trailer rigs to enter the country unrestricted. At best, the only protection ensuring these rigs to be up to US safety standards comes from state highway patrols.

However, under these so called free trade agreements Canada and Mexico both have suffered more grievous blows. Under NAFTA Canada was forced to pay a multimillion dollar ransom to US base Ethyl Corporation. In 1997, Ethyl sued Canada under the provisions in Chapter 11 of NAFTA. Canada had the foresight to ban the hazardous and toxic MMT gasoline additive. Ethyl claimed that such a ban on MMT constituted an expropriation of its assets in Canada and sought \$250 million in damages. In 1998, the Canada government under extreme pressure removed the ban on MMT and settled the suit with Ethyl for \$13 million.¹⁴

Mexico suffered a similar indignity in 1996. The Mexican state of San Luis Potosi refused to allow US based Metalclad Corporation a permit to reopen its waste disposal site. The state governor ordered the site closed down after a geological

survey showed the site would contaminate the local water supply. The governor then went further declaring the site part of a 600,000 ecological zone to protect the water supply. Metalclad sued under Chapter 11 of NAFTA seeking \$90 million in compensation. Eventually the case was settled with an award to Metalclad for \$17 million. Under GATS Mexico would have faced additional trade sanctions.

The similar features of both the Canadian and Mexican cases is the awards were granted under a tribunal set up under NAFTA. The tribunal is of course beholding only to the multi-national corporations. Canadian or Mexican courts and laws were voided in both cases.

Incredibly under the rules of the current talks on GATS (General Agreement on Trade in Services such injustices as the two cases listed above would expand. GATS could prevent Canada from expanding its Medicare program to include national drug or home care program.¹⁵ Such expansion of Canada's health care system could trigger suits such as the Ethyl or Metalclad suits discussed above.

GATS has defined services very broadly. Under GATS the following would be classified as services:

business services, communication services, construction services, distribution services, financial services, recreation, tourism and travel, transport services, education, health services, water supply, electricity supply, waste disposal¹⁶

Under the terms of GATS any expansion of the National Park System could trigger a lawsuit forcing the taxpayer to pay some multi-national corporation millions. Likewise, any expansion of a city's public water supply or waste disposal would likewise trigger lawsuits. Therefore, would cities that chose to implement a light rail system to ease traffic congestion. Further under the current rules of GATS any increase in funding or expansion of additional programs in our public schools would trigger lawsuits. Under all cases, the suits would be brought before a tribunal established by GATS and to hell with the US court system.

Presently even in the current slump in the US economy over one trillion dollars sought out new countries to invest in. The danger posed by the multinational corporations is immense and very real. The present trade agreements have little to do with increasing trade. In fact, the trade agreements sole purpose is aimed at eliminating any risk of capitol by provisions requiring compensation for government actions to protect the public and enhance public policy. They are in effect the first steps to establish global fascism by overwriting the laws of sovereign countries and to establish a corporate ruled world.

The reader should by all means be alarmed at such agreements and demand that the US pull out of any such talks and rescind any trade agreement with such provisions. The proposed MAI treaty was killed and is effectively dead for now. However, the WTO is still active and MAI has now been replaced with a treaty that is just as dangerous, GATS. Calling such treaties free trade agreements is nothing more than a feel good euphemism keyed to generating support and cloaking the real danger hidden in these agreements. There is only one sure method of insuring such agreements are killed for all time, a constitutional amendment that restricts the activities of all corporations. Under our present constitution, congress has been given

the sole authority in regulating interstate commerce. Such authority could be used to require any corporation to obtain a corporate charter that would be limited by the proposed amendment found in the last chapter.

The erosion of laws governing corporations and the new rounds of trade talks has placed the people of the United States and the entire world in jeopardy of losing their freedoms to global fascism of corporate rule. Franklin Roosevelt described fascism best.

"The liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic State itself. That, in its essence, is Fascism — ownership of government by an individual, by a group or by any controlling private power."

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CHAPTER 4

The Roaring 20s and the Roots of American Fascism

Part 1: I.G. Farben

For most Americans the Roaring 1920s was a decade of speakeasies, bootleg liquor, flapper girls, and the Charleston. Without a doubt, the 1920s was the most repressive decade of the 20th Century. It was a decade marked in the beginning by the Palmer Raids of 1919, and at the end with the massacre of the Bonus Marchers in the midst of the Great Depression.

Perhaps there is a misunderstanding about the 1920s because the American psyche recalls only the apple pie culture of repressive times. As a society, we fail to recall the brutal repression visited upon the labor movement or the many race riots of the decade. Our collective view of the 1950s, another decade of repression, is much the same and consists of images of "Leave it To Beaver" and "Ozzie and Harriet". Few recall the madness of McCarthyism or images of the escalating Cold War.

As a society, we are led to overlook great threats to our freedoms that took place during repressive times. If the Palmer Raids or McCarthyism had taken place in any country behind the Iron Curtain, we would have been quick to condemn the actions as massive purges of dissidents.

The 1920s held a bountiful promise of progress at WWI's end. The US could have seized the chance to become a world power and leader. Instead, the nation retreated into itself, and rejected President Wilson's League of Nations in favor of isolationism.

New technologies and industries were busting down the doors. Autos were replacing the horse and buggy. Telegraphs were being replaced with telephones. The kerosene lamp was being replaced with electric light. Air travel was now a reality. However, it was a decade that didn't live up to its promise. The decade ended in a spectacular failure of laissez-faire economics, the stock market crash of 1929. The resulting depression was so severe it left an indelible mark for the rest of their lives on those that lived through it.

Every major war this country has fought has been followed by a period of repression. Certainly, the aftermath of the Civil War fits the pattern. McCarthyism followed World War II and coincided with the Korean War. Even with Vietnam, we observed the phenomenon, although in this case the repression was split. In one part, the repression occurred during the war with the exposure of COINTELPRO, and the other part followed in the 1980s with the advent of the Reagan administration. On the very heels of World War I, the infamous Palmer Raids followed.

The repression that followed can best be summarized by the four prime targets of Army Intelligence Network Lt. Col. Ralph Van Deman: the IWW, opponents of the draft, socialists and blacks. These groups were brutally repressed throughout the

1920s. The decade, in fact, is punctuated with massacres and race riots. In 1917, even before the war's end, Van Deman had already opened a file on Martin Luther King's maternal grandfather.⁷

Van Deman was an anti-Semite, and is credited with establishing military intelligence as part of the modern army. Most officers within the Military Intelligence Division (MID) at the time were also virulently anti-Semitic. MID officers promoted every anti-Jewish publication, including the *Protocols of the Elders of Zion*, as fact. It was commonly accepted within the MID that communism and Jews were one and the same. The anti-Semitic aspect of military officers extended beyond MID, and was due substantially to West Point's teaching of eugenics and anti-Semitism.

The almost universal anti-Semitism and racism of military officers allowed them to overlook the pogroms of the 1920s in Poland and other countries. Such beliefs were also a contributing factor to the passage of the 1924 bill that restricted immigration of "undesirables". Indeed, the anti-Semitism of military officers would last until well after WWII, and was a deciding factor in the failure of the United States to offer sanctuary to Jewish refugees in the late 1930s. It was also a contributing factor to the poor treatment of Jewish survivors of Nazi concentration camps.

During WWI, fear that the Germans would exploit Negro unrest left Van Deman preoccupied with black churches as centers of sedition.

However, the most sinister aspect of the Van Deman network was the encroachment of the military into civilian affairs. Federal troops were brought out several times during the 1920s to intercede in civilian events. For example, federal troops were used to break a Seattle strike. The encroachment still continues today. As late as 1947, military intelligence was still being directed at the very same targets listed by Van Deman, evidenced by the inclusion of Martin Luther King, Jr. into the 111th Military Intelligence Group's files.

These post war periods of repression are the very times our freedoms are most imperiled. Such repressive times are only a natural extension of the war, as troops are deactivated, and returning soldiers seek work in an economy that is shifting from war to peace. Unemployment usually rises, as many of the deactivated troops have little or no peacetime skills. Additionally, in the case of WWI, inflation ravaged the nation as wartime controls were lifted, adding further to the economic woes of returning veterans.

However, the real danger comes from troops formerly engaged in intelligence. These former spies seek to ply their trade in the government or private sector. For instance, following the Civil War, many Union spies went to work in the private sector as union busters. After WWI, the newly formed American Legion was deployed in union busting, but even more sinister, went much further seeking to destroy political dissent and anyone left of center. The end of WWII ushered in the McCarthy era of wild witch-hunts for suspected communists.

There is little doubt that after the United States entered the Great War, German agents were actively engaged in sabotage in the U.S. The Kingsland fire of Jan 11, 1917 was traced to sabotage by a German agent, Fiodore Wozniak, dubbed the Firebug. In that one act of sabotage, 275,000 artillery shells and huge stores of TNT and other munitions valued at over \$17 million were destroyed.¹

Although destruction of war plants and munitions hindered the war effort, these acts paled in comparison to the economic sabotage by the corporate warlords of I.G.

Farben. The cartel agreements that American corporations had with I.G. Farben were a stranglehold on munitions production, as well as many consumer items.

Before looking at the cartel agreements and how they hindered both wars, some brief history is required. Often, rather obscure events determine future world peace and war. Events starting in chemistry labs have played enormous roles leading up to both world wars.

First, Germany has always been a country short of natural resources. Although it has ample supplies of coal, Germany lacks high-grade iron ore, and other minerals. The soil is not particularly fertile, and Germany has traditionally been unable to feed its people without importing food. This factor, alone, played a dominant role in Hitler's quest for living space to the east.

The second factor that comes into play is the location of Germany. Its only access to the world's oceans is through the North Sea. The lord and master of the high seas, England, could easily blockade this route. Hence, any factor that decreased Germany's dependence on imports increased its ability to wage war, and challenge England's dominance over all Europe.

Germany's chemical industry developed in the 19th Century. English chemists were the first to discover that pigments could be produced from coal tar, but failed to recognize the significance. German industry was quick to capitalize on the development, and soon dominated world pigment production. The work of German chemists on coal tar launched a new branch of chemistry, organic chemistry. Along with pigments, a host of new products came gushing forth; the first sulfa drugs, plastics and, by the advent of the Second World War, even rubber.

Along with the many useful and beneficial products that could be developed from this new branch of chemistry, a sinister side arose as well. One of the developments that had a direct impact on WWI was the Haber process to produce nitrates. Prior to Germany perfecting it, Germany was dependent on Chile's nitrate deposits. With the Haber process, nitrates could be produced from nitrogen in the air. Germany's war machine was no longer dependent upon shipments from Chile that could be blockaded by the British Navy. As war approached, a more sinister side of the new chemistry was developed: poison gas.

WWI was the first war in which technology overpowered the front line soldier. The chemistry labs of Germany played a pivotal role in it's ability to wage war on its neighbors. These labs would play an even larger role in WWII with the development of producing both gasoline and synthetic rubber from coal.

At the center of the chemical arms production was I.G. Farben. Farben was a product of cartelization formed from six dye companies: Badische Anilin & Soda Fabrik (BASF), Farbenfabriken vorm (Bayer), Farbwerke vorm (Hoechst), Aktiengesellschaft fur Anilinfabrikaten, Leopold Cassela, and Kalle & Co. The big six were completely merged into I.G. Farben in 1916.² In the ten years preceding WWI, I.G. Farben relentlessly pursued a path enhancing Germany's ability to wage war.

By the time WWI broke out, I.G. Farben controlled the new worldwide chemical industry through cartel agreements and patents. Germany, particularly through I.G. Farben, aggressively sought patents in foreign countries, then refused to grant licenses to corporations in that country. This shifted all aspects of the industry to the German homeland.

In light of recent court decisions allowing corporations to patent genes, and the

resulting genetically engineered food crops, one would be well advised to study how Germany used patents to gain worldwide control over the fledgling organic chemical industry.

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Joseph Chamberlain summed up England's loss of the coal tar industry in 1883:

"It has been pointed out especially in an interesting memorial presented on behalf of the chemical industry that under the present law it would have been possible, for instance, for the German inventor of the hot blast furnace, if he had chosen to refuse a license in England, to have destroyed almost the whole iron industry of this country and to carry the business bodily over to Germany. Although that did not happen in the case of the hot blast industry, it had actually happened in the manufacture of artificial colors connected with the coal products, and the whole of that had gone to Germany because the patentees would not grant license in this country."³

Lloyd George reiterated Chamberlain's view in 1907:

"Big foreign syndicates have one very effective way of destroying British industry. They first of all apply for patents on a very considerable scale. They suggest every possible combination, for instance, in chemicals, which human ingenuity can possibly think of. These combinations the syndicates have not tried themselves. They are not in operation, say, in Germany or elsewhere, but the syndicates put them in their patents in obscure and vague terms so as to cover any possible invention that may be discovered afterward in this country."⁴

These quotes leave no doubt as to the destructive nature of the cartel agreements and the patents sought by I.G. Farben in England. Nor is there any doubt over how such cartel agreements hindered U.S. war efforts during WWI. During the war, numerous I.G. front corporations were seized under trading with the enemy act. Cartel agreements between American corporations and I.G. Farben created monopolies and spheres of influence eliminating any competition. In effect, the cartel agreements were a second wave of robber barons. This time, however, the robber barons resided in Germany, and structured the agreements to maintain control over American corporations, even to the extent of limiting production of war material. In effect, the cartel agreements were nothing short of an attempt to put corporate rule ahead of government.

Recent trade agreements such as NAFTA, GATT, the failed MAI and GATS (all are proposed under the banner of free trade agreements) have placed the rights of corporations above and beyond the reach of the government. The inherent danger of allowing corporations to rule will be readily apparent in such a study. Furthermore, all these agreements contain clauses that set up tribunals as the final arbitrator in disputes, bypassing the court systems of the signatory countries which in effect allows the corporations setting on the tribunals to establish law by decree.

Even before the Nazis came to power, the cartel agreements formed a vital part of Germany's plan to wage war, and extract revenge for the Treaty of Versailles. The willingness of corporate America's leaders to re-establish cartel agreements with I.G. Farben during the 1920s, and their subsequent support for fascist groups in the 1930s, forms the base of fascism in the United States.

Although, there were literally dozens of companies seized during WWI for trading with the enemy, my focus will not be on those seized. Rather, the focus will be on the ease and speed with which I.G. Farben was able to reform their cartels, aided by the laissez faire economic policies of Harding, Coolidge and Hoover.

During the war, corporations reaped fat profits. With the lifting of wartime controls in 1919, business leaders craved a chance to get back to normal. Prices had been frozen during the war, and before the war, Teddy Roosevelt had pursued a policy of breaking up monopolies. The only threat to reestablishing their monopolies and domination of the economy came from the new labor movement, and communism. In the aftermath of the 1919 Red Scare, the pro-business candidate, Warren Harding, was elected president, setting the stage for the rebuilding of the cartels.

World War I should have taught the allied nations that Germany used international cartels as its spearhead of aggression. The German military mind long understood the concept of total war. The father of modern German militarism, Karl von Clausewitz, best summarized the concept:

"War is no independent thing, the main lineaments of all strategic plans are of a political nature, the more so the more they include the totality of War and State. Disarm your enemy in peace by diplomacy and trade if you would conquer him more readily on the field of battle."⁵

This philosophy of war and peace became a cornerstone of Germany's political and economic interactions with other nations. The history of I.G. in the twentieth century is one of support for German military adventurism. It consistently advanced German military plans, and subordinated its own financial interests to German nationalistic aims.

With the ink hardly dry on the armistice agreement, the *New York Times* received a dispatch from its Berlin correspondent on December 1, 1919 stating:

"The firms composing the German dye trust have decided to increase their capital to the extent without parallel, I believe, in the history of German industry. The trust which consists of three great and four minor concerns in the industry, valued at, roughly, 15,000,000,000 marks, is extending for two reasons: It is determined to reassert German supremacy in the dye industry; in the second place, there is the question of nitrate, so important for the agricultural life in the country.

The trust is aiming at making the fatherland independent of foreign supplies and to increase production so that it will be able to export large quantities."⁶

The First World War pointed out deficiencies in Germany's armor. I.G.'s

activities in the inter-war period must be understood to understand how U.S. corporations willingly hampered the war effort in the 1940s. From 1919 onward, I.G. pursued a path of re-establishing its dominance. I.G. Farben continued to use the same methods it had used successfully in the first war as well as newer forms of the cartel. Several I.G. developments in the inter-war period, such as Buna rubber, the production of gasoline from coal, as well as aluminum and tungsten carbide production, would figure prominently in WWII.

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The mindset of I.G., and its use of patents and cartels to establishing a German empire, is best illustrated with the example of Bayer 205. Bayer 205, or Germanin, was announced in 1920 as a cure for sleeping sickness. Through indirect channels, I.G. made an offer to the British government: to exchange the secret of Germanin for the return of German colonies in Africa lost in WWI. The British government refused the exchange. However, the resourcefulness of I.G. was preserved in a British medical Journal in 1922:

"A curious illustration of German desire, not unnatural in itself, to regain the tropical colonies lost by the folly of the rulers of the German Empire, is afforded by a discussion which took place at a meeting of the German Association of Tropical Medicine at Hamburg. The Times correspondent in Hamburg reports that one of the speakers said that Bayer 205 is the key to tropical Africa, and consequently the key to all the colonies. The German Government must, therefore, be required to safeguard this discovery for Germany. Its value is such that any privilege of a share in it granted to other nations must be made conditional upon the restoration to Germany of her colonial empire."⁷

The intent of I.G. and Germany could hardly be masked in such a report. An even more ominous warning appeared in 1925:

"In open violation of the Treaty of Versailles the Germans shipped munitions to the Argentines. Rottweil (I.G's wholly owned subsidiary) still makes and sells excellent military powders, and German factories for munitions have been built or openly offered to build in Spain, Argentina, Mexico,etc."⁸

Article 170 of the treaty specifically prohibited German export or import of armaments or munitions. Both the British and American State departments were aware of the violation. British Imperial Chemical Industries refrained from lodging any protest as it was locked into a cartel agreement with Farben. America, locked in the grip of isolationism, simply ignored the violation.

In 1926, the German army formed the Economic High Command. Robert Strausz-Hupe summed up its express purpose as follows:

"Studying the deficiencies of German economy and laying plans for

transforming it into Wehrwirtschaft Rapid conquests alone could provide new resources before Germany's reserves, accumulated by barter, ruthless rationing, and synthetic chemistry, had been exhausted in the initial war effort.

These new resources could then be poured into the war machine, rolling on to ever larger territorial conquests, and as long as it kept on rolling, the economy of greater space need never fear a crisis."⁹

I.G. had direct and indirect communication channels opened with the Economic High Command. Farben policies were adjusted to accommodate the High Command's plans. In 1932 Colonel Taylor of du Pont reported:

"One of the motives back of the French proposal, that all countries should establish a conscription, is to upset the present German system of handling their Reichswehr. The Reichswehr is limited to 100,000 men of 12 year enlistment, and it would appear reasonable to suppose that there should be at present a number of soldiers around the age of 33 or 34; the fact is that when one meets a soldier of the Reichswehr he is a young man in the early twenties, and it is pretty well accepted that there are several men available under the same name and hence training much larger number of men than permitted."¹⁰

During the 1920's there were over a hundred secret treason trials in Germany of journalists and others who revealed the truth. Quoting Dr. H.C. Englebrecht. and F.C. Hanighen:

"It would seem then that despite the Versailles treaty that Germany is again a manufacturer and exporter of arms. This interference is confirmed by various incidents from the past ten years. There was the Bullerjahn case of 1925. On December 11, 1925 Walter Bullerjahn was sentenced to 15 years in prison for treason. The trial was held in secret and the public was excluded. Both the crime with which the condemned was charged and the name of the accuser were kept deep and dark secrets. After years of agitation by Dr. Paul Levi and the League for Human Rights, the facts were finally disclosed. The accuser was Paul von Gontard, general director of the Berlin-Karlsruhe Industriewerke, the same man who used the French press in 1907 in order to increase his machine gun business. Gontard had been establishing secret arsenals, contrary to treaty provisions, and this fact was discovered by the Allies. Gontard disliked Bullerjahn and had serious disagreements with him. In order to get rid of him he charged him with revealing to the Allies the fact that Gontard was secretly arming Germany. This was termed treason by the court and Bullerjahn was condemned, although not a shred of evidence was ever produced to show his connection with the Allies. The exposure of the facts in the case finally brought the release of Bullerjahn."

"A little later Carl von Ossietzky, the courageous editor of the Weltbuehne, was convicted by a German court of treason because he had revealed military secrets in his journal. The secrets he had published were

closely related to the secret rearming of Germany contrary to treaty provisions.

There is also some evidence that Germany is importing arms and munitions from other countries. In a confidential report of the exports of Skoda for 1930 and 1931, classified by countries, Germany appears as importer of comparatively large amounts of rifles, portable firearms, aero engines, nitrocellulose, dynamite and other explosives."¹¹

The previous quotes should have alerted the astute reader to one simple fact that has been blurred by time: Hitler had the support of the ruling class as early as 1923. The reader should recall, from Chapter I, that Hitler was instructed to attend a meeting of what evolved into the Nazi party by his commanding officer.

Hitler in fact, was guilty of a far more serious crime, armed rebellion, but received a much lighter sentence than Bullerjahn. Hitler served less than two years in prison. Nor was Hitler's imprisonment particularly harsh. A more fitting description would be of a hotel with room service. No amount of propaganda can cover up the difference in fate of Hitler and Bullerjahn. Without the support of the elite in Germany, Hitler would have suffered the same fate as Bullerjahn.

At the time of the Beer Hall Putsch, the Nazis were only a minor party. In fact, the reason the putsch failed was due to a lack of popular support Hitler had counted on. As already noted, there were hundreds of trials for treason with the defendant receiving harsh sentences. None were released from prison early without the special assistance of outside world opinion. Few people outside of Germany had ever heard of Hitler in 1923.

In a memo dated March 22, 1932—a full year before Hitler assumed power—the files of J.K. Jenny, of the Foreign Relations Department of du Pont, reveals that I.G. and other German industrialists financed Hitler:

"It is a matter of common gossip in Germany that I.G. is financing Hitler. Other German firms who are also supposed to be doing so are Krupp and Thiessen. How much truth there is in the gossip we are unable to state, but there seems to be no doubt whatever that Dr. Schmitz (director-general of I.G.) is at least a large contributor to the Nazi Party."¹²

The previous series of quotes clearly establishes the complacency of the three American administrations of the 1920s towards German violations of the Treaty of Versailles.

The quotes also establish the ever-increasing role of I.G. as an agent of the German government, culminating with I.G. support of the Nazis. Further, the quotes leave no doubt that these administrations were aware of the violations as well as the intent of I.G. to re-establish its hegemony.

Isolationist policies of the 1920s

Republican administrations were clearly a dismal failure that provided a fertile environment for rebuilding Germany's war machine. The last quote establishes that I.G. was a supporter of the Nazis at least a full year before Hitler seized power. One

can only speculate as to when I.G. began to support Hitler, but I.G. had a long history of supporting German nationalism, as the quotes above show. Perhaps the most alarming feature of the quotes is I.G.'s increasing boldness and aggressiveness in violating the treaty. By the mid 1920s there were clear signs Germany was preparing for another war.

Even more grievous than the complacency towards to violations of the Treaty of Versailles was the complacency of Republicans to the rebuilding of I.G. domestically. To fully grasp the full extent of this, a brief look at the economic environment following WWI is needed.

The war's end saw a U.S. pullback into Fortress America, and the imposition of a strict right wing isolationist policy despite the best efforts of an ailing President Wilson to bring us into the League of Nations. The United States had the opportunity to seize a leadership role in the world, but instead retreated.

Compared to European countries, for the U.S. the war was short, and we didn't suffer the staggering number of casualties they did. The resulting isolationism was far too widespread to have been caused solely by war losses. Although it went hand in hand with nativist groups, the resulting isolationism went far beyond fringe groups. It would be more appropriate to describe the resulting isolationist fever as mass psychosis. This was as much a product of nativism as it was a product of media manipulation by corporate America.

From 1900 until the end of the war in 1918, big business took several blows. First and foremost during this time was the trust busting administration of Teddy Roosevelt. Second, price controls enacted during the war restricted corporate profits. Senate investigations into war profiteering would extend into the 1930s. Finally, unionism was perceived as a threat by big business, and largely portrayed as either communism or the product of dirty foreigners.

To the business leaders of the time, getting back to normal meant nothing more than getting back to the days of robber barons, trusts, and cartels free from government intrusion and unionism. The laissez faire economics of the three 1920s Republican administrations was what corporate America was seeking.

As indicated in the quotes above, cartel agreements with I.G. Farben were anti-competitive, and used to establish monopolies. In essence, anti-competitive agreements were used to increase profits of larger firms at the expense of smaller firms and the consumer. Such agreements were the anti-thesis of Teddy Roosevelt's trust busting days, and a free enterprise system.

However, to the business leaders of the 1920s, competition was a dirty word. Competition had to be avoided as much as unionism. In the view of leading industrialists of the time, competition was destructive. Thus the empire builders of the 1920s were eager to enter into such agreements, and the policies of successive Republican administrations willingly turned a blind eye towards anti-competitive practices.

Part 2: Economic Warfare & Traitors in High Places

The full extent of I.G. Farben's disruption of the war effort during the first world war can be seen by the number of patents seized during the war. After U.S. entry into the war, an Alien Property Custodian (APC) was established. The APC seized a total

of 12,300 patents. Of these, 5,000 covered chemicals, pharmaceuticals, and munitions.

Without a doubt, the most crucial problem facing the US during W.W.I was our dependence on Chile for nitrates. Nitrates are essential for manufacturing TNT, picric acid and other explosives. The dependence on a limited supply of Chilean nitrates was detailed in the 1915 annual report of the Chief of Ordnance. Not only were the shipments vulnerable to German submarine attacks, but many of the Chilean companies were controlled by German interests.

The Germans had eliminated their dependence on Chilean nitrates. With the development of the Haber process, nitrates could be made from atmospheric nitrogen, and by 1913 Germany had a 10,000-ton capacity plant at Oppau. In 1916, Congress appropriated money for the construction of four large synthetic nitrate plants. At the time, there were 250 patents on synthetic nitrogen, all German owned. These patents became subject to license under wartime legislation. A nitrate plant was constructed at Sheffield, Alabama costing \$13 million. This plant had an annual projected capacity of 9,000 tons of ammonia and 14,000 tons of nitric acid. The plant proved useless, as the German patents did not contain the composition and preparation of the catalyst.¹³

The importance of nitrate production during W.W.I is comparable to the importance of synthetic rubber production in the second world war. In both cases, the Germans controlled the process through patents and cartel agreements.

Perhaps one of the more illuminating cases of how I.G. hindered the war effort is the case of Dr. Hugo Schweitzer. Schweitzer was an American citizen, and head of the Bayer Company. He also became head of German espionage in America, and was known in Berlin as No. 963,192,637. Schweitzer was interned after America's entry into the war, but was able to conduct a highly effective industrial espionage campaign before that. The words of his superior, Dr. Albert, sums up Schweitzer's efforts best:

"The breadth of high-mindedness with which you at that time immediately entered into the plan has borne fruit as follows: One and half million pounds of carbolic acid have been kept from the Allies. Out of this one and a half million pounds of carbolic acid four and one-half million pounds of picric acid can be produced. This tremendous quantity of explosive stuffs has been withheld from the Allies by your contract. In order to give one an idea of this enormous quantity the following figures are of interest:

Four million five hundred thousand pounds equals 2,250 tons of explosives. A railroad freight car is loaded with 20 tons of explosives. The 2,250 tons would, therefore, fill 112 railway cars. A freight train with explosives consist chiefly of 40 freight cars, so that 4,500,00 pounds of explosives would fill three railroad trains with 40 cars each.

Of still greater and more beneficial effect is the support which you have afforded to the purchase of bromine. We have a well-founded hope that, with the exclusion of perhaps small quantities, we shall be in a position to buy up the total production of the country. Bromine, together with chloral, is used in making nitric gases, which are of such great importance in trench warfare. Without bromine these nitric gases are of slight effect; in connection with bromine, they are of terrible effect. Bromine is only produced in the United

States and Germany. While therefore, the material is on hand in satisfactory quantities for the Germans, the Allies are entirely dependent upon importation from America." 14

Schweitzer's work not only shows how I.G. was an integral part of the German war machine, but also illustrates that German espionage was centered around German immigrants. The author does not wish to imply that all German immigrants were traitors, as the vast majority were citizens loyal to their adopted country. However, during both wars, German espionage relied heavily on German immigrants. As an example, the German spies apprehended landing on Long Island during W.W. II had all previously lived in the United States. As the quote above shows, those immigrants who chose to remain loyal to their fatherland had a considerable impact hindering the war effort.

Upon Schweitzer's death government agents searching his apartment found an unpublished article entitled "The Chemist War". In this document Schweitzer details Germany's plan for self-sufficiency, and foretells the importance of its scientific advances for the next war. These excerpts from the article shows that Schweitzer was fully aware of the importance of Germany's scientific advances to German empire building.

"Next to steel and iron, aluminum and magnesium play a prominent part as substitutes for copper. It has been found that an aluminum-magnesium alloy posses great advantage over the latter as an electrical conductor. Magnesium is said to be useful for many purposes for which aluminum is being employed today. This is a very important discovery, because Germany has enormous supplies of magnesium chloride, a by-product of the potash industry, which has been worthless up to now.

That this new scientific achievement will prove of momentous importance appears from the fact that the great chemical works which supply the world with dyestuffs, synthetic remedies, photographic developments, artificial perfume, etc., have entered the field and have become important factors in the artificial fertilizer industry of Germany. The peace negotiations will undoubtedly culminate in the conclusion of commercial treaties between nations.

What enormous power will be exercised by the nation when possessing such universal fertilizer and practically world-wide monopoly of potash slats will have something to sell that every farmer in the civilized world absolutely requires." 15

Once again, the close association of I.G. with Germany's war machine is apparent, along with the intention of I.G. officials to use Germany's domination of the emerging organic chemistry field for world domination. Shortages during the first war created by various cartel agreements involved other companies besides I.G. Zeiss and its American partner, Bausch and Lomb, controlled production of military optics through a cartel agreement. German firms owned by Krupp controlled production of ordnance in many cases.

Before U.S. entry into the first world war, American aircraft production for the

Allies was held up by the practices of Bosch. It was not until the U.S. entered the war that any action could be taken against Bosch. The same tactics were common before the U.S. entered W.W.II.

Domestically, cartel agreements created acute shortages in the medical field. Prior to the war, over eighty percent of surgical instruments were imported from Germany. Additionally, many medicines were under complete German control, particularly salvarsan, luminal and Novocain. Salvarsan was used at the time to treat syphilis, and luminal was used to prevent epileptic seizures. There were no replacements for these drugs, and patients went untreated. The shortage of Novocain forced American surgeons to revert to operating without anesthesia.

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No better summation of the dangers cartel agreements posed to the United States exists than the State of the Union address by President Wilson on May 20, 1919:

"Nevertheless, there are parts of our tariff system which need prompt attention. The experiences of the war have made it plain in some cases too great reliance on foreign supply is dangerous, and that in determining certain parts of our tariff policy domestic considerations must be borne in mind which are political as well as economic.

Among the industries to which special consideration should be given is that of the manufacture of dyestuffs and related chemicals. Our complete dependence upon German supplies before the war made the interruption of trade a cause of exceptional economic disturbance. The close relation between the manufacture of dyestuff on the one hand and of explosives and poisonous gases on the other, moreover, has given the industry an exceptional significance and value.

Although, the United States will gladly and unhesitatingly join in a program of international disarmament, it will nevertheless, be a policy of obvious prudence to make certain of the successful maintenance of many strong and well equipped chemical plants. German chemical industry, with which we will be brought into competition, was and may well be again a thoroughly knit monopoly, capable of exercising a competition of a peculiarly insidious and dangerous kind." 19

It is obvious from this quote that the danger posed by cartels and their monopoly agreements was well known at the highest levels of government. The most stunning aspect of the aftermath of W.W.I was the speed at which I.G. Farben re-established its cartel agreements. These re-establishments could only have occurred with the full cooperation of Republican administrations and the leaders of corporate America.

Even during the peace conference, there were those in this country whose actions were fraudulent, if not treasonous. Throughout the war, lawyer John Foster Dulles sought to protect the assets of the Kaiser from seizure by the Alien Property Custodian. Dulles sought to derail the peace conference by looking for bribes, and

misdirecting clients. As a member of the post war U.S. War Trade Board, Dulles had good information for sale. He was well aware that German bribes went all the way to the Harding administration's crooked Attorney General, Harry Daugherty. In a later corruption trial, Daugherty's defense counsel pointed out there was a bigger crook behind the bribery scandal, John Foster Dulles:

"[Dulles] who strutted about the Peace Conference promoting himself as (Secretary of State) Lansing's nephew while carrying a bag — looking for a bribe — misdirecting his clients and comporting himself as a man who should be disbarred."²⁰

The importance of the quote cannot be underestimated. It clearly establishes a right wing element at the peace conference that was willing to sabotage the interest of the American people for personal, private gain. Dulles continued to work his mischief in the corrupt Harding administration, and had access to its highest levels of power. Later, as W.W.II approached, he and his brother helped conceal Nazi ownership of, and involvement in, American corporations from the U.S. government.

Daugherty was not the only Harding administration member seeking to form alliances and cartel agreements with I.G. Farben. Prior to becoming Secretary of the Treasury, Andrew Mellon controlled interests such as Alcoa, and formed several cartel agreements with I.G. Farben. Mellon's support of fascism went further than just cartel agreements with German firms. Mellon was a supporter of several pro-fascist groups in the 1930's, and was part of the fascist plot against FDR in 1934.

One must keep in mind the links between top Republican administration officials of the 1920's if one is to understand the roots of American fascism. Mellon and Daugherty were not the only officials sympathetic towards I.G. and Germany. There were many more, some of whom became Nazi supporters in the 1930s.

In addition to supporters within the government, I.G. found a multitude of support on Wall Street. Many from Wall Street would later rise to high positions within the government, particularly in the OSS during the war, and as economic advisors during the post war denazification period.

By the end of the first war, it was quite obvious to all how dangerous cartel agreements with I.G. were, and how such agreements had hindered the U.S. war effort. These agreements were anti-competitive, and a violation of trust and monopoly laws. They also violated numerous sections of the Alien Property Act. However, during the Harding administration, individuals openly sympathetic to I.G. and German interests headed the two cabinet positions charged with enforcing these laws, the Departments of Justice and the Treasury. Mellon was Secretary of the Treasury throughout the Harding and Coolidge administrations, and through most of the Hoover administration.

Holding his position throughout the 1920s, Mellon was able to quash almost all investigations into reforming cartels. Thus, by the end of the 1920s, I.G. had regained control over all its assets seized by the Alien Property Custodian. In fact, the Mellon-owned Alcoa Corporation signed a cartel agreement with I.G. while Mellon was still in the government.

The full ramifications of actions by top 1920's Republican administration officials, and the resulting hindrance of W.W.II, is immeasurable. Because of cartel

agreements signed in the 1920s, the supply of many vital materials was hindered, causing shortages and production delays of munitions during W.W. II. Particularly damaging was a shortage of aluminum due to the cartel agreement entered into by Alcoa. Only recently has information become available that sheds light on how damaging agreements signed in the 1920s were to the war effort in the 1940s as the quote from a recent article on *Newweek.com* shows below.

The fresh look at wartime culpability may extend to other American icons. In 1940 one of the nation's most prestigious law firms, Sullivan & Cromwell, joined together with the Wallenberg family of Sweden—famed for producing Raoul, a Holocaust martyr who saved Jews in Budapest—to represent Nazi German interests, says Abe Weissbrodt, a former Treasury Department lawyer who prosecuted the case in 1946.

Sullivan & Cromwell drafted a voting trust agreement making the Wallenbergs' Enskilda Bank a dummy owner of the U.S. subsidiary of Bosch, a German engine-parts maker, so the Nazis could retain control. The papers were drawn up by John Foster Dulles, a Germanophile who later became secretary of State and whose name today graces Washington's international airport. (The scheme worked during the war, but in 1948 Bosch was finally auctioned to a U.S. buyer.) The record is compelling in terms of warranting questions about Dulles's motives and his own allegiances," says historian Masurovsky. "One might say about him what Treasury said about Chase and J.P. Morgan, that they had allegiance to their own corporate interests and not to their country."¹¹²

Due to the prominence of Sullivan and Cromwell and the Dulles brothers in aiding the Nazis a brief look at the background of the firm and the role the Dulles played in it is needed before continuing. The firm was initially established by Algernon Sullivan in New York following the economic panic of 1857. The economic panic had bankrupted his practice in Indiana. The young Sullivan had just married a descendent of George Washington from Virginia. Before the outbreak of the Civil War Sullivan relied and built his firm on his wife's southern contacts. The reader should keep in mind these southern connections of Sullivan and Cromwell as they play an important role in the last two decades of the 20th century in moving industry from the rust belt to the south. They play a particularly important role in the financial shenanigans of the Bush family.

With the advent of the Civil War Sullivan once again saw his practice virtually destroyed. In June 1861, the confederate warship, the Savannah disguised itself as a northern vessel in an effort to capture the USS Perry. However, the Perry captured the Savannah and delivered the crew to New York. Because the United States did not recognize the Confederacy as a nation, the prisoners were treated like pirates. The prisoners if convicted of piracy would have been hanged. Sullivan took it upon himself to defend the prisoners arguing that they were prisoners of war. Against all odds Sullivan won the case.⁷⁷

In 1870, Sullivan went back to private practice in the firm of Sullivan, Kobbe and Fowler. Here Sullivan meet Cromwell, who was employed as a bookkeeper. Recognizing Cromwell's talents Sullivan offered to send Cromwell to Columbia's Law

School. Cromwell accepted the offer and after Kobbe and Flower had left Sullivan formed Sullivan and Cromwell. The firm soon flourished. After the death of Sullivan, Cromwell chose Following the death of Sullivan, Cromwell hired William Curtis as a partner and began focusing the firm on business law.

The year after Sullivan's death Cromwell had Curtis, a New Jersey resident work behind the scenes to change the its laws of incorporation in New Jersey. Cromwell's package of changes in the incorporation gave much more to the corporations than to the state lowering the incorporation fees and taxes. Additionally it prevent shareholders from inspecting the corporation's books and interfering in corporate management. However, most importantly Cromwell's package allowed corporations to hold shares of other corporations. It was a package designed to sidestep the Sherman Antitrust Act of 1890.⁷⁸ In essence, Cromwell's package was a wholesale assault on the laws that held corporations in check. Only the disastrous Supreme Court ruling giving corporations the rights of a person was more important in the creation of the corporate state.

The first two companies to take advantage of the changes in New Jersey corporate law were Sullivan and Cromwell clients, the Southern Cotton Oil Company and the North America Company. The way a firm manipulates and follows the law says a lot about the firms honesty and integrity. The way Sullivan and Cromwell handled the 1889 Louisiana Supreme Court decision outlawing the American Cotton Trust exposes how Sullivan and Cromwell viewed the law as just a tool to be manipulate for the benefit of the wealthy. The Louisiana Court had ruled the American Cotton Trust to be an illegal association, guilty of usurping, intruding into and unlawfully holding and exercising the franchise and privilege of a corporate without being duly incorporated.⁷⁹

Cromwell went to Louisiana and hired the best local lawyers to argue the appeal. They assured him they could win. Cromwell then toured the state urging members of the trusts to sell their shares to the Rhode Island Company. The Rhode Island Company was exactly like the trust but incorporated in Rhode Island which tolerated trusts. The day the appeal was to be heard Cromwell walked into court and told the court that the company had been dissolved. Local officials were outraged at Cromwell's action and threatened to jail him. Cromwell wisely left town that afternoon. Cromwell then had Curtis do the same thing in Texas for the local cotton oil trust.

In 1901 J. P. Morgan used Sullivan and Cromwell to organized U.S. Steel, the first American corporation with more than one billion dollars capitalized. Previously Sullivan and Cromwell had organized National Tube Company for Morgan. In 1906 Harriman sought help from Sullivan and Cromwell in gaining control over the Illinois Central Railroad. The president of Illinois Central realized the value of the north south route of his railroad in adding to the Harriman holdings of major east-west routes and had gave the governor of Illinois a seat on the board and organized small shareholders against a Harriman takeover. In the mounting proxy fight, Cromwell forged alliances with two board members leaving Cromwell short one vote for a board majority. He then offered another board member the job of president of the company if he would help oust the current president. In the vote of proxies Cromwell shouted from the floor demanding the current president cast his votes in favor of the Harriman takeover. In news that made the front page of the *New York Times*

Cromwell made a spectacle of the meeting after being attacked by the small shareholders against the takeover. After the meeting Cromwell announced that there would be a board meeting in November that will elect officers of the railroad and that anyone could draw his own conclusions. Cromwell and Harriman nursed their wounds for three weeks. The board meeting was set in New York on election day deliberately to deter the governor of Illinois from attending. The governor reluctantly attend the meeting to no avail, Cromwell and Harriman controlled the board. Once again we see how Sullivan and Cromwell worked against the majority of small holders manipulating the system to the benefit of one of the most notorious robber barons.⁸⁰

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Sullivan and Cromwell was instrumental in helping manipulating utility owners place rising profits in holding companies that by 1920s had given the control of three fourths of the nations electric business to just ten companies. For its client Union Electric, Sullivan and Cromwell created over 1000 subsidiaries. The subsidiaries were in turn controlled by one or two individuals. Instead of issuing common stock the subsidiaries issued only bonds and preferred stock that didn't carry any voting rights.⁸¹

Using the tricks developed for the utilities Sullivan and Cromwell applied them to the National Dairy Products Company. National Dairy had aquired a string of regional dairies across the country and in 1930 acquired Kraft-Phoenix Cheese Company. Through the manipulative efforts of Sullivan and Cromwell a localized industry was transformed into a multi-national conglomerate known as Kraft.

By 1900 Sullivan and Cromwell had emerged as the law firm of the robber barons. In the examples already given it is clear Cromwell was willingly to use unethical means to achieve victory for any client that could afford his fees. Additionally Cromwell worked behind the scenes to weaken corporate laws. It was at this time Cromwell developed an interest in the Panama Canal. It was also around this time, 1911 that John Foster Dulles joined the firm. Dulles' grandfather John Watson Foster, a former Secretary of State had urged Cromwell to hire his grandson. The elder Foster had known both founding partners and had clerked for Sullivan when he was in Ohio.

By writing a pamphlet urging that American ships passing through the canal should have free passage the young Dulles got the attention of Cromwell. The firm was impressed at the contacts his contacts. Sullivan and Cromwell was the Panama's fiscal agent at the time. WWI broke during John Foster Dulles' third year at Sullivan and Cromwell. To take advantage of the war Dulles volunteered to travel to Europe to sell risk insurance for American Cotton Oil Company's European shipments.

In 1915, Dulles' uncle Robert Lansing was appointed Secretary of State. Lansing recruited his nephew to go to Nicaragua, Costa Rica and Panama on the pretext of company business but in reality to sound out the Latin Americans on aiding the US war effort. Costa Rica was led by the vicious dictator Federico Tinoco. Dulles advised Washington to support the dictator as he was anti-German. Dulles also encouraged the Nicaragua dictator Emiliano Camorro to issue a proclamation suspending diplomatic relations with Germany. In Panama Dulles offered to let Panama waive the tax on its annual canal fee as long as Panama would declare war on Germany.

With his success in Central America, Dules was commissioned as a captain for a position in military intelligence working for the war trade board. While on the trade board Dulles recommended installing a new leader in Cuba voiding the recent election. Dulles concern was not for the welfare of the citizens of Cuba but for the thirteen Sullivan and Cromwell clients that held huge sugar interest in Cuba. President Wilson refused to unseat the current government of Cuba but did send 1,600 Marines to protect American sugar interests.

During the war Cromwell had lived in Paris. It was John Foster Dulles dealings during the peace negotiated that he rose in stature in the eyes of Cromwell. Cromwell would remain in Paris and was impressed with Dulles work on the behalf of Germany. While in Europe after the war Dulles met with the Merton brothers in Frankfurt. The Mertons need copper for their Metallgesellschaft business. Dulles arranged a large loan through Goldman Sachs for the Mertons to import American copper. It was this deal that lead to charges against the attorney general Harry Daugherty. Dulles was forced to testify at the trial. He could plead innocent as Goldman Sachs backed out of the deal.

However, the real story of treason by the Dulles brothers and Sullivan and Cromwell begins with the ending of the first world war. Cromwell would remain in Paris and John Foster Dulles while not formally in charge of the New York office would be the force to be reckoned with in New York. Several Wall Street firms figured prominently in guiding investments into Germany, in the 1920s as well as the 1930's Nazi Germany. However, almost all deals would involve the services of Sullivan and Cromwell.

Coinciding with the Dawes Plan which is discussed elsewhere in this chapter John Foster Dulles arranged a large loan for Krupp. For the loan Dulles had called Leland Harrison, assistant secretary of state on a Saturday to soft pedal the item in the news. Harrison was infuriated because the department had issued a circular asking to see foreign loans before American funds were exported. Dulles knew however, that Harrison had no authority to stop the loan. Dulles wanted to avoid the State Department's scrutiny as to whether German factories were producing military hardware. Sullivan and Cromwell at Dulles behest accepted the assurances of Krupp that all military hardware had been destroyed.

The Krupp loan opened a new era at Sullivan and Cromwell. It was the start of a massive investment in Germany by US banks. Banks competed with each other for the services of the firm in arranging German loans. Within a year America had lent Germany \$150 million. Such massive lending worried both the German and the United States government. The State Department privately warned bankers and lawyers of the growing indebtedness of Germany. Dulles actively promoted the loans. Sullivan and Cromwell supervised an endless stream of German bonds. Many of the prospectuses contained errors and had never been proof read due to the frantic pace. Other were deliberately deceptive. A Bavarian bond prospectus began "Bavaria has an excellent credit history." However, Bavaria had defaulted on its debt the year before.⁸² Almost seventy percent of the money flowing into Germany during the 1930s came from U.S. investors.

Dulles derived much of his profits and his clients' profits from investments in Nazi Germany. In the 1930s Dulles set about creating an incredible interlocking financial network between Nazi corporations, American Oil and Saudi Arabia. Here

Allen had help from his brother Foster. Perhaps the best-known deal arranged by Dulles was between I.G. Farben and Standard Oil of New Jersey. What is generally not known Farben was the second largest shareholder in standard Oil of New Jersey, second to only John D. Rockefeller himself.¹¹³ Another Rockefeller controlled corporation that Dulles worked to protect was the Rockefeller corporation United Fruit, both United Fruit and Standard Oil of New Jersey continued to trade with the Nazis after the out break of war.

In the 1930s Dulles arranged for the wealthy Czech family, the Petscheks to sell their interest in Silesian Coal to George Mernane. Mernane was used merely to hid the Petscheks interest. Dulles then sold the shares to his friend Schacht, the Nazi economic minister. After the sale Dulles became director of Consolidated Silesian Steel Company. Its sole asset was a one third interest in Upper Silesian Coal and Steel Company. The remainder of the shares were controlled by Fredrich Flick.⁸³ This was one of the companies seized from Prescott Bush for trading with the enemy.

Allen Dulles role at Sullivan and Cromwell soon developed into that of a fixer. The Mellons hire him to convince the Colombian government not to confiscate its investments in Colombian rich oil and mineral fields. He did so by rigging the 1932 Colombian presidential election.

By 1934, John Foster Dulles was publicly supporting the Nazi philosophy. In 1935, he wrote a long article for the Atlantic Monthly entitled "The Road to Peace." He excused Germany's secret rearmament as an action taking back here freedom. Knowing what he did about Inco and Germany's munitions industry Dulles was misleading in asserting Germany's, Italy's, and Japan's desires for peace. Later in the 1930s Dulles helped organize the American First group. A month before Pearl Harbor he donated \$500 to the group. Later he would claim no association with the group.⁸⁴ Dulles continued his support of the Nazi line right up to the time Germany invaded Poland. Dulles excuse for the Poland invasion was much like blaming the victim for the crime.

After the bombing of Pearl harbor, it was John Foster Dulles who wrote company policy on the rehiring of those that left to fight. Dulles refused to guarantee that they could return to their former positions. Nonetheless, over half the firm enlisted including four partners and thirty-five associates. Many of the enlistees were assigned top level positions in the OSS. In an act of poetic justice, Dulles refusal to guarantee the enlistees jobs back up their return from service came back to haunt him in his 1950 race for the Senate. It figured prominently in his defeat.⁸⁵

With the outbreak of WWII Dulles image was severely tarnished from his praise of Nazi Germany. Throughout the war he stayed home and used sanctimonious pronouncements to rebuild his image. However, John Foster was not about to give up his secret Nazi ties.

3

The most significant action of Dulles during the war crippled America's war effort severely. The military depended upon diesel motors for trucks, tanks, submarines, ships, and aircraft. There was no substitute for the direct fuel injection in diesel engines. While the US plotted to bomb Nazi diesel plants in German, the legal maneuvers of John Foster Dulles at the helm of Sullivan and Cromwell

prevented America from manufacturing more efficient diesel engines at home.

In 1934, Dulles handed the legal end and George Murnane the operational end. Together they fabricated a deal in which the Bosch company sold its international interests to the Mendelssohn company of Amsterdam with a right to repurchase them at a later date. In 1935, Murnane joined the board of directors of the American Bosch Company. Fritz Mannheimer the head of Mendelssohn was a German agent. In 1937, Murnane became chairman of the board at American Bosch. Through this period, the American Bosch Company tried to get the German company to reduce the five percent royalty it paid. To induce the German company to agree American Bosch volunteered information about costs, selling prices and other competitive data. The Nazi government was delighted in the exchange of data as it provided them a blueprint of American war production prior to the US entry into the war. As war approached the Nazis sought to further camouflage the true owner of American Bosch and another sale was arranged by Dulles and Murnane to the Wallenbergs of Sweden. Besides the critical fuel injectors Bosch also produced walkie talkies for the Third Reich.

To further conceal the German ownership, Dulles fabricated a maze of corporations that seemed American without transferring power outside of Germany. He had the Wallenbergs put their shares in Providentia, a Delaware corporation. Dulles was the sole voting trustee of the corporation and had full authority to dispose of the shares. In July 1941, the Navy department approached American Bosch on behalf of Caterpillar intention to manufacture diesel equipment. American Bosch responded that it was willing to modify its exclusive rights however, the corporation's rights were indivisible and thus unable to grant the request. In May 1942, American Bosch was confiscated under the Alien Property Custodian. A secret government document dated October 11, 1944 concluded that Dulles must have certainly known that American Bosch was German own.⁸⁶ Nevertheless, Dulles was successful in delaying the widespread manufacturing of diesel engines for five years in the critical period when America sought to rebuild its military might.

The Justice Department antitrust lawyers found Other Sullivan and Cromwell clients were prominent among the causes of bottlenecks in war production. Prosecution however, had to be delayed until the end of the war otherwise war production would have suffered adversely. In 1946 the chemical companies signed a consent decree paying a minimal fine of five thousand dollars. A list of those who faced or signed consent decrees reads like a list of Fortune 500: Allied Chemical, American Agricultural Chemical, and Merck.

The question of how extensive the work of John Foster Dulles acting, as a middleman in setting up deals between the rich and the Nazis cannot be answered with any great certainty. However, Ronald Pruessen assembled documents from the State Department, in which Dulles acted as a fixer or middle man that indicates the total was more than one billion dollars. It is important to note that the total is only for deals, which Prussen uncovered and that it is a floor value. The total is mostly likely greater as it is unlikely that the State Department would have been aware of all of Dulles's deals.¹¹⁴

While today a single B2 bomber costs more than one billion dollars, it is important to put the value of a billion dollars in the 1930s into context. The table below list the gross domestic product and the gross domestic private investments

throughout the 1930s.

Year	GDP	GDP ^I ¹¹⁵
1929	103.8	16.7
1930	91.1	10.6
1931	76.4	5.9
1932	58.6	1.1
1933	56.2	1.7
1934	65.9	3.7
1935	73.1	6.7
1936	83.6	8.7
1937	91.8	12.2
1938	85.9	7.1
1939	91.9	9.3
1940	101.2	13.6

GDP= Gross Domestic Product, GDP^I= Gross Private Domestic Investment
Numbers given in Billions

One billion dollars during the 1930s ranged from ten percent to a high of two percent. Moreover, it ranges from ten percent to one hundred percent of the money domestically invested in the United States by the private sector. The money Dulles siphoned from the American economy to invest in Nazi Germany undoubtedly prolonged and deepened the depression. To put it onto another perspective, in 1940 the Nazi war machine's budget was about five billion marks, in effect the amount of money Dulles had invested would have been enough for almost an entire year for the Nazi war machine.

Likewise, Commerce Department records shows that investments in Germany increased 48.5% from 1929 to 1940.¹⁷ Additionally many US firms bought direct interest in German firms and in turn plowed the profits back into the Aryanization (seizing of Jewish firms) or arms production. Among those firms are International Harvester, Ford, GM, Standard Oil of New Jersey and du Pont.

In the 1944 election campaign, Dulles advised Dewey to reject the issue of deploying US troops under the command of UN causing a break in allied relations. Dulles was also responsible for the extremist remark in Dewey's campaign that FDR had weaken the Democratic Party so badly that it was readily subject to capture by communist forces. Dulles also wanted to charge FDR with unpreparedness in the bombing of Pearl Harbor. However, cooler heads prevailed with George Marshall contacting Dewey and advising him on not revealing the secret of Magic.⁸⁷

Besides his close ties to Dewey, John Foster Dulles wormed his way into republican politics by befriending Arthur Vandenberg, a staunch isolationist from Michigan. Vandenberg collaborated with Dulles on foreign policy portion of the Republican platform in 1944. It was at Vandenberg's insistence that Dulles accompanied him to the San Francisco organizing meeting of the United Nations. Dulles promptly leaked information on the bipartisan agreement poisoning the agreement and negotiations.

In the 1950s John Foster Dulles testified at the first Hiss trial that he had asked Hiss to accept the position of president of the Carnegie Endowment for Peace. However, in the second Hiss trial Dulles denied it. Instead of Dulles being charged with perjury for the inconsistency of his testimony in the two trials, the inconsistency was blamed on Hiss.

Dulles was also instrumental in getting Eisenhower to run on the Republican ticket for president at the urging of General Clay. Dulles had lost his earlier chance to become secretary of state in Dewey's lost and was eager for a second chance. Before leaving for Europe to meet with Eisenhower, Dulles studied his background. Ike was extremely popular with the public and was well known for his aversion to American casualties but was viewed as weak on foreign policy. Dulles flew to Europe to meet with Eisenhower. In the Paris meeting Dulles playing on Eisenhower's aversion to American casualties Dulles urged Ike that the modern strategy of maintaining peace was through massive retaliation with nuclear warheads to frighten enemies from attacking and keeping American boys from dying. Eisenhower was impressed with Dulles views and foreign policy was never discussed.⁸⁸ The meeting cinched Dulles appointment as secretary of state in the Eisenhower administration.

In essence, the person that arranged more deals with the Nazis than any other person had hand selected the next American President and appointed himself as secretary of state.

In 1951, the Federal Trade Commission produced a 400 paged secret report which detailed the history of collusion in the oil market exposing their cartel agreements around the globe. However, it wasn't until 1952 that an internal Justice Department memo noting the existence of the cartel agreements among the seven largest oil companies were in violation of US antitrust laws. The delay was beneficial to the oil companies as the incoming Eisenhower administration was more friendlier to business than the Truman administration. Truman had stated was guilty of Standard Oil with treason as a senator.

On January 11, 1953 the Justice Department offered to drop criminal charges and only press a civil suit if they would produce the documents requested for the criminal case. Arthur Dean the attorney for the oil companies refused the offer. Dean was another Sullivan and Cromwell lawyer.⁸⁹ The reader should be well aware that this case was a case that the oil companies had to keep from coming to court. Once in court the dealings of Standard Oil of New Jersey and other oil companies with the Nazis during the war would likely have been exposed. Dean later in the Eisenhower administration was chosen to negotiate the return of POWs in Korea.

Both Dulles brothers played a role in obstructing the Standard case before the courts. Using the National Security Council, John Foster Dulles used the agency to screen evidence and segregate from public disclosure evidence that he viewed as having national security implications.

The Eisenhower administration was packed with Sullivan and Cromwell employees. Another Sullivan and Cromwell lawyer, Norris Darrell wrote the Internal Revenue Code of 1954.

As Secretary of State, Dulles used Sullivan and Cromwell to help carry on his support for former Nazi businessmen. He supported Everett Dirksen, the Republican Senate leader's bill to return all the property held by the Alien Property Custodian to its previous owners. The value of the property confiscated was worth up to \$200

million. The former allies were horrified of the proposal. Holland held \$100 million confiscated from the Nazi, a small fraction of the damage they had done.

Dulles tried to get the attorney general to postpone the sale of Hugo Stinnes Corporation, which held assets of the coal king of the Rhur. Legally anyone could bid on the property. Dulles arranged through Arthur Dean the bidding in such a way only Germans could bid. There was only one bidder, the Deutsche Bank of Frankfurt. The role that Dean and Dulles played in the sale remains classified.⁹⁰

The Dulles brothers used their positions at Sullivan and Cromwell to rise to prominent positions inside the United States but also to key positions that aided their financing of Hitler's war machine. John Foster Dulles rose to become a director of I.G., while his brother Allen was on the board of a leading German bank that became closely associated with the Nazis. Both were masters at drawing up arrangements to conceal the involvement of American corporations with the Nazis. Following W.W.II, as head of the CIA, Allen Dulles was in the ideal position to continue the cover up of American corporate involvement with the Nazis, as well as helping scores of Nazi war criminals escape justice.

Following the first war many large American investment firms and corporations invested heavily in Germany. In return for their dollars, they received bonds backed by shares in a Swiss holding company that owned shares in German banks. The banks, in turn, held shares in major German corporations that owned some of the world's most valuable patents. The German banks in effect held a worldwide monopoly on high-tech. There was even talk of setting up a worldwide patent cartel in Germany so American investors could escape U.S. anti-trust laws.

The Dulles brothers were also the masterminds behind the Dawes Plan, which had the support and backing of J. P. Morgan. Under the Dawes Plan, the U.S. lent Germany money to pay its international reparations to England and France. In turn, England and France repaid the U.S. For a while this financial merry-go-round was successful, and the Dulles brothers' clients reaped a financial windfall. The result of the Dawes Plan, and the Young Plan, was that from 1924 to 1931 Germany paid the Allies about 36 billion marks in reparations, but received about 33 billion marks borrowed under the Dawes and Young Plans. This resulted in the burden of German reparations being shifted to the buyers of German bonds sold by Wall Street firms at hefty commissions.

4

Besides the significant involvement of both Dulles brothers and J.P. Morgan, the General Electric corporation played a tremendous role in the Dawes Plan. Owen Young, author of the Young Plan, was a member of GE's board and part of the brain trust behind the Dawes Plan. General Electric had considerable investments in Germany, and benefited immensely from the Young Plan.

To fully understand its involvement in both ill-conceived German bailout plans, one must look at GE's management. Gerard Swope, a president of General Electric, and Walter Rathenau, a managing director of GE's German subsidiary, both opposed free enterprise. Rathenau's view of the inter-war period's new political economy are summed up in this quote:

"The new economy will, as we have seen, be no state or governmental economy but a private economy committed to a civic power of resolution which certainly will require state cooperation for organic consolidation to overcome inner friction and increase production and endurance."⁷²

It is obvious from the quote that Rathenau believed in ultimate power being held by corporations, and government's only function was to pave the way for corporate rule. Swope proposed much the same. He called for anti-trust law exemption for the electrical manufacturing industry. In 1931, Swope called for the formation of trade associations resembling cartels governed by a central quasi-governmental agency. Such views would only serve to limit competition, as did the cartels and trade associations of Nazi Germany.

Between the cartel agreements of I.G. and the monopolistic behavior of our own robber barons, the Dulles brothers had no shortage of investors willing to invest in Germany. In 1940, Professor Gaetano Salvemini of Harvard was quoted as saying that 100% of American big business was sympathetic towards fascism. Corporate America's support for fascism was so great, U.S. Ambassador to Germany, William Dodd proclaimed:

"A clique of U.S. industrialists is hell-bent to bring a fascist state to supplant our democratic government and is working closely with the fascist regime in Germany and Italy." ²¹

Americans have never been told the truth about the extent of corporate America's involvement with the Nazis. The media has spoon fed Americans into believing that only a handful of companies traded with the Nazis. Nothing could be further from the truth. In reality, well over 300 American corporations were arming Nazi Germany during the war, while it was against the law.

Many of these corporations took extraordinary steps to maintain communication with their German offices and to conceal their Nazi involvement from the U.S. government. They could have severed all links with Nazi Germany, but actively and willingly chose to continue supporting a regime at war with their own country. With the first step to conceal their trading with the Nazis, these corporations became willing accomplices to the Holocaust, traitors to their country and guilty of war crimes. Those responsible for such actions and crimes should have received justice at the end of a hangman's noose. Sadly, none were even charged.

Even the bluest of the blue chips, IBM, actively sought business with the Nazis during the war. Dehomag, IBM's German subsidiary, supplied the Hollerith machines that played a prominent role in the Holocaust. Without Hollerith machines the efficiency with which the Holocaust was carried out would have been impossible. It would have been slowed by forcing the Nazis to divert additional manpower to the task of locating their Jewish victims. Hollerith machines were located in every concentration camp, and were serviced by Dehomag representatives while the New York office was kept full appraised.

The inclusion of IBM here provides a look at the mindset of corporate America. Edwin Black's *IBM and the Holocaust* details the ruthlessness of corporate America in pursuit of profits. ²² When the Nazis came to power, IBM was under the direction

of Thomas Watson. Watson actively sought out a contract to provide the equipment for the Nazi census.

Up until then, Watson's career was less than ethically stellar. Watson learned his business skills from John Patterson, the ruthless founder of National Cash Register (NCR). Watson rose quickly in the ranks of NCR, learning to use frivolous lawsuits against competitors, as well as the threat of lawsuits against those competitors' customers. At NCR, Watson was placed in charge of driving out competitors selling used equipment. Watson quickly adopted the tactics of the robber barons to establish a monopoly. Watson used predatory pricing, threats of lawsuits, bribes and even smashed storefronts. On February 22, 1912, Watson was indicted for criminal conspiracy to restrain trade. He was found guilty. 23

The criminal behavior and lack of ethics illustrated by Watson's early career was pervasive between the wars. When the Nazis seized power, Watson saw an opportunity to expand in Germany. In the depths of the Great Depression, Watson increased IBM's investment in Germany by nearly a million dollars. Even more gratifying was the secret pact Watson concluded in October, 1933 giving Dehomag commercial powers beyond the German borders. Previously, all IBM subsidiaries were confined to a single country. With Dehomag now established as the defacto "IBM Europe", the Nazis were able to conduct statistical services throughout Europe. In effect, Watson had established a cartel much like I.G.'s.

In an attempt to justify Watson's, and IBM's, dealings with the Nazis, many suggest that Watson was not a fascist, but simply a ruthless businessman. Evidence, however, suggests that if Watson was not a fascist, he was, at the very least, a great admirer of fascism. At a 1937 sales convention Watson said:

"I want to pay tribute(to the) great leader, Benito Mussolini. I have followed the details of his work very carefully since he assumed leadership. Evidence of his leadership can be seen on all sides. Mussolini is a pioneer.. Italy is going to benefit greatly."26

This is not the only evidence of Watson's support and admiration for fascism. He had an autographed picture of Mussolini hanging in his living room for years. Watson is also quoted saying:

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"we should pay tribute to Mussolini for establishing this spirit of loyal support." 26

In a private letter to Reich Economic Minister, Hjalmar Schacht, Watson wrote:

"the necessity of extending a sympathetic understanding to the German people and their aims under the leadership of Adolf Hitler. 26

The letter was written years after Hitler had seized power, and Watson described Nazi aggression towards neighboring countries as a dynamic policy. The letter ended with:

"an expression of my highest esteem for himself (Hitler), his country and his people." 26

While Watson's praise for Hitler and Mussolini do not supply definitive proof that Watson was a fascist, they certainly confirm the conclusion of Harvard professor, Gaetano Salvemini, that corporate America was in sympathy with fascism.

Before the ink was dry on the Treaty of Versailles, American corporations were rushing to invest and support Germany. The first to support what became the Nazi line publicly was Henry Ford. In the early 1920s, Ford began publishing an anti-Semitic newspaper. Ford was also an early financial supporter of Hitler at a time when the Nazis were virtually unknown.

Another early backer of Hitler and the Nazis were the du Ponts. The power behind the du Pont throne in the 1920s was Irene du Pont who, like Ford, was a supporter of Hitler before he was known outside Munich. Irene du Pont followed Hitler's career avidly from the early 1920s on. Du Pont representatives traveled to Germany almost immediately after the armistice to renew their alliance with I.G.

In November 1919, mere months after the armistice was signed, representatives of du Pont and the Badische Company, the principal corporate identity of I.G. Farben in Switzerland, worked out a tentative agreement for the organization of a global corporation to exploit the Haber process for ammonia and nitrate production. Du Pont also sought technical help in the dyestuffs industry. Although a complete agreement was never reached on a grand alliance, the relationship between du Pont, Verinigte Koln-Rottweiler Pulverfabriken (VKR) and Dynamit Aktiengesellschaft (DAG) became closer. At one point, du Pont had roughly three million dollars invested directly in I.G. Farben ²⁴

The most notable aspect of the November, 1919 meeting and tentative agreement was the lightning speed with which the German cartels reestablished control over the all-important Haber process for ammonia and nitrate production. All parties had a stake in completing the agreement behind closed doors, as the very nature of the agreement was a violation of the armistice. For Germany, it meant control over explosive and fertilizer production, freeing them from dependence on Chilean nitrates. For du Pont, it was a matter of profits. Before W.W.II, one of the most profitable periods for du Pont was W.W.I. During that war, du Pont's profits rose to \$230,000,000. The profits from the war were used to buy a controlling share of General Motors. 27

On January 1, 1926 an agreement between du Pont, DAG and VCR was consummated, and was similar to another agreement of the same date between du Pont and Imperial Chemical Industries of Britain. This agreement, debated at length in the 1934 Nye Committee hearings, was found unsigned in du Pont files. It was a

gentlemen's agreement that could be denied if discovered. The agreement detailed exchanges of patents and technical information. In defiance to the Treaty of Versailles banning German companies from selling military explosives, it provided a means by which du Pont could sell German produced explosives. The Nye report provides the best summary of the agreement:

"In other words, though German munitions companies cannot sell abroad, American companies can sell for them, and to our own government at that." 25

In effect, the agreement between du Pont, DAG and VCR reestablished the pre-war cartel between du Pont, Koln-Rottweiler Pulverfabriken and the British Nobel Dynamite Trust. Under this agreement, du Pont agreed not to erect any powder works in Europe, and the other signers agreed not to erect power works in the United States. Technical information was exchanged among the signatories, and du Pont agreed to inform the others of the quantity, quality and requirements of all powder sales to the United States Government. In 1910, the Justice Department found the agreement a violation of anti-trust laws, resulting in the breakup of du Pont powder works. This resulted in the formation of Atlas Powder and Hercules Powder. Within a few years of the 1910 ruling, du Pont reorganized in Delaware due to its lax regulations of corporations.

An agreement between du Pont and Dynamit in 1929 controlled the production of tetrazine, a substance for greatly improved ammunition primers. When W.W.II began in 1939, Remington (controlled by du Pont) received huge British ammunition orders. Because of a clause in the agreement with I.G, the British received an inferior cartridge lacking tetrazine. 34

3: The Great Paper Shuffle & The Cartels

The Germans reestablished control over dyestuffs and pharmaceuticals with almost the same lightning speed with which they regained control over the Haber process. Under the Alien Property Custodian Act, Bayer's operating units and patents were sold to Sterling Products. Sterling later sold the dyestuff business to Grasselli Chemical Company. Such a transfer of ownership would have been a move in the right direction if it had not been for one disturbing factor: Grasselli Chemical Company employed many former Bayer personnel who supported Germany during the war. For instance, Rudolph Hutz, the former manager of Bayer interned during the war, became general manager at Grasselli.

In 1920, Bayer made an agreement with Sterling covering patents and trademarks. Then, in 1923, Bayer entered into an agreement to control Grasselli although Grasselli still held 51 percent of the stock. On March 23, 1925, Grasselli and Bayer entered into an agreement with Hoechst Company in which Grasselli's ownership was reduced to 35 percent. On October 20, 1928, Grasselli sold its dyestuff business to I.G. Farben. Three days later, du Pont bought out Grasselli Chemical.

The example of Grasselli Chemical illustrates some of the tactics employed by I.G. Farben. An endless paper shuffle resulting in the transfer of ownership (in name only) while retaining the same personnel was common to many post-WWI deals.

Deals where the American firm retained 51 percent ownership made it appear to regulators that the American firm was in control. In reality, I.G. Farben retained ultimate control over pricing, plant expansion and export policies.

The paper shuffle of Grasselli Chemical's dyestuff business did not end with the 1928 sale to I.G. Farben. In 1929, I.G. Farben merged the majority of its interests in the United States into an umbrella company, American I.G. Under this umbrella corporation were Grasselli Dyestuffs, General Aniline, Agfa-Ansco, Winthrop Chemical, Magnesium Development and others. In April 1929, \$30 million dollars of American I.G. debentures were offered to investors; within an hour of their release, the offering was oversubscribed. The agreement between Magnesium Development and I.G. Farben would figure prominently at the onset of WWII in delaying the production of aircraft.

Sterling Drug was part of the maze of front companies that I.G. Farben and Bayer used to regain control over assets seized during the war. In 1918, the Alien Property Custodian sold Bayer at a public auction. Sterling was the winning bidder at \$5.31 million dollars. Earl McClintock, a staff attorney for the Alien Property Custodian, arranged the details of the sale. One of the first acts of Sterling was to hire McClintock at more than three times his government salary.

Law governing sales by the Alien Property Custodian penalized a purchaser acting for an undisclosed principal or reselling to or for the benefit of a non-U.S. citizen with a \$10,000 fine, 10 years imprisonment, or both. The purchaser would also forfeit the property to the United States government.³¹ The sale of Bayer to Sterling clearly fell within the scope of the law.

The original contact between Sterling and Bayer remains secret. It is, however, well-established that months after the purchase, Sterling president William Weiss met with Bayer executives in Baden Baden. An informal agreement of cooperation was reached and shortly afterwards Sterling formed Winthrop Chemical. In 1923, Winthrop entered into a cartel agreement assigning itself all of Bayer's patents. Once again, the familiar 50-50 split was part of the agreement.

In 1925, I.G. Farben and Sterling-Winthrop brought Metz into the Sterling orbit. The result of all of the stock transfers and paper shuffling was that I.G. Farben regained control of the U.S. pharmaceutical business for a mere two million dollars.

The Hoechst-Metz Company was also seized by the Alien Property Custodian. Metz claimed that he had bought back the assets of the company, but it was commonly believed to have been a dubious stock transaction. In 1921, a court ruled in favor of Metz. In his bizarre rambling ruling, Judge Julius M. Mayer said:

"As seizure by the Alien Property Custodian is likely to carry the suggestion to those not informed in respect of the controversy, that the demandee (Metz) in some manner may have been improperly associated with the enemy, it is desirable at the outset to state that no such situation exists here. The Transactions here took place long before our entry into the war and indeed before the European war started and had no relations to either. That Metz should deliberately by his testimony falsify the true transaction is not to be thought of. Stock ownership would not affect the apportionment of profits. This testimony of Hauser can only be rejected upon the theory that both Hauser and Metz have willfully deceived the court by false testimony."³⁵

Shortly after the ruling, the Harding administration appointed Judge Mayer to the Federal Circuit Court. What Mayer lacked in legal acumen was offset by his political correctness for the time. Mayer ordered the deportation of Emma Goldman, ruling that aliens had no rights under the Constitution. In another ruling, Mayer found Scott Nearing innocent of obstructing the war. Nearing had written a pamphlet about the relationship between big business and war. However, Mayer found the American Socialist Party, which had published the pamphlet guilty of the obstructing the war. Such a ruling was a slight of hand by the judge. If he had found Nearing guilty, it would have constituted a violation of his free speech rights. On the other hand, as an organization the American Socialist Party lacked free speech rights. Other victims of the good judge were IWW members, who could expect to receive the harshest sentences possible in Mayer's courtroom.

Judge Julius Mayer's rulings were a reflection of the prevailing attitudes and beliefs of the days' business leaders. His rulings were extremely pro-business and anti-union. He showed no tolerance for those that held political beliefs different from his.

George Sylvester Viereck and his Burgerbund campaigned extensively for the election of Harding. Following the election Viereck demanded a political payoff. Harding was noncommittal.⁹¹ Viereck would become the man behind the notorious Nazi publisher Flanders Hall and would be indicted for sedition.

By 1925, I.G. Farben had established powerful allies inside the Republican administration. The then Secretary of Commerce, Herbert Hoover, appointed a nine-member board, Hoover's Chemical Advisory Committee. Seated on the committee were Walter Teagle (Standard Oil of New Jersey), Lammot du Pont, Frank Blair (president of Sterling Drug) and Henry Howard (vice-president of Grasselli). Despite the extensive ties these four had with I.G. Farben they sat on a committee whose role was to help America's chemical industry fight off the I.G. Farben cartel.³⁷

In 1928, Weiss brought the entire drug industry together in one giant cartel. With Louis Liggett, he put together Drug, Inc., a holding company for Sterling-Winthrop. Drug's properties included United Drug, Liggett, Bristol Myers, Vick Chemical and Life Savers. The Vick Chemical company was controlled by the Richardson family. The Richardson Foundation is one of the many hard-right foundations that promoted the impeachment of President Clinton.³²

Liggett was the Republican National Committeeman from Massachusetts and had made the false claim that, under President Coolidge, the Department of Justice had approved the creation of Drug, Inc. It wasn't until 1933, after Hoover was booted out of office, that Drug, Inc. was dissolved.

Also tied to the illegal cartel of Drug, Inc. was the notorious Dr. Edward Rumely. Rumely was imprisoned for pro-German activities during the war and was released from prison by Coolidge. He then went on to become director of Vehex Inc., another corporation formed by Weiss.

Throughout the maze of paper shuffling and stock transfers, the accounting firm of Price Waterhouse collected fat fees for auditing the books of two of I.G. Farben's American affiliates, Sterling and Standard Oil of New Jersey.³³ Audits from Price Waterhouse helped sanitize the records of Drug, Inc. and other IG Farben front

companies

Ted Clark was vice president for government relations of Drug, Inc. from 1929 until it was dismantled. Clark was President Coolidge's private secretary. While on Drug, Inc.'s payroll, Clark also served a short time as Hoover's secretary, during an absence of Hoover's regular secretary. In 1942, Clark's files were suddenly withdrawn from auction and donated as a sealed gift to the Library of Congress. Those who had seen the files prior to their sealing noted correspondence with Col. William Donovan, Coolidge's assistant attorney general, and Charles Hilles, former chairman of the Republican National Committee and close associate of the Morgans.

The timing of the file withdrawal appears highly suspicious. Donovan was closely involved with both Drug, Inc. and I.G. Farben. He became director of the OSS in June 1942 about the time the files were sealed.³⁶ Donovan spoke patronizingly towards I.G. Farben at Hoover's second conference on the chemical industry:

"So far as it presently appears, the so-called chemical entente and Franco-German dyestuff agreement appear to involve no attempt to exploit this market. In fact, we have authentic assurances that these arrangements are not directed against the market."³⁸.

1

I.G. Farben had learned its lessons well during the first war. Its American interests were vulnerable to seizure at wartime. In a move that should have set off an alarm about Germany's intentions towards war, I.G. Farben made an effort to conceal its ownership of American I.G. further. Even with Walter Teagle, president of Standard Oil of New Jersey, and Edsel Ford on its board of directors, American I.G. was vulnerable to seizure if war broke out. With a sleight of hand, American I.G. assets were transferred to a German-controlled corporation based in Switzerland, Internationale Gesellschaft fur Chemische Unternehmungen (I.G. Chemie). It was loudly proclaimed from then on that American I.G. was Swiss-controlled, and free from German interests, even though, until 1940, the president of I.G. Farben, Herman Schmitz, was also president of I.G. Chemie.²⁸

The ruse of concealing German control through various Swiss concerns soon became a favorite tactic of I.G. Farben. With the storm clouds of war on the horizon by the late 1930s, it also became a favorite tactic of the Dulles brothers in helping American investors conceal their dealings with the Nazis.

Another German firm seized during WWI was Rohm and Hass, which was sold to Tanner's Products. The tanning industry at the time played an important role in support of war-related chemical facilities. In 1924, the original German owners regained control. Technically, Rohm & Hass of Philadelphia was independent of Rohm & Hass of Germany; they were merely owned by the same stockholders. In 1927, the two firms reached an agreement regarding the division of territories. The agreement was typical of German cartel arrangements in that it restricted American companies from South America and Europe, granting those areas to the German corporation.

During the 1920s and 1930s, Rohm and Haas' primary business was producing general chemicals, in particular methyl methacrylate, Plexiglas. By 1934, Plexiglas reached commercial practicability and a new agreement was reached between I.G. Farben, Rohm and Haas of Philadelphia, and Rohm and Haas of Germany. Rohm and Haas of Philadelphia's territory was further restricted, and it was prohibited from entering six business areas: photography, dyestuffs, artificial rubber, pharmaceuticals, abrasives and celluloid masses.

In 1939, Rohm and Haas cross-licensed its process for making cast sheets of methyl methacrylate to du Pont. However, under the terms of the license, du Pont's production would be limited to half of Rohm and Haas' production. By 1940, the market for methyl methacrylate had exploded because of wartime applications. Du Pont was receiving enormous orders for Lucite and Plexiglas that far outstripped the restricted production agreement. On August 10, 1942, a grand jury indicted both Rohm and Haas and du Pont for restricting the production of war munitions.

Besides producing methyl methacrylate for airplane canopies, Rohm and Haas also produced Tego glue film. Tego glue film was needed to produce the plywood used for aircraft and marine vessels such as PT boats. Once again, Rohm and Haas had a production agreement with a German firm covering Tego, Theo Goldschmidt.

There are literally thousands of examples of I.G. Farben and other German firms regaining control over vital industrial processes in the 1920s. Among the most startling were two areas in which American industry dominated: aluminum and magnesium.

In 1907, the Pittsburgh Reduction Company reorganized as Alcoa. Alcoa was closely held by the Mellons, the Davises and the Hunts. Alcoa held two patents for the production of aluminum: the Hall Patent, which expired in 1906, and the Bradley Patent, which expired in 1909. Theoretically, the expiration of the patents would have allowed others to enter the aluminum business. In order to retain its monopoly after 1909, Alcoa took steps to ensure its control over the aluminum market by buying up the raw bauxite supply. Until 1915, Alcoa was a member of every world aluminum cartel.

By 1928, Alcoa owned 32 subsidiaries including railroads, bauxite mines, fabricators, and power companies both in and out of the United States such as Duke Power of Canada. Additionally, Alcoa controlled more than 20 other companies.

Alcoa created the Aluminum Company, Ltd. of Canada (Alted) in 1928. In this move Alcoa sold its subsidiaries all its foreign properties with the exception of its Dutch Guiana bauxite mines. The controlling interest of Alted remained the same, and E.K. Davis was appointed president. The creation of Alted was a ruse used by Alcoa to retain its monopoly. It also freed Alcoa to enter into additional European cartel agreements through its Alted subsidiary. When the war clouds appeared and the United States began a defense build up, the end result of Alted's creation became apparent: the United States was no longer the world's largest aluminum producer; Germany was now number one.²⁹

Intertwined with Germany gaining control over the aluminum industry was its control over magnesium, another industry in which America was either dominant or competitive with Germany by the end of WWI. Magnesium is vital to munitions and is used in tracer bullets, flares and incendiary bombs. Also, magnesium alloys are indispensable in aircraft production. During the first war, eight American companies

produced magnesium.

With the end of the war and the reduction in magnesium demand, only two companies stayed in the business: Dow Chemical and American Magnesium Company (AMC). AMC was a wholly owned subsidiary of Alcoa. In 1931, Alcoa and I.G. Farben penned the Alig Agreement, which became the charter of the magnesium industry. Once again, the agreement formed a joint company with each firm holding a 50 percent share. In addition, the shareholders of I.G. Farben held the right to limit the production capacity of any producing company in the US and restrict total U.S. production to 4,000 tons per year.

In 1933, after continued pressure from AMC, Dow affirmed AMC as its preferred customer. In 1934, I.G. Farben entered into an agreement with Dow to purchase 600 tons of magnesium in 1935, with options for the same amount in 1936 and 1937. Under the agreement, Dow was restricted from selling in Europe with the exception of sales to I.G. Farben and British Maxium. Under this arrangement, Dow sold magnesium to I.G. Farben at 20 cents per pound, 30 percent less than it charged American companies.³⁰

The above cartel agreements are only a few examples. A complete accounting of all cartel agreements and how they hindered the war effort, would fill volumes. More than one hundred American corporations had cartel agreements with I.G. Farben. None of the agreements were legal under US trust laws, as all monopolized or restricted trade. Additionally, many were illegal under Alien Property Custodian laws since they transferred control to I.G. Farben and other German corporations seized during WWI.

Besides hindering the war effort at home, once war broke out in Europe, cartel agreements had an enormous impact on global geopolitics. Almost all cartel agreements banned American corporations from South America. Germany didn't need to fight for South American markets; American businesses willingly handed them over to I.G. Farben when they signed the cartel agreements. It was only after war broke out that American corporations were allowed to expand their markets into South America, and then often only to German firms already there.⁴⁰

2

It was through these South American outlets that American corporations continued to supply Nazi Germany during the war. They served as the method of choice to circumvent the British blockade. By using a South American firm, either under the control of I.G. Farben or one of its American cartel partners shipments to Germany were first exported to a so-called neutral country such as Spain or Switzerland and then on to Germany. It was through a South American subsidiary that Standard Oil of New Jersey continued to supply Nazi Germany with oil and munitions. Standard Oil of New Jersey also distributed pro-Nazi propaganda throughout South America during the war.

Corporate apologists try to dismiss these cartel agreements simply as good business practices. However, legal documents from I.G. Farben suggest they were an integral part of Germany's war plan. The following excerpts from its legal department leave no doubt as to I.G. Farben's plans:

...After the first war we came more and more to the decision to tarn (German for hood or camouflage) our foreign companies in such a way that participation of I.G. in these firms was not shown. In the course of time the system became more and more perfect."

...If the shares or similar interests are actually held by a neutral who resides in a neutral country, enemy economic warfare measures are ineffectual; even an option in favor of I.G. will remain unaffected."

...Protective measures to be taken by I.G. for the eventuality of war should not substantially interfere with the conduct of business in normal times. For a variety of reasons it is of the utmost importance that the officials heading the agent firms, which are particularly well qualified to serve as cloaks, should be citizens of the countries where they reside."

...In practice, a foreign patent holding company could conduct its business only by maintaining the closest possible relations with I.G., with regard to applications, processing and exploitation of patents it is sufficient to refer to experience."

The adoption of these measures would offer protection against seizure in the event of war.

...In the case of winning this war the mightful situation of the Reich will make it necessary to re-examine the system of Tarnung. Politically seen, it will often be wished that the German character of our foreign companies is openly shown."

After the outbreak of war, I.G. legal department continued discussing tarnung.

...Only about 1937 when a new conflict became apparent did we take pains to improve our camouflage in endangered countries in a way that they should, even under wartime difficulties, at least prevent immediate seizure."

...Camouflage measures taken by us have stood us in good stead, and in numerous cases have even exceeded our expectations."⁴¹

The excerpts above leave little doubt as to the intentions of I.G. Farben and the central role it played in Germany's quest for world domination. A Treasury report on espionage and saboteurs made in 1941-1942 is equally vivid:

"In the twenty year period between 1919-1939, German interests succeeded in organizing within the United States another industrial and commercial network centered in the chemical industry. It is unnecessary to point out that these business enterprises constituted a base of operations to carry out the Axis plans to control production, to hold markets in this Hemisphere, to support fifth column movements, and to mold our postwar economy according to Axis plans. This problem with which we are now faced is more difficult than, although somewhat similar to, the problem faced by us in 1917. The background is vastly different from that which existed in 1917.

Certain individuals who occupied a dominant place in business

enterprises owed all of their success to their business contacts in the past with I.G. Farben."⁴²

The Treasury report went on to discuss I.G. Farben's the practice of sending spies and agents into the United States to become citizens. The report also discusses the necessity of dismissing, as spies or agents of the Nazis, one hundred American citizens from General Aniline, including five key executives .

I.G. Farben's employment of spies, and its relationship to the Gestapo, were made vividly clear to Congress months before the bombing of Pearl Harbor. Richard Krebs, former Gestapo agent, testified before the Dies Committee on Un-American Activities. Later chapters will discuss how the Dies Committee subverted the investigation of Nazis.

Krebs testified at length, from his personal knowledge of German cartels, about the organization of Nazi propaganda, espionage and sabotage in the Western Hemisphere. In his testimony, Krebs stated that Hamburg-American Lines and Zapp Transocean News Services were nothing more than appendages of the Gestapo. Krebs detailed how businesses in the United States employed Gestapo agents, and how those agents were placed in other firms that were not a part of pro-Nazi cartels.

Krebs' testimony revealed that the Gestapo's Industrial Reports Department had special schools to train Germans and Americans of German descent to work in America as mechanics, engineers, draftsmen, newsmen and even teachers. Krebs specifically stated the relationship of I.G to the Gestapo was to obtain information. An excerpt of Krebs' testimony follows:

"to obtain information about our security program and to produce choke points, or to sabotage our war efforts.

The I.G. Farbenindustrie, I know from personal experience, was already in 1934 completely in the hands of the Gestapo. They went so far as to have their own Gestapo prison on the factory grounds of their large works at Leuna, and began, particularly after Hitler's ascent to power, to branch out in the foreign field through subsidiary factories. It is the greatest poison gas industry in the world, concentrated under the title of I.G. Farbenindustrie."⁴³

While there was less sabotage during WWII than during WWI, the new tactics were just as useful in delaying the production of war equipment and munitions. As an example, Standard Oil of New Jersey managed to delay any increase in the production of toluol until 1941 out of deference to I.G. Farben. Toluol is the vital starting material for producing both TNT and butadiene, the feedstock for the production of synthetic rubber.

There is at least one report that Standard Oil of New Jersey intended to resume its cartel link with I.G. Farben following WWII. In May 1942, Walter Winchell stated that a news broadcaster for CBS had been effectively silenced when reporting on both the Truman and Boone Committees. This broadcaster had included in his script reports that Standard Oil of New Jersey intended to resume ties with I.G. when the war ended. A CBS censor killed the item and was reported to have told the broadcaster to "go easy on Standard, you know we carry plenty of their business."⁴⁴

By the time Pearl Harbor was bombed, support for fascism was widespread, especially within large corporations. Some of this was the direct result of IBM President Tom Watson's tenure as president of the International Chamber of Commerce (ICC). The ICC enthusiastically promoted trade with Nazi Germany. In 1937, the International Chamber of Commerce held its world congress in Berlin, during which Schacht presented Watson with Hitler's medal. Watson later returned the medal, but only after it was clear that war was imminent.

Throughout the 1930s, several large newspaper chains were openly pro-Nazi, as were many congressmen. By the end of 1942, the proclaimed list of blacklisted companies (Nazi front corporations in Europe and South America) grew to over 5,000.⁴⁵ In the process, many American corporations were shown to be still trading with the Nazis. None of these companies would ever face charges, because by 1942 support for fascism and the corporate state was thoroughly entrenched in American corporate culture.

Support for fascism within the corporate community can be traced back to the period immediately following WWI into the 1920s. None of the cartel agreements would have been possible without the voluntary cooperation of America's corporate leaders. Many, such as du Pont, actively sought out cartel agreements following the first world war, while others, such as Standard Oil Of New Jersey, were willing to reach new cartel agreements with I.G. Farben and Germany once the second world war ended. The widespread enthusiasm to enter into such agreements can only be understood by exploring the attitudes of America's corporate leaders following WWI.

4: The Red Scare of 1919

The war had been good for American corporations' bottom lines, many reaped fat profits. Prices had been frozen during the war, and businesses were eager to raise prices once controls were lifted. In effect, the leaders of corporate America saw themselves as victims of the political atmosphere of the previous 20 years.

First, prices had been frozen during the war. Second, many corporations had been seized because of their illegal, trade-restricting cartel agreements with I.G. Moreover, prior to the war, corporations had suffered under the great trustbuster, Teddy Roosevelt.

In fact, leaders of corporate America were spoiling for a fight. The liberal and progressive movements that had ushered in the new century were fueled largely by the muckrakers. The press had exposed the robber barons and their practices for all to see. The attack on organized capital and the rich elite (such as Rockefeller, Morgan and Mellon) was fully justified. Their policies were universally detested and resented by the public. Naturally, corporate America resented the attacks and sought to resume business as usual.

However, to the leaders of corporate America, business as usual meant recreating the huge trusts and reestablishing their monopolies. Inking new cartel agreements with I.G. Farben was merely reinstating their perceived right to rule the world. The similarity of the cartel agreements to the behavior of the robber barons cannot be underestimated.

At the end of WWI the leaders of corporate America saw two threats to their dreams of grandeur looming on the horizon: organized labor and the Bolshevik Revolution. Out of these threats the most shameful period of political repression was launched, the infamous Red Scare of 1919. Having experienced firsthand the power of the press, corporate America employed the media in a full-scale assault to regain their stature. They used the three most successful propaganda elements ever devised: patriotism, religion and communism.

Fanning Red Scare flames required the employment of every possible asset to destroy unions and the threats of both communism and socialism. The groundwork for this assault had been laid before the end of the war. J.P Morgan, according to Congressman Oscar Callaway, had purchased control over the media. Callaway inserted the following into the *Congressional Record*:

"In March, 1915, the J.P. Morgan interests, the steel, shipbuilding, and powder interests, and their subsidiary organizations, got together 12 men high up in the newspaper world, and employed them to select the most influential newspapers in the United States and sufficient number of them to control generally the policy of the daily press of the United States. These 12 men worked the problem out by selecting 179 newspapers, and then began, by an elimination process, to retain only those necessary for the purpose of controlling the general policy of the daily press throughout the country. They found it was only necessary to purchase the control of 25 of the greatest papers. The 25 papers were agreed upon; emissaries were sent to purchase the policy, national and international, of these papers; an agreement was reached; the policy of the papers was bought, to be paid for by the month; an editor was furnished for each paper to properly supervise and edit information regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers... This policy also included the suppression of everything in opposition to the wishes of the interests served."⁷³

The Morgan family, along with its allies, also bankrolled the formation of the American Legion in 1919 and crafted it into a union-busting organization of thugs. The initial operating officers of the Legion were bankers, stockbrokers and the like.

The Legion took on a fascist character almost from its birth, and would play a prominent role in the fascist plot against Roosevelt in the 1930s. In 1923, the Legion's Commander of Alvin Owsley, openly embraced Mussolini, and endorsed fascism as a viable policy for the United States. As quoted in the *Journal of the National Education Association*, Owsley equated the Legion in America with the Fascisti in Italy.

"...the American Legion stands ready to protect our country's institutions and ideals as the Fascisti dealt with the destructionists who menaced Italy... The American Legion is fighting every element that threatens our democratic government — soviets, anarchists, I.W.W., revolutionary socialists and every other red... Do not forget that the Fascisti are to Italy what the American

Legion is to the United States."¹⁶

Additionally, the Legion took on a racist character through the 1920s and 1930s, and served as a recruiting base for the rebirth of the Ku Klux Klan. In the south, many Legion posts ran and operated as Klan cells.

This should not be taken as a besmirching of those who have honorably served their country. In fact, the disgust of many disgruntled veterans, who resented being used as cannon fodder by the wealthy elite, led to the formation of the Veterans of Foreign Wars (VFW). It was the VFW that led the fight for early payment of veterans' bonuses after the 1929 stock market crash. The American Legion stood idly by, supporting the failed policies of Wall Street and the Hoover administration.

The importance of the antiunion aspects of the Legion is apparent in the events leading up to 1919 Red Scare. By the end of 1919, the purchasing power of the 1913 dollar had shrunk to 45 cents. Food costs had increased by 84 percent, clothing 114.5 percent and furniture 125 percent. By the end of 1919, the cost of living had risen 99 percent in the preceding five years.⁴⁶ Wages during this time had risen, at most, five to ten percent for salaried employees. In fact, workers such as salaried clerks, police and others in similar positions were worse off than at any time since the Civil War.

Organized labor made substantial gains during the earlier, more liberal times with such labor-friendly bills as the Clayton Act, Seamen's Law and the Adamson Act. Membership in the American Federation of Labor had increased from approximately 500,000 in 1900 to more than four million by 1919. Unions had maintained an effective truce with management during the war, but with the war's end, unions took the offensive. Many employers were willing to grant moderate wage increases, but absolutely refused to negotiate or even acknowledge workers' rights to join unions.

President Wilson had foreseen the coming struggle of unions as evidenced in his remark to Secretary of the Navy, Josephus Daniels in 1917, just prior to the United States intervention in the war in Europe:

"Every reform we have won will be lost if we go into this war. We have been making a fight on special privilege. War means autocracy. The people we have unhorsed will inevitably come into control of the country for we shall be dependent upon steel, ore and financial magnates. They will ruin the nation."⁴⁷

By late 1919, Wilson would be bedridden due to a stroke and remain ineffective for the last year of his term.

The industrialists and leaders of corporate America, however, wanted a return to "normalcy," meaning freedom from government regulation, freedom from unions and freedom from public responsibility. Thus, the stage was set for a full-scale assault against organized labor. Major strikes were frequent in 1919, with a total of 3,600 strikes involving more than four million workers. Strikers were only occasionally successful, with most ending with no concessions to labor or the unions.

Secondary to the plight of organized labor, but central to the 1919 Red Scare, were various espionage laws enacted during the war aimed at German agents and cartels. These laws would now be used against the leaders of the labor movement, and those on the left side of the political spectrum.

During the war, hysteria was whipped into a frenzy by independent agencies such as the National Security League, the American Defense Society and the government-sponsored American Protective League. These organizations converted otherwise sane Americans into raging superpatriots. More often than not, these superpatriots and their organizations were a blight on freedom, and were used by the right wing to gain and maintain power.

1

These superpatriot groups gathered their strength from the right wing, not the general public, their financial support coming directly from corporations and the rich elite. The National Civic Federation received most of its support from V. Everit Macy, August Belmont and Elbert Gary. Likewise, the National Protective League was supported by T. Coleman du Pont, Henry Frick, J.P. Morgan and John D. Rockefeller.⁵⁰ While the National Civic Federation was under the direction of Matthew Woll as acting president, it collaborated closely with Nazi agents in this country.⁶² Another group from the 1920s that underwent the transformation from a nativist group to fascism was Harry Jung's American Vigilant Intelligence Federation.⁶⁷

In effect, these superpatriot groups, along with the American Legion, were bridging the chasm between the rich elite and the general population. These groups were fashioned in such a way as to appeal to a large segment of the population by invoking a false sense of patriotism, while the directors and operating officers remained fully under the control of the elite. Secondary to the patriotism of these groups was a very conservative economic agenda. With the exception of the National Civic Federation, all of these groups were virulently antiunion. The National Civic Federation included a few trade unionists on its board of directors, but still maintained an aggressive open shop policy.

In the post-war period, the membership of these patriot groups was relatively small. However, they exerted an influence that far outstripped their numbers. Their propaganda efforts were well-funded and well-organized. The National Security League sent pamphlets to schoolteachers, clergy, businessmen and government workers. In every major city, they formed a flying squadron of speakers to whip up public sentiment against radicalism. At the time unionism was regarded by these groups as radicalism.

Central to the hysteria were three federal acts. The first was the 1917 Espionage Act. This act made it illegal to convey false reports with the intent to interfere with the operation or success of the military forces of the United States, to promote the success of its enemies or to attempt to cause insubordination, disloyalty and mutiny. The second was the Sedition Act of 1918. Under the Sedition Act it was illegal to utter, print, write or publish any disloyal, profane or abusive language about the form of the U.S. government, the Constitution or the military. The third act, passed in October 1918, decreed that all aliens who were anarchists or advocated the assassination of public officials were to be excluded from admission to the United States.

While only a handful of pro-Nazis would ever face charges under these laws during WWII, thousands of individuals would be rounded up under these laws in 1919. These laws, and the plight of labor, would now play a central role in the events

leading up to the mass hysteria of the Red scare of 1919 initiated by the Palmer Raids.

One of the first victims of the espionage laws was Victor Berger, one of the founders of the Socialist Party. The Socialists opposed the war, as did Berger. In 1918, Berger was arrested under the Espionage Act for his statements, some of which follows below:

"Personally, I was against the war before war was declared. But now since we are in the war, I want to win this war for democracy. Let us hope we will win the war quickly. The war of the United States against Germany cannot be justified. The blood of American boys is being coined into swollen profits for American plutocrats.⁴⁸

Berger was arrested for the part of his statement that threatened the leaders of corporate America. While awaiting trial, Berger ran for his old seat in the House of Representatives, winning it back on a peace platform. In January 1919, Berger was found guilty of conspiracy to violate the Espionage Act and sentenced to 20 years at Leavenworth. His conviction was only the beginning of the destruction of the Socialist Party. Party Secretary Charles Schenck, who had ordered the printing of leaflets that discouraged enlistment, was convicted shortly after Berger of violating the Espionage Act.

Many other prominent members of the Socialist Party were arrested for violations of the Espionage Act. In June 1918, Eugene Debs delivered a scathing speech denouncing the arrests of such prominent Socialists as Charles Ruthenberg, Alfred Wagenknecht, Kate Richards O'Hare and Rose Pastor Stokes. Shortly thereafter, Debs was arrested.

The arrests of prominent Socialists were systematic, and before the hysteria of the 1919 Red Scare was over the party would be destroyed, but the war profiteers would be protected.

Closely associated with the Socialist Party in the minds of the public were members of the International Workers of the World, or the Wobblies. Founded in 1905 as a protest over the conservative American Federation of Labor, the Wobblies were aggressive in both demands and actions. Like the Socialists, the Wobblies would be singled out during the Red Scare for destruction.

Before the war's end, corporate America enlisted the press in its defense using perhaps the most effective propaganda tool available, communism. The Bolsheviks were now attacked for the Brest-Litovsk Treaty, as well as their views on capitalism. Using the wild claims of the superpatriots groups, church magazines, business and financial journals, the general press struck out against Bolshevism. The term "Bolsheviks" soon became interchangeable with criminals, German agents, anarchists, Wobblies, Socialists and economic imbeciles. In the eyes of the press, there was no difference between a Wobbly and a Bolshevik. Both were tantamount to treason.

Claims made in the press about the Bolsheviks were ludicrous. One particular horror story made the staggering claim that in Petrograd the Bolshevik had an electric guillotine that could behead five hundred people an hour. Bolsheviks were portrayed as wild, bloodthirsty murderers, and analogous to Wobblies.

Perhaps the most astounding aspect of the press' bloodletting of Bolsheviks was

in supporting a U.S. intervention force in Russia. Many of the same right-wing forces within the United States that had opposed entry into a war with Germany now supported intervention in Russia. While the overwhelming majority of Americans were isolationists, right-wing pressure was strong enough that President Wilson sent a small contingent of forces into Russia with the limitation that they could not intervene in Russian domestic affairs.⁴⁹ Tagging along with this contingent of U.S. troops as a missionary was William Dudley Pelly. Pelly would later found the Silver Shirts, a pro-Nazi group.

Combining propaganda from the nations' news media with the dismal plight of labor, the nation was primed for trouble. Three events^{3/4} the Seattle general strike, the bombings and the Boston police strike triggered^{3/4} the epidemic proportions of hysteria in late 1919.

The first of these events was the Seattle general strike. Pacific Northwest workers had been hit particularly hard by inflation. Seattle had been a hub of wartime shipbuilding, causing a severe dislocation of peacetime industries, housing shortages and extreme inflation. As a result, the Pacific Northwest was a hotbed of activity for the IWW. Even before the shipyard workers walked off the job, area newspapers were busy fielding articles asking whether strikes were for wages or Bolshevism. On January 21, 1919, 35,000 shipyard workers struck in violation of their contract, which had two months to run. The director of the Emergency Fleet Corporation, General Charles Piez, refused to discuss any matters relating to conditions of employment.

On February 3, the Seattle Central Labor Council announced that a general strike in support of the shipyard workers was to begin on February 6. Consequently, Seattle was gripped by mass hysteria. The public, fearful of shortages from the strike, went on a buying frenzy. Drug, department and grocery stores were swamped with customers stockpiling goods. Hardware stores had more orders for guns than they could fill. The Labor Council promptly ran an editorial to calm the hysteria, stating that the Strike Committee would run all industry necessary to the public health and welfare and that law and order would be preserved.

The remaining days until February 6 saw scores of articles in the local media comparing the strike to Bolshevism, further inflaming the public. On the morning of the 6th, 60,000 workmen went out on strike. The unions granted exemptions to garbage trucks, milk trucks and even laundry trucks. At no time during the strike was Seattle left without food, coal, water, heat or light. Even more remarkable was that no violence marred the strike.

Among Seattle's alarmists was its mayor, Ole Hanson. Hanson had been defeated in his Senate race in 1918 and then had ran for mayor. Originally a Republican, Hanson switched to the Progressive Party in 1916 and had supported Wilson. He harbored an intense hatred of the IWW, believing they were at the root of all labor unrest. Hanson's fear reached a fever pitch when the general strike was called. He had no doubt that it signaled the beginning of an attempted revolution which "wanted to take possession of our American government and try to duplicate the anarchy of Russia." Hanson also had no doubt that the man who end this anarchy would have a very promising political career.

At Hanson's request, federal troops from Fort Lewis were dispatched to Seattle on the morning of February 6. Ever the ambitious politician, Hanson personally led the troops into the city with a huge American flag draped over his car. The following

day Hanson declared that unless the strike was ended, he would use the troops to crush the strike and operate all the essential enterprises. Hanson's words would frame the hysteria to come later in the year.

"The time has come for the people in Seattle to show their Americanism. The anarchists in this community shall not rule its affairs."⁵¹

Seattle's papers continued a barrage of condemnation against the strikers, and called for "no compromise now or ever."⁵¹ Facing a wrath of criticism conditioned by the fear of revolution, the strike ended on February 11th with Hanson proclaiming: "The rebellion is quelled, the test came and was met by Seattle unflinchingly."⁵²

For a week, the nation had focused on the Seattle strike with the media inciting the hysteria that would soon erupt. Banner headlines and editorials across the nation labeled the strikers as Reds. The *Chicago Tribune* warned its readers that "it's only a middling step from Petrograd to Seattle."⁵³

Hanson was not the only politician who saw a bright future in denouncing unionism and strikes as Bolshevism. Minnesota Senator Knute Nelson declared that the Seattle strike posed a greater danger than strikes during the war. Utah Senator William King stated that strike instigators were confirmed Bolsheviks. Washington Representative William King said: "From Russia they came, and to Russia they should be made to go."⁵³

Within a few months of the strike, Ole Hanson resigned as mayor of Seattle and toured the country lecturing on the danger of domestic Bolshevism. The lecture circuit proved financially rewarding; in seven months Hanson netted \$38,000, compared to his annual mayoral salary of \$7,500.

The Seattle general strike was a fundamental cause of Red Scare hysteria, because it focused America's attention solely on what became to be called radicalism. The media successfully depicted the strikers as Reds. Any strike after Seattle would be framed the same, each with ever increasing hysteria. The most successful propaganda ploy of the right-wing in America had been successfully launched .

2

Both foreign and domestic events kept the fear of Bolshevism alive for the remainder of February 1919. On February 20, it was reported that French Premier Clemenceau was wounded by a Bolshevik agent. Four days later, Secret Service agents arrested four Wobblies in New York City. The press immediately seized upon the arrests, alleging they were part of a worldwide plot to kill American and Allied officials.

The next month, the *Chicago Tribune* reported that a plan for planting bombs in Chicago had been uncovered. The following month, the U.S. Department of Justice announced the uncovering of a conspiracy by anarchists in Pittsburgh to seize the arsenal and use the explosives to lay the city in ruins.

It wasn't until April 28 that proof of any bomb plots emerged. On that day Hanson's office in Seattle received a package. Hanson was in Colorado on a Victory Loan tour, and the package was left unopened on a table. The wrapping was torn in

transit, and liquid leaked onto the table and caused severe damage. The liquid was an acid, and the package contained a homemade bomb.

The following day, Thomas Hardwick's maid lost both hands when she opened a similar package that exploded. Hardwick was a former senator from Georgia. An alert postal clerk who read of the bombings remembered setting aside 16 similar packages for insufficient postage just days earlier. He located the packages, and notified authorities. All 16 were the same type of bomb that injured Hardwick's maid. An additional 18 bombs were later found in transit. The packages were addressed to, among others, Attorney General Palmer, the Secretary of Labor, Chief Justice Holmes, John D. Rockefeller, J.P. Morgan, and several senators and immigration officials.

The timing of the mailings made it obvious that the bombs were targeted for May Day. The nation was now primed for May Day violence. In Boston, 116 Socialists were arrested when violence erupted during a May Day parade. Not a single non-Socialist was arrested. In New York, riot soldiers raided the Russian People's House and the offices of *The Call*, a liberal magazine. Other cities saw similar events. Cleveland erupted in an orgy of violence, with more than 40 socialists injured and another 106 arrested.

The commonly accepted trigger for the resulting mass hysteria was the June 2 bombing of Attorney General Palmer's home. A copy of the anarchist pamphlet, "*Plain Words*" was found near the doorsteps. Palmer himself was an ambitious politician with an eye on the 1920 presidential nomination. While President Wilson remained healthy, Palmer was held in check, but as the President's health deteriorated, Palmer began to assert more power. It wasn't until the president was bedridden that Palmer was able to unleash his assault on unions and Socialists. Meanwhile, the press was sensationalizing fears of a red scare with each strike.

Along with the bombing of Palmer's residence, the Winnipeg general strike in June further heightened tensions. Just like the Seattle strike, the Winnipeg strike was given the Bolshevik label. Newspapers ran exaggerated headlines to shock the public and harden the public opinion against unions. Further inflaming the public was labor's insistence on the Plumb Plan; a plan for government ownership of the railroads.

By late summer, the public was nearly hysterical with fear of Bolsheviks and unions. As 1919 progressed, each event led to greater anxiety and fear and ratcheted the hysteria level up further. Finally, in late summer, the Boston Police went on strike. Police in other cities had already unionized, but police commissioner and former mayor Edwin Curtis was virulently antiunion. He stated that a police officer could not simultaneously belong to a union and perform his sworn duties. Massachusetts's governor Calvin Coolidge backed Curtis. Coolidge took a hard line towards the striking police officers. Soldiers and volunteers took to the street to police Boston and it was announced that none of the strikers would be rehired. Coolidge's harsh approach to unions immediately placed him in the national spotlight.

In September, coal miners went on strike. With President Wilson's health failing at an alarming rate, Attorney General Palmer argued for invoking an injunction under the Lever Act. Organized labor had supported the Lever Act and its use of injunctions to stop strikes in the event of a war. Wilson had given labor the express

promise that the act would never be used during peace. Labor was outraged at the betrayal. Without the approval of the entire cabinet, Palmer invoked the act, and an injunction was issued on October 30 by federal judge Albert Anderson.

With this background the Massachusetts governor's race took on national significance. Coolidge's hard stance in the Boston police strike was fresh in everyone's mind, and Coolidge became the unanimous choice of the Republican Party for reelection. The Boston police strike became the focal point of the race, with the press loudly framing the election as a battle between Bolshevism and law and order. Coolidge won reelection handily with his antiunion message, and would be selected as the vice presidential candidate the following year.

Antiunionism was reaching hysterical levels in the fall of 1919. Newspapers proclaimed that anything other than the open shop was un-American. The antiunion campaign of big business was bearing fruit. Clergymen such as David Burrell of Marble Collegiate Church in New York City claimed that the Bible not only proved that the closed shop was unpatriotic, but also un-Christian.⁵⁴

Clergy and churches that supported the rights of labor soon fell victim to attacks by the super patriot groups. The National Welfare Council, the Federation for Social Service of the Methodist Church and the Commission on Church and Social Services were singled out for unusually harsh treatment by the superpatriots. Many clergymen supportive of labor came to be labeled "parlor pinks." This was the beginning of the radicalization of religion to the hard-right's viewpoint. Liberal and moderate church leaders were purged.

By the end of 1919, the Red Scare was reaching critical mass. Palmer, ever more confident of his future political achievements, believed the best solution was to deport radicals. Colluding with certain labor department and immigration officials, Palmer assured himself of ever greater success.

Palmer issued orders on December 27 for the FBI to arrange meetings of the groups they had infiltrated for the night of January 2, 1920. Field agents were to obtain all necessary documentation during the raids such as charters, meeting minutes, membership lists, and books. Additionally, no person arrested was to be allowed to communicate with any other person unless Palmer, William Flynn or J. Edgar Hoover granted permission. Palmer had appointed Flynn as the chief of the Bureau of Investigations, the forerunner of the FBI.

The results were spectacular. More than 4000 suspected radicals were arrested in thirty-three U.S. cities. Arrests were often made without warrants. The American citizens arrested were turned over to state authorities for prosecution under syndicalism laws. Prisoners were denied legal counsel and held under inhuman conditions. Brutality by arresting officers and jailers was widespread.

The mass hysteria even reached into the halls of congress where, at the urging of Palmer, seventy sedition bills were introduced. Eventually, cooler heads prevailed, and none of the peacetime sedition bills passed. Nevertheless, many states enacted sedition laws that facilitated the prosecution of the IWW. In New York State, five Socialist Party members of the state legislature were disbarred.

3

The full extent of the hysteria and the brutality prevalent can best be illustrated

by the Centralia Massacre that followed the steel and coal strikes. In 1919, there were only two IWW halls open in the state of Washington; the others had been suppressed or closed by the police or local mobs. The Centralia IWW hall had just reopened after having been raided by a local mob during a Red Cross parade the year before.

On October 20, 1919, a group of local business leaders formed the Centralia Protective Association to safeguard the small town against undesirables. Rumors inside the IWW hall were rampant about the hall being a target for a raid on Armistice Day. On Armistice Day, the parade route led directly past the hall. The Wobblies, seeking to protect themselves from mob violence, stationed armed members inside the hall, across the street and on a hilltop overlooking the street. Parade marchers included the local post of the America Legion led by Warren Grimm, the leading figure in the Centralia Protective Association. At first, it appeared that violence would be averted as the marchers passed the IWW hall, but marchers turned back towards the hall. In the confusion, some Legion members moved towards the hall. In self-defense, the Wobblies opened fire and wounded several legionaries, including Grimm. Another was shot in the head as he burst through the door.

The Wobblies responsible for the shootings were quickly rounded up and placed in jail, with the exception of Wesley Everest, who escaped towards the Skookumchuck River. He was pursued by a posse that overtook him as he attempted to ford the river. Everest refused to surrender and soon emptied his revolver, killing another Legion member. With no ammunition Everest was soon overpowered, beaten and had his teeth knocked out with a rifle butt before being taken to jail.

That night the lights went out in Centralia. Under the cover of darkness, a mob broke into the jail and seized Everest. He was taken to the Chehalis River. En route, one of his captors castrated him. Upon reaching the river, he was dragged from the car pleading for the mob to shoot him. He was hung from the bridge. The rope, however, was too short and his captors hoisted him back up to hang him with a longer rope. Somehow, Everest remained alive through the two attempted hangings. He was hoisted back up a third time, only to be fitted with a still longer rope. The third time, after stomping on his fingers as he desperately clung to the bridge, Everest finally succumbed.

After making sure their work was done, the mob turned their headlights on the dangling body and riddled the corpse with bullets. After several days, Everest was cut down and brought back to town, only to be displayed in the jail as an example to other Wobblies. Since none of the town's undertakers would care for the body, four of Everest's fellow IWW members were forced to dig his grave in potter's field. No inquest was ever held for his death, which was ruled a suicide by the corner. In the end, eight Wobblies were found guilty of murder and imprisoned.

The Centralia Massacre followed a long string of attacks on strikers and unions dating back to at least the post Civil War era. By 1914, the attacks had become commonplace. On April 20, 1914, in an effort to break a strike against the Rockefeller-owned Colorado Fuel and Iron Company, more than 40 striking miners and their families were murdered in Ludlow, Colorado by the Colorado National Guard and Rockefeller-hired thugs from the Baldwin-Felts detective agency.⁵⁵ Another massacre of Wobblies occurred in Everett, Washington on November 5, 1916.⁵⁶

Brutality such as the Centralia Massacre would reach epidemic proportions in 1919. The public had been whipped into a feverish frenzy by the media and super patriot groups like the American Legion. Superpatriot groups would spring up like mushrooms after a rain and would continue distributing literature through the 1920s.

No group with liberal tendencies would remain untouched. The Lusk Committee branded *The Survey*, a national liberal oriented magazine, as having the endorsement of revolutionary groups. Other liberal magazines such as *The Nation*, *New Republic*, *Dial* and *Public* were the subject of similar attacks. The ACLU was condemned as a Bolshevik front. The National League of Women Voters was labeled a tool of radicals. Liberal clergymen were branded as "parlor pinks", as were many teachers with liberal leanings.

The infamous Lusk Committee followed on the heels of the report from the United States Senate Overman Committee. The Overman Committee began hearings on February 11, the day the Seattle general strike ended. The final report spanned 1200 pages and showed little evidence of communist propaganda in the U.S. and even less of an affect on American labor. The immediate cause for the Lusk Committee sprang from a report leaked to the public by prominent New York lawyer Archibald Stevenson. Stevenson was serving in the Military Intelligence division at the time and supplied a list of 62 individuals to the Overman Committee that he had branded as traitors. Stevenson's report on radicalism in New York City concluded that Bolshevism was rampant among New York workmen.

On March 26, the New York legislature appropriated \$30,000 for the Lusk Committee and appointed Stevenson as assistant counsel. On June 12, the Justice Department raided the Russian Soviet Bureau. Two tons of propaganda material were hauled off to the Lusk Committee for review. Following the raid, New York State Senator Lusk declared that there were at least fifty radical publications in the city. At the same time New York State Attorney General Charles Newton claimed the Soviet Bureau was the clearing house for all radical activity in the United States.

On June 21, the Lusk Committee again struck again, this time raiding the Rand School and the local IWW office. All documents were seized, but despite vigorous denials from the committee little of value was found. There were no indications of a radical revolution. The committee claimed that documents from the Rand School showed that radicals were in control of at least 100 trade unions. Stevenson even claimed that the documents showed that the Rand School was propagandizing for Blacks.

With no substantiating evidence, Lusk charged that the Rand School was the actual headquarters for Bolshevik radicals and took immediate steps to close the school. The renewal of the school charter was delayed until July 30 when the Supreme Court Justice of New York threw out the case for lack of evidence.⁷⁵

5: Preachers & Klansmen

In 1924, the Hearst papers, the American Legion, and the Ku Klux Klan led the charge for the "Americanization" of schoolbooks, loyalty oaths for teachers, and harsher immigration legislation. These three organizations would become deeply tied

to fascism in the following decade. Several members of the American Legion were involved in the fascist plot of 1934 against FDR. The Hearst papers would become an open propaganda outlet for the Nazis and fascism. The Klan would go on to form an alliance with the American Bund.

W.J. Simmons, a former Methodist circuit rider from Atlanta, established the second Klan in 1915. The original Klan had died out and disbanded. The second Klan would be disbanded later on, only to be reborn again. In the first four years of rebirth, the Klan was relatively small. Not until 1920 did it grow to mammoth proportions.

Two factors with roots in the late 1800s set the stage for the rebirth of the Klan. The first was massive immigration from Europe. The American Protective Association, formed in 1887, was virulently anti-alien. The group was particularly strong in the Midwest, where the Klan became strong in the 1920s. The other factor was the populist movement of the 1890s which sought to unite blacks and poorer whites against mill owners and the conservative elite of the South.⁵⁷

The Klan remained relatively small through 1919. It wasn't until Simmons met publicists Edward Young Clarke and Elizabeth Tyler in 1920 that the membership increased, peaking at around 4,500,000. The huge increase in Klan membership was largely a product of the Red Scare. Simmons had a contract with the two, giving them 80 percent of all membership dues. Clarke and Tyler promoted the Klan as rabidly pro-America, anti-black, anti-Jewish, antiunion, and most importantly, anti-Catholic.

The race riots in the summer of 1919 also contributed to the rapid growth of the Klan in 1920. In 1919, race riots occurred in Chicago, Washington DC, Elaine, Arkansas, Charleston, South Carolina, Knoxville and Nashville, Tennessee, Longview, Texas and Omaha, Nebraska. Through the first half of the decade, the Klan would be a serious force in both the North and South.

The message from the new Klan was that it meant business. Many people believe the Klan was just a bunch of racist, hooded night-riders. The reality is that the Klan has always been closely associated with religion. Besides blacks, Jews, and immigrants, the Klan attacked bootleggers, dope dealers, nightclubs and roadhouses, violations of the Sabbath, sex, and so-called scandalous behavior.

The early 1920s saw a rash of lynchings, shootings, and whippings; the victims were most often a Black, Jew, Catholic or immigrant. Additionally, women of scandalous behavior, as determined by the Klan, were subject to abuse. In Alabama, a divorcee was flogged for remarrying. In Georgia, the Klan, led by a minister, administered 60 lashes to a woman for the vague charge of immorality and failure to go to church. In Oklahoma, Klansmen whipped girls found riding in automobiles with young men. In the San Joaquin Valley of California, the Klan flogged and tortured women for morality charges.⁵⁸

In Chicago, Miss Mildred Erick was beaten almost into unconsciousness, and had crosses carved on her arms, legs, and back by Klansmen. The Klansmen's attack was provoked by her conversion to Catholicism.⁵⁹

In November, 1921, a case in Asheville, North Carolina became the focus of the national media. The Reverend Abernathy, of the First Christian Church, sent a letter to city officials calling for a purity campaign and the arrest of two women, Etyln Maurice and Helen Garlington, and two black men, Louis Sisney and Maurice Garlington. The women were charged with prostitution, fornication, and adultery. Both women received a sentence of one year in the county jail.⁵⁹ The campaign was

similar to an earlier one in Athens, Georgia launched by the Reverend M.B. Miller of the First Christian Church. Miller headed the Klan in Athens.

There are thousands of examples of women receiving much harsher treatment than the Asheville case. What brought Asheville to national attention is that Asheville was the home of William Dudley Pelly and the Silver Shirts. Many of the regions in which the Klan were strong in the 1920s later became centers of pro-fascist groups in the 1930s. Pelly would later move his Silver Shirt organization to Indiana, an area that had a strong Klan in the 1920s.

With its anti-black, anti-union, anti-communist, anti-socialist, anti-Jew, and extreme nationalist agenda, the Klan's platform was remarkably like that of the Nazis. By the 1930s, the Klan served as a bridge between nativist groups and fascists. On August 18, 1940, the Klan formalized an alliance with the American Bund at the Nazi encampment of Nordland, at Andover, New Jersey. Before this, a Nazi agent had offered former Klan Grand Wizard Hiram Evans \$75,000 to control the Klan's voice. When James Colescott succeeded Evans, the Klan entered into its collaboration with the American Bund.

After the alliance with the Bund was formed, the Klan embarked on a plan to infiltrate unions in an effort to Americanize them. After Pearl Harbor, the Klan intensified these efforts, particularly in the Detroit area. Once inside the unions, Klansmen spread pro-fascist literature, and succeeded in provoking wildcat strikes to hinder the war effort. Their efforts went so far as to organize opposition to purchasing war bonds.

Probably the Klan's most successful effort to disrupt the war effort was the Detroit riot. This Klan-inspired riot was an attempt to prevent blacks from occupying their new homes in the Sojourner Truth Settlement, a housing project. The riot caused several deaths, and an interruption of war production. Amplifying its effect, the riot was of tremendous propaganda value to America's enemies. Germany and Japan seized on the riot, and aired lurid broadcasts of it to demoralize American troops.⁶⁰

Today, one cannot understand the Detroit area without looking at the influence of fascism in the area. The riot was provoked by the Klan which was closely associated with fascism and the Bund at the time. However, there were many other fascist organizations active at the time within the Detroit area. The Black Legion, the Wolverine Republican League, Father Coughlin, and several other fundamentalist ministers of hate as well be shown later in this chapter. Michigan was one of the hot spots for fascism as several of the strongest supporters of fascism within the halls of congress came from Michigan.

Detroit was not the only riot inspired by the Klan designed to stop war production. Another Klan-inspired race riot occurred on June 15, 1943 in Beaumont, Texas. A mob of over 4,000 attacked the black section of the city, looting stores and burning buildings. Twenty-one people were killed, and production in the area was slowed for months.

Today's modern, or the third Klan formed an alliance with neo-Nazis domestically, and in England, Sweden, Canada, and Australia. An American sergeant stationed in Bitburg served as the Klan's recruiting officer in Germany. Currently, much of the hate and pro-Nazi literature in Germany (where it is illegal) comes from the United States.⁶¹

Klan-inspired lynchings and riots were common in the 1920s. Over 450 people were lynched; almost all were black.⁶³ Lynchings became so frequent that Representative L. C. Dyer of Missouri introduced a bill in 1921 to make lynching a federal crime. The bill passed the house but failed in the Senate, due to a filibuster by southern senators. Lynching was not the only method the Klan used to dispose of blacks. On December 9, 1922 a mob in Perry, Florida burnt a black man at the stake after he was accused of murder.⁶⁴

The most noted act of Klan-inspired violence was in Rosewood, Florida, which was chronicled in a recent film. In January 1923, the tiny town of Rosewood came under attack by a white mob. The mob was incited by a report of a white woman having been assaulted by a black man in the nearby town of Summer. The riot resulted in several residents of Rosewood being murdered, and the black portion of town being burnt to the ground. The black residents, fearing for their lives, fled into the nearby swamps and relocated. No charges were ever filed against the mob, which was reported to have had several Klansmen from outside the area.

Although Rosewood is the most widely known race riot of the 1920s, it was not the bloodiest. The Tulsa, Oklahoma riot of 1920 was far more horrific. A mob of over 10,000, some wielding machine guns, attacked the black section of the city, destroying thirty-five square blocks, and leaving over 300 dead. The mob used at least eight airplanes to spy on the blacks and may have even used the planes to bomb some areas.⁶⁵

1

The listing of all the race riots and lynchings of the 1920s would fill several volumes. Many, such as Rosewood, were reported nationally. *The Nation* reported that the state of Florida was unconcerned about the fate of Negroes. A few northern newspapers decried the massacre, but most adopted a more apologetic view of the Klan and its violence. *The Tampa Times* justified it by proclaiming that blacks "are anything but a Christian and civilized people." *The Gainesville Sun* went even further, stating that lynchings would prevail as long as criminal assaults continue on innocent women, and closed the editorial equating the massacre with the death of a dog.

Today, most peoples' image of the Klan is one of a violent gang of racists clothed in bed sheets, and view the Klan as a pariah of some sort. Even with the rise in membership since 1980, the Klan is still a shadow of its former self. However, the real legacy of the Klan is not related to hooded nightriders or cross burnings. Rather, the real legacy is the role the Klan played in developing what now constitutes the religious right.

It was common place in the 1920s for ministers to lead the local Kaverns. The same holds true today. One such example is the Reverend J.M. Drummond, who was the keynote speaker at a Klan rally near Estill Springs, Tennessee on July 7, 1979.⁶⁶ Drummond is an Identity minister, as is Pete Peters, another minister closely associated with the Klan.

The Identity religion teaches that Aryans are the true Jews of the Bible, and that Jews, Blacks and other minorities are children of Satan. Two of the more influential developers of the Identity religion began their ministries in the 1920s.

The Red Scare of 1919 resulted in the purging of anyone holding even the

mildest liberal views, clergy included. With few liberal clergymen remaining, the result was a gigantic chasm into which the Klan and the radical right moved, shifting the spectrum to the far right. The result can still be seen today in the linkage between racism and religion. A study conducted in the 1960s detailed this linkage, and will be presented in a later chapter. Since that study, the linkage has become even more pronounced, with the rise of the Identity religion in recent years.

The evolution of the present religious right from the 1920s Klan can best be shown by the careers of Gerald Winrod and Gerald Smith. In November, 1925 in Salina, Kansas, Winrod established the Defenders of the Christian Faith. The Defenders were extremely conservative, and in April, 1926 Winrod began publishing a monthly magazine, *The Defender*. Winrod supported prohibition, and was rabidly opposed to the theory of evolution.

The teaching of evolution, as well as the Scopes trial, was one of those issues that become a watershed event in shaping later movements. The teaching of evolution would define what has evolved into the religious right. Although there were fundamentalists before the 1920s, the fundamental religious movement was revitalized and defined by the Scopes trial. In fact, the term "fundamentalist" was coined in the 1920s. Many early fundamentalists, such as John Franklyn Norris, were openly supportive of the Klan. Norris was a Baptist preacher from Texas, and also had a parish in Detroit, flying between the two cities. Norris also ran a seminary, one notable graduate of which was John Birch. Birch's death at the hands of Chinese communist forces in the late 1940s spawned the formation of the John Birch Society in the 1950s.

In 1926, Winrod led a campaign to ban the teaching of evolution locally, as well as in California and Minnesota. He appointed a committee to examine textbooks, and in Minnesota he helped William Bell Riley draft the bill which was introduced in the Minnesota legislature.

Riley was a force in the conservative wing of the Baptist Church during the 1920s. Like Winrod, Riley was rabidly opposed to the teaching of evolution, and was also extremely anti-Semitic. In 1934, he published the *Protocols of the Elders of Zion*, and an article on communism, attempting to show they were part of a conspiracy at work in Roosevelt's New Deal. Riley preached:

"Today in our land many of the biggest trusts, banks and manufacturing interests are controlled by Jews. Most of our department stores they own. The motion pictures, the most vicious of all immoral, educational and communistic influences, is their creation."⁶⁸

The above quote, from one of Riley's sermons, is indistinguishable from Hitler's propaganda. It is a clue that, if Riley was not outright pro-Nazi, he certainly harbored sympathy for fascism.

Riley was not the first clergyman to tout the Protocols. On February 12, 1919, the Reverend George Simons testified in front of the Senate's Overman Committee, shocking listeners with the tale of a secret worldwide Jewish conspiracy. Simons cited the Protocols as evidence. It is generally assumed that Simons obtained his copy of the Protocols from Dr. Harris Houghton of military intelligence. Houghton had obtained his copy from the Czarist immigrant Boris Brasol.¹⁷

With his congregation of 3,500, Riley exerted tremendous influence in the upper Midwest. Jewish leaders regarded his church as the center of the area's anti-Semitism. However, Riley's influence extended far beyond his area and time. In 1902, Riley founded Northwestern Bible Training School, which in 1935 became the Northwestern Theological Seminary. He also assisted in the preparation of *The Fundamentals*, a statement of fundamentalist belief. Just before his death, Riley placed the leadership of Northwestern under the direction of Billy Graham.

On March 2, 2002, the ghost of fascism came home to roost on the head of Riley's chosen successor, Billy Graham. On that day, an additional 500 hours of Nixon tapes were released. In a 1972 conversation between Nixon and Graham, the preacher expressed his contempt for, as he saw it, Jewish domination of the media. Graham is heard on tape saying referring to a Jewish owned newspaper:

"his stranglehold has got to be broken or this country is going down the drain."

Later in the conversation, Graham expresses further opinions about Jews:

"They swarm around me and are friendly to me. Because they know I am friendly to Israel and so forth. But they don't know how I really feel about what they are doing to this country, and I have no power and no way to control them."⁷⁴

In response to the new revelations, Graham apologized profusely, claiming a lack of memory of the incident. This latest example of Billy Graham's anti-Semitism should come as no surprise to those that have followed his career. Graham's career has been marked with similar incidents.

In the 1950s, Graham was embroiled in an incident revealing his anti-Semitism. The incident stemmed from his portrait gracing the cover of the January 1957 issue of *The American Mercury*, and his friendship with the Mercury's owner, Russell Maguire. Maguire had acquired a huge fortune from oil and munitions. Maguire owned the company that made the Thompson submachine gun, and had acquired the *Mercury* in 1952.

In 1951, Maguire donated \$75,000 to Billy Graham to produce a film extolling the virtues of free enterprise and the development of God-given natural resources. The film Graham produced was called *Oiltown, USA*. Graham continued his friendship with Maguire after producing *Oiltown*, and wrote several articles for the *American Mercury*. By the time Graham's portrait graced the *Mercury's* cover, the magazine had earned a reputation as overtly anti-Semitic and hard right. Maguire and the *Mercury* were ardently anti-communist, and also called for the abolition of the income tax, the UN, NATO, the ACLU and Zionism. Throughout the 1950s the *Mercury*, under the guidance of Maguire, supported Senator Joseph McCarthy.

Other writers for the *Mercury* included J. Edgar Hoover, Ralph de Toledano and George Lincoln Rockwell, founder of the American Nazi Party. De Toledano's resigned from the OSS after refusing to work with liberals. Maguire was an open backer of fascism and fascist organizations, and was an early supporter of Rockwell. Rockwell often complained about Maguire's miserly donations.

By January 1957, the *Mercury* was at loggerheads with the Anti-Defamation League over charges of anti-Semitism. Despite their public apologies, the religious right and Billy Graham cannot rid themselves of their past support of fascism and anti-Semitism any more than a leopard can change its spots.

Conservative theological circles today still regard Riley highly, carefully sweeping his collaboration with the Jayhawk Nazi, Winrod and his anti-Semitism, under the rug. Yet, anti-Semitism is still present in the Baptist church. Like many right wing groups, today the Baptist church cloaks its anti-Semitism behind a thin veil. It comes bubbling to the surface in the position the Baptist church has adopted in recent years of reaching out to Jews so they may be converted to Christianity. Jewish leaders describe this program as condescending. It is also manifested in the strong support for Israel due to the misguided beliefs of many of the fundamentalists. The reconstructionists a sub branch of the religious right believe the end of the millennium marks the end times and the approaching battle of Armageddon with the conversion of Jews to Christianity.

Winrod's lingering influence and anti-Semitism were also readily apparent in the 1980s in Kansas. At that time, Kansas became a hotbed of support for the Posse Comitatus, a far right-wing, extremely anti-Semitic group. The Posse Comitatus, which was founded by a former Silver Shirt leader, subscribes to the Identity faith.

Nor is this the end of the Winrod continuing influence. In March 2001, Winrod's son Gordon, now age 74, was sentenced to 30 years in prison for kidnapping six of his grandchildren. The children had been living in North Dakota. Winrod's two daughters assisted in their kidnapping and were brought to trial separately. The children have received mental health treatment after being returned to their fathers.

The younger Winrod began buying land in Ozark County, Missouri in the 1960s and eventually opened a church he called Our Savior, in which he preached his hate of the Jews. Winrod's congregation consisted mostly of his adult children and a few followers. Two or three times a year he would mail every resident of the county his Winrod Letter, despite numerous complaints. During his trial he repeatedly referred to the proceeding as a "Jewdiciary."⁷⁶

The Posse's rise to popularity in the Midwest, and in Kansas in particular, provides another example of how, old prejudices, hate and fascist leanings lingers on for generations. Indeed, racism in Kansas can be traced back prior to the Civil War. Further evidence of Winrod's lingering influence on Kansas is seen in the 1999 attempt by the Kansas Board of Education to ban the teaching of evolution.

2

Although Winrod claimed he was not a member of the Klan, he did nothing to oppose the group.⁶⁹ During the 1920s an estimated 100,000 residents of Kansas were Klan members. In the 1924 race for governor, both Democratic and Republican candidates sought the Klan's support. There was a solid base of support in Kansas at the time for candidates that attacked Catholics and Jews. Winrod would depend on that base in his later run for senator.

It wasn't until the 1930s that Winrod adopted full-blown fascism as his ideology. After 1934, Winrod accepted the Nazi's justification for their anti-Semitic

policies. His view was that the Nazis were only acting to save Germany from Jewish radicalism, economic exploitation and racial lust. In 1935, Winrod called Hitler a devout Catholic.⁶⁹ Eventually, Winrod was indicted for sedition in the 1940s.

An even more direct link between the 1920s and today's far right groups can be established by tracing the origin of the Identity religion. The Identity religion is based on racial hatred, and has been adopted by many current far right groups including the Aryan Nations, the Posse Comitatus, various Klan klaverns and militias.

Reuben Sawyer, the pastor of Portland, Oregon's East Side Christian Church, was the first to combine the Klan with Identity religion. Sawyer was instrumental in the British Israel Federation, and during the 1920's was a popular speaker in the Pacific Northwest. It was out of the British Israel Federation that the Identity religion emerged. Sawyer was a leader of the Klan in Oregon, and the founder of its women's auxiliary. Besides being the first to combine the Klan and what was to become the Identity religion, Sawyer was the first to combine anti-Semitism with anti-communism, as the following quote illustrates:

"Jews are either Bolshevists, undermining our government, or are shylocks in finance or commerce who gain control and command of Christians as borrowers or employers. It is repugnant to a true American to be bossed by a sheenie. And in some parts of America the Kikes are so thick that a white man can hardly find room to walk on the sidewalk. And where they are so thick, it is Bolshevism they are talking. Bolshevism, and revolution"⁷⁰

It was from such views that the Identity religion developed. Among those credited with its founding was a young minister, Gerald Smith. Smith began his ministries in Soldier's Grove, Wisconsin, by revitalizing a Disciples of Christ congregation. In 1923, Smith accepted a pulpit at the Seventh Christian Church in Indianapolis. He soon built the congregation to over 1,000. At the time, the *Christian Evangelist* noted that Smith a prominent figure among the Hoosier Disciples. As the 1920's progressed, he moved to other pulpits in the Indianapolis area. In 1929, he left Indiana for the Kings Road Christian Church in Shreveport, Louisiana.

While at the Kings Road church, he worked with the Klan, not against it. Smith's self-promotion and social activism soon alienated many of his wealthy backers. Soon, Smith aligned himself with one of the most notorious fascists of the time, Huey Long. In 1934, he resigned his pulpit at Kings Road to work with Long's Share the Wealth organization. In 1936, Smith endorsed Eugene Talmadge, the racist governor of Georgia, for reelection, and also aligned himself with another well-known fascist, Francis Townsend.

In 1939, Smith met Merwin Hart, head of Utica Mutual Life, and soon received support from the New York Economic Council. No doubt, Smith's campaign against the CIO figured prominently in the decision to support him. Living in Michigan at the time, Smith began broadcasting on WJR, a station owned by an enemy of Roosevelt. There he received further support from such leading industrialists as the Dodge and Olds brothers. In 1938, he supported the campaign of Arthur Vandenberg, a senator with fascist leanings. Smith also cultivated a friendship with Henry Ford.

In 1942, the FBI received a tip that Winrod helped Smith start *The Cross and*

Flag, a notorious fascist publication that continued well into the 1960s. Following WWII, Smith moved to California, and founded what has become the Identity religion. In the 1960s, Smith moved to Arkansas, and started several grandiose projects, one of which, the *Christ of the Ozarks*, was completed in 1966. It was soon followed by a Bible museum.

Smith's legacy is his founding of the Identity religion, a religion based solely on hate, teaching that Aryans are the true Jews of the Bible, and that Jews and other minorities are children of Satan. The Identity religion has become almost universal among far right groups today. It acts as the glue holding the various factions of the far right together and to justify their hate.

6: American Eugenics

There was a more sinister aspect that arose alongside racism in the early part of the 20th Century, that of eugenics. Eugenics as it was applied in the 1920s can be defined as the creation of the perfect Aryan race and the elimination of all inferior individuals and races. Sometimes preceding racism, and at others lagging, eugenics generally paralleled the development of racism in the 1920s. Both are so intertwined in America that they are impossible to separate. The tentacles of eugenics were spread far and wide in the 1920s and 1930s. IQ tests were developed as an offshoot of the eugenics movement, as was Planned Parenthood. Moreover, eugenic laws passed in the United States served as model laws for the Nazi Nuremberg Laws. Most Americans have little understanding or an incorrect understanding of the eugenics movement. Indeed its association with the Nazis and the Holocaust has distorted the true nature of the movement as surviving groups sought to distance themselves from a movement associated with the Nazis. Almost all Americans incorrectly assume that the movement died beside the Third Reich. Such an assumption is not only wrong, but also dangerous, as the eugenics movement is still alive and well today.

Author Edwin Black has traced the origins of eugenics back to biblical times and the Judeo-Christian concept of charity. After the Roman Empire adopted Christianity, the *Canones Arabicia Nicaeni* mandated the expansion of hospitals and other institutions for the needy in 325 A.D. Such institutions were needed in England and the church supplied them. During the early 1500s, agriculture underwent a change in England from small estate farming to large expansive estate farming, idling thousands of small estate farmers and contributing their numbers to the masses of needy. In 1530, King Henry VIII seized church property for the church's refusal to allow his marriage to Catherine of Aragon. Charity had now become a state responsibility. Although tending to the needs of the poor was expensive, the alternative of riots and revolutions was less appealing to the nobility.

By the end of the century, a distinct pauper class had emerged in England. Compulsory poor law taxes were assessed to each community to pay for housing the poor. The pauper class was viewed largely as arrogant and ripe for riots or revolution. The problems of the pauper class were only compounded by the advancing Industrial Revolution. Along with the Industry Revolution, the poor became concentrated in urban slums. Sweatshops sprung up to exploit the cheap area. For three hundred

years after King Henry, numerous reforms were made in England's poor laws. The ruling class became ever more resentful of being taxed to support the poor. By the 1800s, the ruling elite looked down on the poor as subhuman.

In 1798, Thomas Malthus, an English economist, published a watershed theory on the nature of poverty and the social economic system at play. Malthus concluded that while the population was growing at a geometric rate, the food supply was only increasing at a linear rate. As a result of his theory, he called for population control. Malthus continued that charity promoted generation to generation poverty. Many of those that supported Malthus ignored his complaints of an unjust social economic system and instead embraced the rejection of the value in helping the poor.

The same claim has been the mainstay of the Republican Party ever since the 1980s. Throughout the Great Depression of the 1930s there was no shortage of food, coal, or any of the necessities for a normal living standard for everybody. There wasn't even a money shortage. In short, the depression was the result of an inequitable distribution of wealth with no means of delivering the food to the hungry other than through private charity soup kitchens that were overwhelmed.

In the 1850s, Herbert Spencer published *Social Statics*. Spencer argued that man and society followed the laws of science and not the laws of a caring God. He popularized the familiar term: "survival of the fittest." He argued that the fittest would continue to prosper while the poor would become more impoverished until they died out naturally. Spencer denounced charity and aid to the poor. In 1859, Charles Darwin published *Origin of Species*. In 1863, Spencer published *Principles of Biology* in which he argued that heredity is under the control of physiological units. In 1886, Gregor Mendel published his classic experiments with peas from which he constructed a predictable heredity system.

The basis for eugenics was now firmly established. In 1869, Francis Galton, the father of eugenics, published *Hereditary Genius*. Galton had never finished his medical studies at London's King College, but instead had studied mathematics at Cambridge where he became a devotee of the emerging field of statistics. Galton distinguished himself by recognizing patterns. In his publication Galton had studied the genealogies of eminent scholars, artists and military men. He found that many of them were descendents of the same family and concluded the frequency was too impressive to ignore. Galton then concluded that not only physical characteristics were hereditary, but mental, emotional and creative qualities were also hereditary. Further, Galton reasoned that talent and quality could be sharpened by judicious marriages in a few generations into a race of highly gifted individuals. Galton suggested that by selective breeding of the very best, mankind could evolve into a superlative species. Galton hoped to develop a regulated marriage process where members of the finest families were only married to carefully chosen spouses.

Galton had developed a protoscience in search of vindicating data. Galton's ideas of marriage became known as positive eugenics. However, by the time the 20th Century arrived, a new form of eugenics had developed. Called negative eugenics, it called for the sterilization of the unfit. The spotlight of eugenics was soon to shift from England to the United States, where it immediately took on a racist characteristic.

Breeding humans had been part of America from before colonial days, in the slave trade. Only the strongest could survive the journey from Africa. On their arrival

the slaves would be paraded about on the auction block so they could be physically examined. Following the Civil War, America was primed for eugenics. In 1865, in upstate New York the utopian Oneida Community declared in a headline that human breeding should be the foremost question in that age. As news of Galton's work reached American shores a few years later, the Oneida community began its first human breeding experiment with fifty-three female and thirty-eight male volunteers.

As the number of emigrants from eastern and southern Europe increased, as the new century approached, eugenics became more popular as a means to purify American society. However, one would be amiss to blame the rise of eugenics in America solely on the massive immigration during the last half of the 19th Century. Contributing to its rise was a good deal of racism and group hatred. American Indians were being isolated on reservations. Such isolation of groups deemed as unfit became a cornerstone of negative eugenics. In the southwest, a great deal of race hatred stemmed from the Mexican-American war and the absorption of thousands of Mexicans in the territory ceded to the United States. On the west coast, the race hatred took the form of the Chinese Exclusion Act barring immigration from China and blocking naturalization of those already here. In the south, race hatred reached a feverish peak, and a network of Jim Crow laws were past to keep society pure.

In 1891, Victoria Woodhull, a leading feminist of the day, published a pamphlet, *The Rapid Multiplication of the Unfit*. The pamphlet called for both positive and negative eugenics. In 1896, former census director Francis Walker published the article, "Restriction of Immigration" in *Atlantic Monthly*, calling for restricted immigration before the nation committed racial suicide in response to the rising tide of immigration of non Anglo-Saxons. Roughly eighteen million immigrants arrived between 1890 and 1920.

By the turn of the century, women were still barred from voting. Racial hatred was the norm. Native Americans had been segregated on reservations Blacks and Asians were considered second class citizens and undesirables. Vigilantes often dispensed what passed for justice at the end of a hangman's rope. From 1889 until 1918, 3,224 people were lynched. More often than not, the victim was black although 702 of the victims were white. Moreover, the hangings were carried out for trivial reasons such as staring at a white girl, offensive language, or other such minor infractions.⁹²

Eugenics would soon become a cure all for society's problems. Criminal analysis would move racial hatred and criminal behavior into the realm of heredity and eugenic cleaning. Disease and physical afflictions, such as tuberculosis and epilepsy, were also considered hereditary disorders.

One of the first benefactors of eugenics in the United States was the Carnegie Institute. Following an infusion of bonds and other assets totaling \$14 million from the founder in 1901, the Institute was rechartered by a special act of congress in 1904. Under the charter, the institute was established to be one of the premier scientific organizations of the world. Twenty-four eminent individuals from science, government and finance were selected as trustees including Elihu Root, Cleveland Dodge, and John Billings. John Merriam was appointed president of the institute. The institute soon added a new science to their principal areas of investigations, negative eugenics.

1

Charles Davenport would soon emerge as the driving force behind the American eugenics movement. Davenport was a sad character with a Harvard degree in zoology. He came from a long line of Congregational ministers. His father was a real estate man and had founded two churches and was a deacon in one and an elder in the other. He raised his family harshly, forcing family members into long hours of Bible study.

Davenport approached the Carnegie Institute in 1902 to fund a study of evolution at the biological experiment station at Cold Spring Harbor where he worked. In 1903, Davenport approached the American Breeders Association (ABA), a group created by the Association of Agricultural Colleges and Experimental Stations. He was elected to the five-person permanent oversight committee. Davenport was also successive in pushing the ABA into adopting the views of negative eugenics. In 1904, the Carnegie Institute formally inaugurated the evolution center at Cold Spring Harbor with Davenport as director.

Davenport's work impressed the wealthy elite of New England and soon attracted more funding from the Carnegie Institute and additional funding from Mary Harriman, the widowed heir to the railroad fortune of E.H. Harriman. Others that jumped aboard the movement included Henry Ford, John Kellogg, Clarence Gamble, J.P. Morgan, and E.B Scripps.

Davenport soon enlisted the help of Harry Laughlin, a schoolteacher from Missouri. Laughlin, like Davenport was a minister's son. Davenport structured the Eugenics Records Office to further enable Laughlin's career. Laughlin was soon at work at the eugenic records office at Cold Spring Harbor. He first set about to identify the most defective and undesirable Americans, which he estimated to be about ten percent of the population. He toured Sing Sing and obtained the records of the inmates to prove for all times criminal behavior was hereditary. After obtaining the records from Sing Sing, Loughlin proceeded to tour New York's State Asylum to obtain the records of those committed. He also toured the Connecticut school for the feeble minded for the records of their charges. Laughlin then set about training field workers to generate additional eugenics records. Besides targeting criminals and the feeble-minded, Laughlin targeted epileptics as well.

In early May 1911, the ABA created a special committee to study the best practical means of cutting off the defective germ-plasma of the American population. The stage was now set for removing the undesirables. Laughlin was appointed secretary of the committee. The advisory panel included Dr. Alexis Carrel of the Rockefeller Institute for Medical Research, the chief of the Bureau of Statistics, O. P. Austin, and immigration expert Robert DeCouny Ward among other prominent advisors.

In mid July 1911, the special committee met in Manhattan and systematically plotted a campaign to purge the blood of American people of the deteriorating influence of these undesirable anti-social classes. Ten classes of the socially unfit were identified. The classes were as follows in the rank given by the committee: feeble minded, pauper, alcoholics, criminals including petty criminals, epileptics, the insane, the constitutionally weak, those predisposed to certain diseases, the

deformed, and finally the blind and deaf. Not only did the ABA target the individuals afflicted, but also targeted their extended families as well. The group agreed that sterilization of the extended families was desirable.

The eugenic committee had endorsed a very ambitious plan. The plan prioritized the sterilization of those receiving custodial care, including those in poor houses, insane asylums, prisons, and any others under state care. This group contained approximately one million people. The plan called for the further sterilization of borderline cases of some seven million people deemed by the ABA to be totally unfit to become useful parents or citizens. The estimated eleven million people targeted for the first wave was more than ten percent of the population. After the first wave was completed, the plan called for the sterilization of the extended families of those deemed unfit.

Moreover, the committee sought to bypass the court system in ordering the sterilization. They attempted to define the sterilization as a police function. In their view, once a eugenic board had ordered the sterilization of an individual, the police would simply enforce the decision. Additionally, Laughlin and his committee suggested polygamy and systematic mating to increase the bloodline of the desirables and draconian laws preventing births from any deemed unfit. They called for restrictive marriage laws, forced segregation of undesirables, and compulsory birth control. Nor did they confine their views to just the United States; they envisioned a global movement.

It was only a short step from theory to implementing the plan. The sterilization of undesirables first occurred outside the law and paralleled the development of eugenics. The first cases of sterilization occurred in Kansas, where F. Hoyt Pitcher surgically asexualized fifty-eight children confined in the Kansas Home for the Feeble-minded during the 1890s. Kansas's citizens denounced the doctor, and he was reluctantly removed by the board of trustees. The board staunchly defended Pitcher and defended his work. The doctor did not face any charges.

About the same time, Dr. Harry Clay Sharp was castrating inmates at the Indiana Reformatory to cure convicts of masturbation. Again, the procedure was conducted outside of the law. In 1899 Sharp read an article in the *Journal of the American Medical Association* (JAMA). The article, written by Dr. Albert Ochsner advocated the sterilization of all convicts with vasectomies. After reading the article, Sharp performed the procedure on scores of inmates without anesthetics.⁹³

By 1906, Sharp claimed to have performed 206 vasectomies, even though the procedure was still not legal. While Sharp was very influential in the passage of Indiana's sterilization law, he was by no means alone. Reverend Oscar McCulloch, the pastor of the Indianapolis's Plymouth Congregational Church, was a leading reformer and advocate of public charity while harboring a deep hate for the poor. Indiana law specified a compulsory servitude for its paupers. They could be farmed out to the highest bidder. McCulloch performed his own genealogical survey of Indiana's wandering tribe of paupers called the Tribe of Ishmael. McCulloch's survey of the Tribe of Ishmael quickly became a centerpiece of eugenics studies. McCulloch preached to his congregation that the paupers were parasites and preordained to be nothing more.

The reader maybe wondering about a connection between religion and eugenics as three of the most influential people in the early development of eugenics came

from deep religious backgrounds: Laughlin, Davenport, and MuCulloch. While there were a large number of evangelical ministers that served as officers in the eugenic movement, and more were members, the connection seems more informal than formal and dependent solely upon the individual minister involved. At the same time, few ministers spoke out against eugenics and those that did so waited until the 1930s, after eugenics had been discredited and associated with the Nazis. The connection between eugenics, the Klan, and religion is an area open to further research.

David Jordan, president of the University of Indiana, lectured his students that paupers were indeed parasites. In 1902, in his book *Blood of a Nation* he first proposed the concept of blood as the immutable basis for race. Jordan left Indiana to accept a position as the first president of Stanford University.⁹⁴

In addition to Jordan and MuCulloch, Indiana's State Board of Health was headed by Dr. J. N. Hurty, a staunch believer in eugenics. Hurty would later rise to become head of the American Public Health Association. In 1907, at the repeated urging of Sharp and Hurty, Indiana became the first state to pass eugenic laws calling for the sterilization of undesirables. Indiana, however, was not the first state to have had eugenic sterilization laws introduced in the legislator. Sterilization laws were first introduced in the Michigan legislator in 1905, and again in Pennsylvania in 1906. Both measures failed, however, the Indiana law was modeled on the Pennsylvania bill. The bill passed the Indiana House by a margin of 59 to 22 and the Senate by 28 to 16 votes. The vote was proceeded by little debate in both chambers.

In 1909, Oregon's Governor George Chamberlain vetoed a sterilization bill noting that's it didn't require enough safeguards. Moreover, eugenic sterilization laws failed in several other states in 1909, including another attempt in Michigan and a first attempt in Wisconsin. However, sterilization laws did pass in three states in 1909. Washington State passed a bill mandating sterilization of habitual criminals and rapists. Connecticut passed a law allowing the medical staff to examine patients of two asylums for the feebleminded and their family trees to determine if the patients should be sterilized. California enacted a bill that allowed castration or sterilization of convicts and residents of the state home for the feebleminded.

In the next two years, additional states passed eugenic sterilization laws. Iowa passed perhaps the most inclusive law, allowing the sterilization of criminals, idiots, feebleminded, imbeciles, drunkards, drug fiends, epileptics, and moral or sexual perverts. Nevada, New Jersey and New York were among the states to pass sterilization laws.

Nonetheless, the American Breeders Association and the Eugenic Record office remained frustrated with the progress of eliminating undesirables from the gene pool. Although several states now had laws allowing for forced sterilization, few people were ever sterilized. Only in California, where more than two hundred were sterilized, had the law been applied to more than a couple individuals. Moreover, public sentiment for the enforcement of the sterilization laws was lacking across the nation.

Following the death of Galton in 1911, the First Eugenic Conference was organized to be held in London. Winston Churchill was scheduled to introduce the king at the conference and was reportedly concerned about the rising number of people judged to be mental defects. The organizers wanted the Secretary of State, P.C. Knox to send an official delegation. However, the state department could not comply

because the conference was a non-governmental meeting. However, Knox did send official invitations to prominent American leaders on official letterhead. Knox, who had been a former lawyer for Carnegie Steel, effectively used the state department as the eugenics post office. American racial theories dominated the conference held at the University of London.

The next big stride forward for the American eugenic movement came with the US entry into WWI. Officials struggled with the task of classifying the three million draftees. Robert Yerkes, president of the American Psychological Association, gathered other eugenic activists around him and pleaded for intelligence testing of the new draftees. They developed two tests for the army, the beta test for those that could read and write English, and a pictorial alpha test for those that could not read. The questions centered largely on pop culture. Hence, urbanites could pass the exam easily, while draftees coming from rural population, and isolated from theaters and large cities with the newest consumer items, failed the test miserably. Even the questions in the pictorial tests were drawn from the latest pop culture. In the pictorial test, the subject was to draw in what was missing. One such question featured a picture of a bowling lane and the subject was expected to pencil in the missing bowling ball. America was still largely rural with many areas almost isolated as the only means of transportation at the time depended upon the railroads and horses. With such questions, one can easily see why a large number of rural recruits failed the exam. Predictably, the results were dismal: 47 percent of all whites failed and 89 percent of all Blacks failed. However, Yerkes claimed that feeble-mindedness was the lowest in the following Anglo groups: 0.1 percent in the Dutch, 0.2 percent in Germans and less than 0.05 percent in Swedes.⁹⁵

2

The war years proved fruitful for eugenics. During those years, eugenic groups proliferated in America. The Race Betterment Foundation, founded by Dr. John Kellogg, was organized in 1914. Kellogg was a member of the state board of health. The newly founded group attracted some of the most radical elements in the eugenic movement.

The next big advance for eugenics came on May 2, 1927, in a Supreme Court ruling of *Buck v Bell*. The case revolved around Carrie Buck and the sterilization law of Virginia.

Previously, Carrie's mother, Emma had been confined to the home for the feeble-minded shortly after WWI. After the war, Virginia had a well establish program of sweeping social outcasts into homes for the feeble-minded. Carrie's mother was a widow. She also was destitute and had been convicted of prostitution, making her an ideal candidate for the home of the feeble-minded. She would remain in the home for the rest of her life.

Carrie had been her only child while she was married and was placed in another family. Her school records showed she was a good student. The Dobbsses family, with whom she was living, withdrew her from school when she reached sixth grade. In 1923, Carrie became pregnant. She claimed it was rape, but the Dobbsses would not listen to her explanations and filed commitment papers, declaring Carrie to be feeble-minded.

In 1924, Virginia passed a sterilization law for the feebleminded. The case attracted the attention of Laughlin and other prominent individuals from the eugenic movement. To further their efforts and strengthen their court case, they had Carrie's child declared feebleminded at the age of three. Eventually, the case reached the Supreme Court with the Chief Justice being William Howard Taft. Only one justice ruled against sterilizing Carrie, Justice Pierce Butler. The opinion written by Justice Oliver Wendell Holmes Jr. concluded with words that still echo throughout time; "Three generations of imbeciles are enough."⁹⁶

With the sterilization of Carrie Buck and the Supreme Court ruling upholding the decision, the eugenics movement had surpassed a milestone. From the passage of Indiana's sterilization law until the Buck ruling, many states that had passed sterilization laws refrained from using it. Of the twenty-three states that had passed sterilization laws, Maine, Minnesota, Nevada, New Jersey, South Dakota and Utah had recorded no sterilizations. Idaho and Washington State had recorded just one each. Delaware recorded five cases. Kansas had recorded 335, Nebraska 262, Oregon 313 and Wisconsin 144. California, however, recorded 4636 cases.

Many states had simply been waiting for the ruling in the Buck case before proceeding with sterilizations. From 1907 until 1940, the totals increased at a horrific rate. In North Carolina 1017 cases of forced sterilization were recorded. Michigan recorded 2145, Virginia recorded 3924, and California recorded 14568. In total, no less than 35878 people were sterilized, most of them after the 1927 court ruling.⁹⁷

Throughout the 1920s the eugenics movement attracted people from diverse causes. The leading proponent of birth control, Marget Sanger, was committed to social darwinism and eugenics. Through her efforts, she turned her noble movement into a tool for the eugenic movement. Through her radical oratory and her publication, *Birth Control Review*, she help to legitimize the appeal of eugenics.

Another leading figure of the time, Lucien Howe, a pioneering ophthalmologist, was also attracted to the eugenic movement. Howe was one of the leading experts in blindness and was well aware that hereditary blindness was rare and not a leading cause of blindness. However, Howe advocated the sterilization of the blind and the banning of marriage of anyone blind. Moreover, Howe also lead the charge that the sterilizations should not be confined to just the blind person, but extended to their relatives.

With the gathering strength of the eugenic movement, Harry Laughlin sought to integrate the movement inside various government agencies. One long-standing target for Laughlin was the Census Bureau. The Bureau, however, would not cooperate with the eugenic movement. In the 1920s the bureau turned a blind eye towards Laughlin's suggestion that each person should be classified by race, such as German Jew or Dutch Jew. However, the Census Bureau did allow Laughlin to conduct a survey of those in state custodial and charitable facilities, as well as jails.

Unable to gain further inroads into the Census Bureau, Laughlin turned to other government agencies. He found ready acceptance in Virginia, largely due to Walter Plecker, the registrar of vital statistics. Plecker was an extreme racist. Plecker would soon use his hatred of race mixing, or mongrelization, of the white race by lesser races into one of the nation's most restrictive marriage laws. With the help of Anglo-Saxon clubs, the 1924 Virginia legislator passed the Racial Integrity Act, declaring anyone having blood that was more than one-sixteenth non-white as a non white.

Originally, the act called for one sixty-fourth, but was amended in the legislator because too many of the leading families of Virginia boasted of having Indian blood. The penalty for falsely registering one's race was a year in jail.

Plecker was particularly incensed by the reduction of Indian blood. His fury was further inflamed when Congress granted citizenship to all Indians not already naturalized less than two weeks from the passage of Virginia's Racial Integrity Act. Plecker believed that the problem stemmed from Indians mixing with both whites and blacks and that under the act, they could then claim exemption based on their Indian blood. Most of Virginia's Indian population were poor and lived in rural areas, making them an easy target for reclassification as Negroid, despite vigorous protest. In one case, Plecker ruled that if a comb passed through the hair of an individual, that person would be classified as Indian if not as Negroid. The comb test was perhaps as good as any other method Plecker used in reclassifying Virginia's native Americans. He used his racist tactics to expunge the Indian as a racial classification in Virginia.

While for the most part the eugenic movement was unable to penetrate the federal government and affect policy decision, the most notable exception was the immigration law. Since 1890, the American eugenicists considered the immigrants arriving from Europe to be genetically inferior. Their fears were enhanced by the mass number of the people fleeing Europe. More than eight million immigrants arrived between 1900 and 1909. The newly arrived came mostly from southern and eastern Europe. A large number of them were Catholic and Jewish. The influx of immigrants contributed to the urbanization of the country. The 1920 census revealed for the first time that more people lived in urban rather than rural areas. The resulting reapportionment of the legislator would be hard fought. The House increased the number of representatives to 415 to preserve as much as possible the old districts and power structure. The Red Scare and the rise of the Klan added further fuel to the fury.

A key figure in the success of the eugenicists in changing immigration policy was Albert Johnson. Johnson had been raised at the northern edge of the Mason Dixon line in Illinois during the turbulent Reconstruction period. He later became a big city newspaperman before moving to the small town of Hoquiam, Washington. It was from here that Johnson ran for congress and was elected to the House in 1912. Johnson was a fanatic racist and eugenicist. In 1919, he began a twelve-year tenure as chairman of the Immigration and Naturalization subcommittee in the House.

While there had been restrictions in immigration prior to Johnson's chairmanship, the restrictions were reactionary in nature and not eugenically motivated. Johnson viewed any immigration as a negative factor. One of his first actions was to appoint Laughlin as his eugenic expert before his committee. Laughlin and other eugenicists had long urged the classification of immigrants along strict biological and racial lines, as well as advocating intelligence testing of immigrants before they left Europe. Their goal was to restrict immigration based on quotas before the mass arrivals started in 1890.

Laughlin's inflammatory rhetoric helped along by funding from the Carnegie Institute, began producing results in congress. Due to the political explosiveness of the issue, congress wavered back and forth. In 1923, Labor Secretary James Davis signaled a willingness to cooperate in setting up an overseas eugenic network. Laughlin then toured Europe as a special immigration agent. In 1924, President

Calvin Coolidge signed the Immigration Act of 1924. The act called for vast changes in immigration. For instance, the Italian quota had been cut from 42,000 per year to just 4,000. The act limited immigration to just two percent of the reported national origin of the 1890s census. Thus the eugenicists were successful in rolling back immigration to the 1890. However, the act produced a firestorm in congress, as many argued the validity of the data used to set the quotas. Thus the act required that the Census Bureau report to a quota board their methodology in establishing the base figures. The quota board was made up of Secretary of Commerce Herbert Hoover, Secretary of State Frank Kellogg and Secretary of Labor, James Davis. In 1927, the quota board submitted a letter to President Coolidge, cautioning that the figures were not entirely satisfactory.

Laughlin was only partially successful in setting up his European testing centers. The system was installed in Belgium, England, Ireland, Holland, Poland, Italy, Czechoslovakia, Denmark, Germany, and Sweden. The system, on average, eugenically inspected roughly eighty percent of would-be immigrants from those countries and rejected about 88 applicants out of every 1000 as mentally or physically defective. However, Laughlin's inspections were short lived due to a shortage of funding and governmental objections from Europe.

Nevertheless, Laughlin's major achievement in establishing eugenics as part of immigration was the passage of the 1924 Immigration Act and the establishment of quotas. Both stood as national policy until 1952.⁹⁸

The American Breeders and the Eugenic Society were not content with just sterilization and segregation methods as a means to eliminate the defective. By 1910, they were also proposing euthanasia using a lethal chamber. The so-called lethal chamber was the forerunner of the modern gas chamber and was believed to be humane. Euthanasia was listed as the eighth of nine methods of eliminating the defectives from society. While many prominent, professional people in both medicine and psychology came to advocate euthanasia, one noted exception was Margaret Sanger. Others within her birth control movement however, were advocates.

On November 12, 1915, euthanasia and eugenics became front-page news across the country. Dr. Harry Haiselden had refused to provide treatment for a newborn baby suffering from extreme intestinal and rectal abnormalities. There was a question if the baby could be saved. Nonetheless, the Dr. withheld treatment. Emboldened by some favorable press coverage, the Dr. admitted to previously to euthanizing others. Haiselden later brought to light the case of the Illinois Institution for the Feeble-minded in Lincoln. Patients were fed milk from Lincoln's own herd of cows that were known to be harboring tuberculosis. Eugenicists believed death from tuberculosis was the result of defective genes.

3

However, the real story behind the gates of this home for the feeble-minded was euthanasia by neglect and was repeated across the nation in hundreds of other such homes. The real story lies hidden in the records of Lincoln's staggering death rates. Between 1904 and 1909 the death rate of residents was as high as 12 percent. Often after being admitted as many as 30 percent of the epileptic children died within eighteen months. A large number of the residents of Lincoln died before reaching the

age of ten. In 1930, the life expectancy of those judged to be feebleminded was just 18.5 years; today the rate for those that are mentally retarded is 66.2 years.¹⁰⁰

This method of euthanasia through benign neglect was all too common throughout America during the 1920s and 1930s. In fact, it is still commonplace in America today

where adequate health care has now become a luxury only affordable by the wealthy. An excellent example exists in the case of Legionnaires disease. The discovery of the disease occurred in 1976, when an outbreak of the disease occurred among the attendees of an American Legion celebration of the bicentennial. The outbreak caused numerous deaths and a near panic. It took researchers over six months to determine the bacteria responsible for the outbreak. Nevertheless, further investigation of blood samples saved from other deaths by the researchers showed that a previous outbreak of the disease had occurred in 1965 at St Elizabeth's Psychiatric Hospital in Washington when fourteen patients died.

The St Elizabeth's case and the Legionnaires convention in Philadelphia reveal what is all too commonplace throughout America, both in the past and present. The poor and weak are widely regarded as expendable. The Legionnaires were upright citizens and voters, while the residents of St Elizabeth were viewed as expendable. Thus, the deaths of the Legionnaires demanded an investigation, while the deaths at St Elizabeth were checked off as routine.⁹⁹

While the deaths at St Elizabeth were not the result of a conscious decision to eliminate the inferior, the benign neglect present in today's society that is prevalent among the right-wing in America towards the poor and weak. It serves the same purpose as the eugenic euthanasia ideas of bygone days. Further, it provides society with a guiltless solution and the excuse of not being aware of what was going on, just like the German citizens living next to a concentration camp.

As mentioned earlier, the American eugenic movement began to attract global attention at the First Eugenic Conference in London. In fact, the conference was dominated by the American views of race and eugenics. Plans for further conferences had been made there. The second conference was held in Paris. Again, plans were made for another conference, but World War I interfered and the conference was postponed.

Following the war, Germany would not cooperate with the International Federation of Eugenic Organization because of bitter animosity remaining between Germany and England, France, and Belgium. However, German eugenicists' bonds with Davenport remained firm, due largely to the generous funding of German eugenic research by the Rockefeller Foundation and the Carnegie Institute. Both organizations lavished ample funds on the German eugenicists while Americans stood in bread lines. American laws soon became inspiration for the German racists. One of the German racist hate mongers that took note of the American laws was Adolf Hitler. While confined in prison for the Beer Hall Putsch, Hitler studiously read eugenic textbooks that quoted Davenport and other American eugenicists. Hitler's publisher was Germany's most prominent eugenic publisher. The president of the American Eugenic Society received a letter from Hitler praising the publishing of *The Passing of the Great Race* by Madison Grant. The book called for eliminating the unfit. In the letter, Hitler described the book as his Bible.¹⁰¹

While it would be unwise to attribute Hitler's extreme racist view towards Jews

to the American eugenic movement, nonetheless by cloaking his racism under the disguise of science, Hitler was able to attract additional followers that would have otherwise remained neutral. The intellectual view of eugenics that Hitler adopted was strictly from the American eugenic movement. One of the books that Hitler studied was *Foundation of Human Heredity and Race Hygiene*, written by three American eugenicists. In Germany, the book was published by Julius Lehmann. Lehmann was at Hitler's side during the Beer Hall Putsch. It was also Lehmann's villa where Bavarian officials were held hostage in the immediate aftermath of the failed coup.

The influence of the American eugenic movement on Hitler can be seen in several quotes from *Mein Kampf*.

"The demand that defective people be prevented from propagating equally defective offspring is a demand of the clearest reason and if systematically executed, represents the most humane act of mankind."

"It must see to it that only the healthy beget children...."

"The prevention of procreative faculty in suffers from syphilis, tuberculosis, hereditary diseases, cripples, and cretins is a crime...A prevention of the faculty and opportunity to procreate on the part of the physically degenerate and mentally sick, over a period of only six hundred years, would not only free humanity from an immeasurable misfortune, but would lead to a recovery which today seems scarcely conceivable... The result will be a race which at least will have eliminated the germs of our present physical and hence spiritual decay."

"Speaking English, wearing good clothes and going to school and to church do not transform a Negro into a white man. Nor was a Syrian or Egyptian freedman transformed into a Roman by wearing a toga and applauding his favorite gladiator in the amphitheater."

"since it restores that free play of forces which must lead to a continuous mutual higher breeding until at last the best of humanity, having achieved possession of this earth, will have a free path for activity in domains which lie partly above it and partly outside of it."

"that the state represents no end, but a means. It is, to be sure, the premise for the formation of a higher human culture, but not its cause, which lies exclusively in the existence of a race capable of culture."

"Every racial crossing leads inevitably sooner or later to the decline of the hybrid product as long as the higher element of this crossing is still existent in any kind of racial unity."¹⁰²⁺

The first quote from *Mein Kampf* is an eerie echo of Justice Holmes majority opinion in the Buck.

"It is better for all the world if instead of waiting to execute degenerate offspring for crime, or to let them starve for their imbecility, society can prevent those who are manifestly unfit from continuing their kind. The principle that sustains compulsory vaccination is broad enough to cover cutting Fallopian tubes. Three generations of imbeciles are enough."¹⁰³

There is no difference in substance in the two quotes. Hitler merely adopted the policies of the American eugenicists. In fact, Hitler was acutely aware of the progress of eugenics in the United States, as evident in *Mein Kampf* where he notes the passage of eugenic quotas for immigration. Hitler attributed the superior culture of the United States compared to South America to a large Germanic population who, unlike the Spanish in South America failed to interbreed with the lesser, native population. Throughout the pages of *Mein Kampf* one can note the similarity of Hitler's rantings to the policies of the American eugenicists. Perhaps the best means of summarizing Hitler's views comes from *Mein Kampf* when he states "The Germanic inhabitant of the American continent, who has remained racially pure and unmixed, rose to be master of the continent; he will remain the master as long as he does not fall victim to defilement of the blood."¹⁰⁴

During the first two decades of the 20th Century, American eugenicists led the way. However, with the rise of Hitler in Europe, German eugenicists became a co-partner in eugenic research. Nevertheless, it was American money that kept eugenic research and German science alive during the hyperinflation of the early 1920s. One noted beneficiary of Rockefeller Foundation money was the Kaiser Wilhelm Institute for eugenic research. In all, three separate institutes of Kaiser Wilhelm fell under the eugenic classification: psychiatry, anthropology, and brain research. All of which owed their founding and good fortune to the Rockefeller Foundation.

Throughout the 1920s, German eugenicists continued to gain stature in the global eugenic movement. On January 30, 1933, Germany assumed the leading role in the eugenic movement with the rise to power of Hitler. It did not take Hitler long to implement his eugenic views. On July 14, 1933, Hitler issued the Reich Statute Part 1 No.86, the Law for the Prevention of Defective Progeny. The law called for compulsory sterilization of defectives. The nine categories listed were headed by feebleminded, schizophrenia, manic-depressive, Huntington's cholera, epilepsy, hereditary body deformities, deafness and hereditary blindness. Alcoholism, the last category on the list, was optional to avoid the confusion with ordinary drunkenness.

The Nazis announced that 400,000 Germans would be subjected to the law immediately. The program was to begin on January 1, 1934. A massive sterilization infrastructure was created to put the new law into effect. Over 205 local eugenic courts were created. In addition, twenty-six special eugenic appellate courts were also created. Physicians were required by law to report suspected patients and to provide their confidential patient records.¹⁰⁵

The law was essentially the same law Davenport and Laughlin proposed for the United States and passed in the majority of states. While the rest of the world reacted in shock and horror of the inhumane regime of the Nazis, American eugenicists covered the eugenic developments in Germany with fascination and joy. The *Journal of the American Medical Association* reported on the Nazi law as if it were a routine health measure like vaccines. Money from the Rockefeller Foundation continued to finance additional Nazi eugenic studies. In fact, the foundation would continue to fund Nazi eugenic research up until the outbreak of war in Europe.

In 1933, after an aggressive campaign to secure a contract with Nazi Germany IBM designed the first Nazi census. It was the technology from IBM that aided the Nazis in carrying out the Holocaust. Without the use of IBM machines, the Nazis would have been forced to painstakingly analyze the genetic records of Europeans by

hand, one at a time. It would have taken an army of workers years to sort through all the records by hand, but with the IBM's Hollerith machines the same task could be completed in minutes and hours.

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In 1935, after the passage of the Nuremberg Laws, the Nazis awarded Laughlin a special recognition for his contribution to the Reich's policy. Laughlin received an honorary degree from the University of Heidelberg.

It wasn't until 1936 that the eugenic movement would experience a decline due to the Nazi threat in Europe. By then Germany was considered a threat to the peace in Europe. Refugees from Germany were flooding the world.

Central to eugenic studies was research on twins. British and Americans long recognized the need for eugenic research studies on twins. Several small studies on twins were conducted in both England and the United States. However, with the rise of the Nazis, the lead in twin research would pass to Germany, just as the forefront of eugenic research did. Nevertheless, the seed money for German research on twins came from the Rockefeller Foundation, as the following telegram of May 13, 1932, from the Rockefeller Foundation's headquarters to its Paris office reveals.

"JUNE MEETING EXECUTIVE COMMITTEE. NINE THOUSAND DOLLARS OVER THREE YEAR PERIOD TO KWG INSTITUTE ANTHROPOLOGY FOR RESEARCH ON TWINS AND EFFECTS ON LATER GENERATIONS OF SUBSTANCES TOXIC FOR GERM PLASMA. NATURE OF STUDIES REQUIRES ASSURANCE OF AT(Rockefeller's director of science in Europe—Augustus Trowbridge.)"¹⁰⁶

The chief beneficiary of the Rockefeller seed money was Dr. Otmar Freiherr von Verschuer. Verschuer was a violent anti-Semitic and German Nationalist. He had participated in the Kapp Putsch in 1920. In 1922, he outlined his nationalistic eugenic position in a student article *entitled Genetics and Race Science as the basis for Volkische*. By the time of the Beer Hall Putsch, Verschuer was lecturing that fighting the Jews was integral to Germany's eugenic battle. In 1935, he left the Institute of Anthropology to found Frankfurt University's new Institute for Hereditary Biology and Racial Hygiene. By 1937, Verschuer had gained the trust of the Nazis and by 1939, Verschuer was describing his role as pivotal to Nazi supremacy.

Nevertheless, even after the Nazis seized power, the American eugenicists and medical media still praised Verschuer's work. His research was cited in such prestigious American medical journals as the *Journal Of The American Medical Association*. Moreover, Rockefeller money continued to flow to Verschuer. It wasn't until 1936, after Raymond Fosdick assumed the presidency of the Rockefeller Foundation, that funding for German eugenic research slowed. However, the funds were readily available if the research omitted the word eugenics and repackaged the research as genetics, brain research, serology, etc. In June 1939, the Rockefeller Foundation tried to deny that it was funding Nazi science. Such denials were lies, as the Rockefeller trust was now sending money through the Emergency Fund for German Science. Such sleight of hand of course provided the foundation with a

window of deniability.

Verschuer received funding from the Rockefeller Foundation in 1933, 1935, 1936 and 1937 for his research on twins. In fact, the funds to Verschuer continued right on through the war years, funding a number of concentration camp experiments. In 1943, he received funding from the German Research Society for experiments packaged under the label of serology. The experiments would require large volumes of blood. The blood would come from twins at Auschwitz.¹⁰⁷

In one of the quirks of fate in history, most readers have probably never heard of Verschuer. Yet everyone would be aware of the horrendous and hideous experiments carried out on Auschwitz prisoners at his beckoning. The experiments were carried out by a former Ph.D. candidate of Verschuer who remained a collaborator with him throughout the war. That former student would provide the blood samples in the study mentioned above. His name was Dr. Joseph Mengele, the Angel of Death. Hence, the trail of Rockefeller money leads directly to the gates of Auschwitz and some of the most gruesome experiments ever carried out on humans.¹⁰⁸

While Mengele escaped to South America to avoid war crimes charges and a sure date with the hangman, Verschuer was never charged with any war crimes. However, in 1946, the *Die News Zeitung* published an article listing all the doctors that had fled Germany. On May 3, the paper followed up the article with accusations made against Verschuer by Robert Havemann, a communist and chemist who had resisted the Nazis. He openly accused Verschuer of using Mengele to obtain eyeballs and blood from those murdered at Auschwitz. Verschuer dictated a sworn statement to the occupation appointed administrator of the Kaiser Wilhelm Institute that he had always opposed racial concepts. He further swore that Mengele had been transferred to Auschwitz against his will. Mengele couldn't wait to get involved in the war and enlisted.

Havemann organized a committee of scientists at Kaiser Wilhelm Institute to examine the evidence against Verschuer. The committee concluded that Verschuer had engaged in despicable acts in concert with Mengele. The report was sealed for the next fifteen years. A second board found Verschuer innocent of committing any crimes or transgressions against inmates of Auschwitz. Verschuer's record was expunged of any transgressions and he soon became a respectable scientist in Germany and the United States. In 1949, he became a member of the newly created American Society of Human Genetics, created by eugenicists. The first president of the new society was Hermann Muller of Texas, a former Rockefeller fellow who had worked at the Kaiser Wilhelm Institute in 1932. In 1960, under international pressure to continue the hunt for Nazis, an investigation opened to examine the connection between Verschuer and Mengele. The investigation concluded there was no connection between the two. Verschuer's record like so many other Nazis had been completely whitewashed. In 1969, Verschuer was killed in a car accident; he never faced justice for his crimes.¹⁰⁹

It wasn't until 1940 that the Carnegie Institute stopped funding Laughlin and the Cold Harbor center. In 1947, a Carnegie administrator overseeing the dismantling of Cold Spring contacted the Dight Institute, a independent eugenic research organization at the

University of Minnesota. In 1948, the Dight Institute agreed to take the record

concerning individual trait and family documents if Carnegie defrayed the shipping cost. Six months later the Minnesota Historical Society agreed to take a half-ton of books and family genealogical books. The New York Public Library took in an additional 1000 volumes of family genealogical books.

In December 1946, the United Nations passed Resolution 96 (I), which embedded genocide into international law. The resolution reads as follows. "Genocide is a denial of the right of existence of entire human groups, as homicide is the denial of the right to live of individual human beings, such denial of the right of existence shocks the conscience of mankind, results in great losses to humanity in the form of cultural and other contributions represented by these human groups and is contrary to moral law and the spirit and aims of the United Nations."

Shortly after the passage of Resolution 96 the Treaty Against Genocide was ratified. The treaty delineated five categories of genocide as listed below.

1. Killing members of the group.
2. Causing serious bodily harm or mental harm to members of the group.
3. Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part.
4. Imposing measures intended to prevent births within the group.
5. Forcibly transferring children of the group to another group.¹¹⁰

Under the categories listed above aspects of the past and present policy of the United States and Canada towards the Native Americans is considered genocide under the international treaty. Also the policies of many international companies especially those engaged in oil exploration and mining are equally guilty of genocide in the remote areas of South America, Asia and Africa. However, the UN has failed to pursue a single case of genocide against any corporation.

Eugenics, like fascism, didn't die with the end of WWII. Rather, during the war it began to morph into more socially acceptable forms. In fact, one of the largest sterilization campaigns in the United States didn't take place until 1946-1947, in the Winston Salem school district in North Carolina. The sterilization program evolved out of the Wake Forest Medical School. In 1941, the American Eugenic Society helped establish a Department of Medical Genetics at Wake Forest from money received from the Carnegie Institute. The eugenics Research Association's vice president, William Allan, chaired the new department. Following Allan's death in 1943, Dr. C. Nash Herndon took over the department. Herndon was an advocate of forced sterilization. By 1943, Herndon claimed to have sterilized about thirty individuals, mostly blacks.

In 1946, Gordon Gray founded the Bowman Gray (Memorial) Medical School in Winston Salem. The school maintained extensive eugenic records of children with diseases believed to be inherited, which included low IQ children.

Herndon and Gray, with the help of Dr. Clarence Gamble, heir to the Proctor and Gamble soap fortune, began a program to administer an IQ test to all Winston Salem school children. Below some arbitrary cut off point in the test scores, the child was selected for sterilization. The program was extended to nearby Orange County with money from James Gordon Hanes, a trustee of Bowman Gray Medical School and underwear mogul. Hundreds of children in North Carolina were sterilized in the

program. Wake Forest is still uncovering its past association with the eugenics movement.

7: The Bush Family & Eugenics

The eugenics movement did not end with the program in Winston Salem. In 1950 and 1951, John Foster Dulles led John D. Rockefeller III on a world tour, focusing on the need to stop the expansion of the non-white populations. In the fall of 1952, Rockefeller and Dulles established the Population Council with money from the Rockefeller fortune. The American Eugenics Society soon moved its Yale University headquarters into the offices of the Population Council. The two groups then merged. Dr. Herndon became president of the American Eugenic Society in 1953, and its work continued to expand with money from the Rockefellers.

In the early 1950s, Gordon Gray, a close friend and frequent golfing partner of Prescott Bush was appointed as the first director of the Psychological Strategy Board under Eisenhower. Later in 1958, Gray became National Security Advisor to Eisenhower. Gray's son, C. Bowden served as George Bush's (Prescott's son) legal counsel throughout the evolving Iran-Contra scandal.

In 1958, William Draper was appointed to chair a committee which was advising President Dwight Eisenhower on the use of military aid to other countries. The appointment was made possible by Prescott Bush and Gordon Gray, both whom were frequent golfing partners of Eisenhower. Dillon and Reed employed Draper during the 1930s. It was with Draper's help that Prescott Bush was able to float the largest bond issue for Nazi Germany. Draper later served in post war Germany as the head of the economic unit in charge of dismantling the cartel system.

Draper was a racist and major funder of the eugenic movement. Draper used his position as committee chairman to direct the focus of the committee away from military aid to the danger of over population in third world countries. His racist views were dismissed by the Eisenhower administration. Draper went on to fund the Population Crisis Committee with money from the Rockefellers and du Ponts. In the 1960s, Draper served as an advisor to LBJ. He was instrumental in getting the Johnson administration to use the overseas aid program to fund birth control in non-white countries.

The Bush Rockefeller connection goes back to pre-WWI and Samuel Bush, president of Buckeye Casting. Samuel Bush was also director of several Ohio and Pennsylvania railroads. The railroads worked closely with the Ohio bred Standard Oil. Standard held a minority interest in Buckeye Castings. In turn, railroads transporting Rockefeller oil were required to purchase all of their couplings and related railroad equipment from Buckeye.

George Bush, Prescott's son, was a vocal supporter of Draper's policies. In 1964, he campaigned in Texas against the Civil Rights Act. In 1969, as congressman, Bush arranged hearings on the dangers posed by the birth of too many black babies.

In 1972, as ambassador to the United Nations, George Bush arranged the first official contract between the American government and the Sterilization League of America, which had, by then, changed its name, yet again, to the Association for

Voluntary Surgical Contraception. Under this contract, the United States taxpayer was burdened with the cost of sterilization programs in the non white third world.

In the 1980s, as vice president, George Bush urged Reagan to appoint Draper's son as administrator of the United Nations Development Program, an organization connected with the World Bank and charged with supervising population control. Bush was also instrumental in the appointment of Draper's son to the Export-Import bank. During the 1980s the Export-Import Bank with the urging of the Reagan administration served as a funnel for funds to provide Saddam Hussein with funds and credits during the Iran-Iraq war.¹¹¹

The Bush and Draper families have shared close relationships since the 1920s. In 1980, Draper's son was co-chairman for finance and head of fundraising for the George Bush for President campaign in 1980.

Dr. Clarence Gamble later established the Pathfinder Fund. The prime objective of the Pathfinder fund is to break down the resistance to sterilization in third world countries.

The racist policies of the Bush family extends into the administration of George W. Bush. Charles Murray, the Pioneer Fund's best known expert, has served as advisor to many of George W's top advisors and is often quoted by them. (The Pioneer Fund was established by Wickliffe Draper, not to be confused with William Draper) Both Tommy Thompson's and NYC Mayor Giuliani's welfare programs are directly influenced by Murray. Murray was a consultant on the Wisconsin plan when Thompson changed the Wisconsin welfare system. Murray's books *The Bell Curve* and *Losing Ground*, both about the inferiority of Blacks, serve as bibles for the school privatization and anti-welfare movements in the U.S.

There are a several things to note in the last few paragraphs. The first notable aspect in post-war period is how small and tight this group of eugenics was. Throughout this book, this is a reoccurring theme. American fascism is not broadly based; it is concentrated into a few wealthy families. When it does extend to larger number of families, those families are linked together by inner marriages. American fascism, like the Nazis in Germany is a product of a few elite families. Another circumstance worth noting is the concentration of these people in the Eisenhower administration. Eisenhower was certainly no supporter of Nazi Germany. In fact, he expressed his hatred of the Nazis and Germans in general countless times in letters to his wife. However, his administration was littered with Nazi supporters. In essence, he was duped. However, the old general was not the complete fool. In his farewell address he forewarned us about the military-industrial complex, a polite description for post-war fascism.

It is undeniable that the tentacles of eugenics extend into such noble causes as birth control, population control and Planed Parenthood. When such organizations and policies are under democratic control they can do much to alleviate poverty, human misery and famine. It is only when such policies and organizations slip under the control of such families as the Bush and Rockefellers that they become modern day weapons of genocide.

Although it has been over seventy years, the legacy of the 1920's is not one of flappers and speakeasies. Its true legacy is one of brutal repression. The leaders of corporate America were successful in purging socialists and union organizers through a network of hard right "patriotic" groups. The seeds of fascism had been successfully

sowed in the 1920s, and grew into full-blown fascist groups during the economic turmoil of the 1930s.

Before the end of the 1920's, the economy would sink into a deep depression; a fitting tribute to the failed laissez-faire economic policies of the decade's three Republican administrations. The decade would end much the same as it began. In one of the most shameful acts of all time, a hate-filled President Hoover ordered the army to remove Bonus Marchers from Washington, DC.

In May, 1932, WWI veterans came to Washington DC, demanding payment of their deferred bonuses to help them survive the depression. On May 24, General Alfred Smith, chief of G2 (army intelligence), and General Douglas MacArthur met to consider implementing Emergency Plan White, a plan designed to suppress domestic unrest. Charged with preparation was General George Van Horn Moseley. Moseley and MacArthur were convinced that the Bonus Marchers had fallen under communist control. Moseley was insistent upon removing the marchers by force. Late in July, the army attacked the marchers using tear gas, cavalry, sabers and bayonets. Two officers involved in the attacks were George Patton and Dwight Eisenhower. Moseley held extreme views on eugenics and immigration, and following his retirement became a pro-Nazi figure.¹⁸

The Nazi's plan for world domination involved several facets, like a many-headed hydra. The cartel agreements went far beyond the establishment of monopolies, and, in fact, were a major part of the Nazi war plan, and were readily entered into by the leaders of corporate America. Along with fascism support for big business came extreme antiunionism.

Cartel agreements had two effects on W.W.II. First, they hindered production of munitions. Second, they shifted the geopolitical balance in South America to the Nazis. American companies were excluded by these agreements from expanding into South America, while German firms were free to do so. Once the war started, these German firms in South America were used to circumvent the British blockade, prolonging the war.

Nazi influence in South America continued after the war, and the continent became a haven for Nazi war criminals. Once safely in South America, Nazi war criminals became military advisors, and trained their host country's security forces. The end result has been a series of coups overthrowing reformist governments, and the installation of brutal dictatorships with their accompanying death squads. The Nazi influence in Argentina was apparent as recently as the Falkland Islands War, in which the Argentine air force achieved some success. The Argentine aircraft industry is the direct product of ex-Nazi engineers.

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CHAPTER 5

The 1930s: Nazis Parading on Main Street

1: The Plot Against Roosevelt

One cannot hope to gain an understanding of fascism in America without first looking at its roots in the 1930s. For most readers, the 1930s evoke images of the Great Depression and Dust Bowl. However, this wrenching decade of world economic turmoil involved far more serious events. From the beginning of the decade, events were conspiring to unleash on an unsuspecting world the horrors of the Second World War and the unfathomable inhumanity of the Holocaust. The Second World War would go on to shape the geopolitical scene for the remainder of the century. Claims arising from the Holocaust would still be front-page headlines as the world entered the 21st century.

The 30's were a decade in which Nazis openly paraded, unopposed, in the streets of America and were supported by many. Much of the details of 1930's fascism are still shrouded in secrecy. It has been over a half-century since the end of the war, yet news is still surfacing of corporate America's dealings with the Nazis. As of yet, no one has exposed, in a comprehensive manner, the connections between the 1930's fascists and today's American right wing. Many of the events of the decade have been quietly swept under the rug, such as the plot against Roosevelt. The press downplayed the assassination attempt at the time and even today, most people are still unaware of it.

Just as economic hardships in Germany led to the rise of Hitler, many Americans hit by the depression joined the fascist ranks. Likewise, it was the long and deep recession of the 1980s that led to a reemergence of fascism, not only in the United States but worldwide, as the world transformed from the industrial age to the information age.

In the 1930s membership in fascist groups expanded, with some groups claiming over a million members. This influence extended to the very end of the twentieth century. Many of today's far right extremist groups were founded by former pro-Nazis, an example being the Posse Comitatus founded by former Silver Shirt leader, Henry Lamont Beach. Other far right extremist groups, such as the World Anti-Communist League, are rife with former pro-Nazis and even Nazi war criminals. The Republican Party has been infested with Nazi war criminals. Many of the ethnic heritage groups the Republican Party set up under Nixon are nothing short of havens for former Nazi war criminals. The American Security Council founded in the 1950s was formed by elements from three pro-Nazi groups of the 30s, and exerted a serious influence on the Reagan administration, as did the LaRouche fascist group.

The rhetoric of today's right-wing extremists is telling evidence of their connection to the fascists of the 30s. The current wild-eyed claim among many in militia groups about Russian or UN troops massing on the Canadian border is nothing but recycled rhetoric from the fascists of the 30s. The 1960s right wing group, the Minutemen, made a similar claim. Their version had the Red Chinese massing along the Mexican border for an invasion. This too, can be traced back to the 30s, when fascists claimed Jews were massing along the Mexican border for an invasion.

With the exception of Russia, Hitler never invaded a country without first unleashing his agents to create domestic unrest. The United States was no exception. The Nazi's web of intrigue in the United States extended far beyond the use of spies and noisy street agitators such as the Silver Shirts. The Nazis found willing accompanists in the media, the halls of Congress, as well as corporate boardrooms.

Fortunately, the fringe right has always been badly fragmented indeed; it would be cause for great concern to see a consolidation today among the various groups. However, the fragmentation of the 30s was even greater than it is today.¹ There were well over 700 different fascist groups during the 30s. The American-National-Socialist Party, German-American Bund, Christian Front, the Silver Shirts, America First Committee, the Christian Mobilizer, National Worker's League and the Committee of One Million were some of the more prominent fascist groups at the time. In addition, many factions of the Mother's Movement were openly fascist.

There are numerous parallels between the fascist groups of the 1930s and the far right groups of today, they are as striking as they are disturbing, and should stand as a vanguard, warning of the hidden agenda of right wing elements in this country. Among the many common elements between yesterday's fascists and today's far right groups are the intense hatred of minorities and unions, isolationism, destructive division, nationalism and religion. The Identity religion common to so many of today's far right groups will be shown to have evolved directly from fascist groups of the 30s.

However, the real story of fascism from the 30s and 40s is one of traitors and seditionists escaping justice after the war's end. As the following quote taken from Facts and Fascism by George Seldes shows:

"Only the little seditionist and traitors have been rounded up by the FBI. The real Nazi Fifth Column in America remains immune. And yet there is evidence that those in both countries who place profits above patriotism—and fascism is based entirely on profits although all of its propaganda speaks of patriotism—have conspired to make America part of the Nazi Big Business system. Thurman Arnold, assistant district attorney of the United States, his assistant, Norman Littell, and several congressional investigations, have produced incontrovertible evidence that some of our biggest monopolies entered into secret agreements with the Nazi cartels and divided the world among them. Most notorious of all was Alcoa, the Mellon-Davis-Duke monopoly which is largely responsible for America not having sufficient aluminum with which to build airplanes before and after Pearl Harbor, while Germany had an unlimited supply. Of the Aluminum Corporation sabotage, and that of other leading companies, the press said very little, but several

books have now been written out of the official record."²

It is this unbridled corporatism that is the very heart of fascism. Notice how the words of George Seldes written in 1943 are still true today about those that place profits above patriotism. The stated objective of the first Bush administration was to determine, which corporations were responsible for supplying Iraq with the equipment to produce chemical and biological weapons, and to bring them to justice. Ten years after the Gulf War, not a single corporation has been charged, and the media has quietly swept that pledge under the rug. As Seldes stated, they are immune.

More odious is that Dick Cheney, Secretary of Defense in the first Bush administration and the current vice-president, sold Iraq dual-use equipment during his tenure as CEO of Halliburton. Such equipment can be used to rebuild Iraq's weapons of mass destruction. As Secretary of Defense, Cheney awarded several contracts to Halliburton's subsidiary, Brown and Root Services, for reports as to how private companies could provide logistical support to troops in potential war zones. From 1992 to 1999, with Cheney at Halliburton's helm, Brown and Root was awarded a total of \$1.2 billion in defense contracts. Here again is a revolving door between corporate America and government. A door leading only to servitude. Not one mention of these deals was made in the press during the 2000 election campaign. Nor was the failure to prosecute the companies that supplied Iraq with the weapons of mass destruction ever mentioned. While the press viciously accused President Clinton of wagging the dog after UN inspectors were forced to leave Iraq, they made no mention of Cheney selling dual use equipment to Iraq.

Here we have the heart of the problem of the next century: corporate power. Corporations have acquired too much power. They have become so powerful they can openly flaunt our labor laws, our environmental laws and even sell materials for weapons of mass destruction without fear. The problem has become so widespread, and corporations have become so powerful, that society now serves the corporations rather than corporations serving society.

In short, as we progress into the new century, the right wing issues at the forefront of today's political scene are nothing more than recycled pro-fascist issues of the 30s. It is an agenda of corporate rule. The GATS treaty currently being negotiated and the now-dead Multi-Lateral Investment Agreement, are nothing more than attempts to go global with fascist corporatism.

1

Due to the depths of the depression the early 1930s were rife with grandiose plots. In the fall of 1933, Americans learned of a sensational plot by General Art Smith and his Khaki Shirts. Smith, a soldier of fortune had formed a tight knit band of around thirty to one hundred followers. Smith was a raging anti-Semitic and the Khaki Shirts had killed a heckler in New York City in July. As his reputation grew so did his ambitions. Smith's idol was Mussolini and he boasted that a million men would follow him and they would kill every damn Jew in the United States. He announced he would march on Washington and seize the government much as Mussolini had done in Italy. Fortunately, Smith was arrested In Philadelphia on

October 12 upon a tip police received about an arms cache.¹¹³

There is no better place to begin studying the fascism of the 1930s than to start with the one element that was common to all of these fascist groups, and at the heart of their ideology. Fortunately, such an element exists simply it was the visceral hatred of Roosevelt and liberalism by the native fascist. It would take until the 1990s before we would see such a vicious level of hate displayed in mainstream politics again, with the Republican attack on President Clinton. Both events show how far right-wing extremists will go to gain power and subvert democracy.

There is no better event to begin with than the attempted coup d'état against Roosevelt financed by Irene du Pont along with the Morgans and a few other wealthy industrialists of the time. Others involved with the plot were Robert Clark, heir to the Singer Sewing machine corporation, Grayson Murphy, Director of Goodyear, and the Pew family of Sun Oil. During the war, all three of these corporations were involved in aiding of the Nazi empire. Singer's plant located on the east side of the Elba was used to manufacture machine guns. Today, Singer has given up the sewing machine business and is now engaged in defense contracting.

Central to the plot were two groups: the American Legion and the Liberty League. The American Legion was formed and financed by the Morgans and Murphy in 1919 to be used primary to break strikes. Several high-ranking officials from the American Legion were associated with the plot: William Doyle, a former state commander of the American Legion and Gerald MacGuire, a former commander of the Connecticut American Legion.

Irene, the power behind the du Pont throne at the time, held a controlling interest in General Motors. He was an avid fascist and supporter of Hitler, tracking Hitler's career closely from the 1920s. On September 7, 1926, du Pont gave a speech before the American Chemical Society, in which he advocated the creation of a race of supermen. Injecting special drugs into them during childhood would create these supermen. Not every child would receive such injections; du Pont insisted that only those of pure blood would get the injections.⁹⁶

Throughout the 1930s, the du Ponts invested heavily in Hitler's Germany through their corporate empire. General Motors under the control of the du Pont family had invested thirty million dollars alone into I.G. Farben. Wendell Swint, du Pont's foreign relations director knew that I.G. and Krupp had arranged to contribute one half of a percent of its payroll to the Nazi party. Swint testified before the 1934 Munitions Hearings that du Pont was fully aware that it was financing the Nazis through the Opal division of General Motors. Even more telling is the amount of financial backing the du Ponts provided pro-Hitler groups in the United States. Starting in 1933, du Pont provided financing for the American Liberty Lobby, Clark's Crusaders (who claimed 1,200,000 members) and the Liberty League.³

In 1934, Irene du Pont and William Knudsen, the president of General Motors, along with friends of the Morgan Bank and others set into motion a plot to overthrow FDR. They provided three million in funding for an army of terrorists that was modeled after the French fascist group, Croix de Feu.⁴ The objective of the plot was to either force Roosevelt to take orders from this group of industrialists as part of a fascist style government or to execute him if he chose not to cooperate.

The plotters selected General Smedley Butler, a WWI hero to head the plot. Butler was overtly opposed to fascism and had spoken out denouncing Mussolini as a

murderer and thug in 1931. The Italian government demanded an apology and President Hoover complied along with placing Butler under arrest for court-martial proceedings. Roosevelt then governor of New York spoke out against the charges against Butler. Roosevelt had been responsible for awarding Butler's Second Medal of Honor for his service in Haiti. President Hoover then backed down, and Butler received a mild reprimand for refusing to retract his words.

The plotters had selected Butler because of his immense popularity among veterans. Butler had spoken words of encouragement to the Bonus Marchers and was relentless in his pursuit for better treatment of American veterans. Gerald MacGuire and Bill Doyle first approached Butler at his home. Both were wounded veterans of WWI. Both played on Butler's sympathy for veterans. However, Butler was not an easy man to fool. After pleasantries were exchanged, the men discussed each other's service in WWI. Then MacGuire worked up the nerve to present his plan to Butler.

According to MacGuire, they wanted Butler to attend an American Legion convention and give a speech in favor of the gold standard. Butler immediately asked about the bonus for the veterans. The best answer MacGuire could produce was that they wanted the veterans to be paid in gold and not "rubber" money. Butler was suspicious both MacGuire and Doyle were dressed in fancy tailored suits and they had pulled into his driveway with a chauffeured limousine. With his suspicions aroused Butler refused to give them an affirmative reply, but he left the door open a crack to learn more.

Unbeknownst to the plotters however, Butler was a man of honor and believed in the constitution and democracy. He had a reputation of absolute honesty and was careful in how his name was used and by whom his name was used by. Stringing MacGuire along, Butler attended several more meetings with MacGuire before the latter left for Europe.

MacGuire was a bond salesman for Clark and had been sent to Europe to study how fascist in Europe used veterans. Upon his return from Europe, MacGuire once again sought out Butler. Additional meetings followed, including one in which MacGuire laid out 18 thousand dollar bills to prove that he had enough funding and to alleviate any concerns Butler had. At the same meeting MacGuire wanted Butler to attend an American Legion Convention with 200 hundred or so of Butler's friends. Butler refused to attend. Again he was suppose to give a speech in favor of the gold standard.

By insisting on an endorsement of the gold standard MacGuire aroused Butler's suspicions and concerns of an ulterior motive. In one meeting MacGuire implied that they had men inside the Roosevelt Administration that kept them fully informed to convince the reluctant general to join his plot. Butler noted that MacGuire had correctly predicted the dismissal of officials from the Roosevelt administration. He also noted that MacGuire had correctly predicted that the American legion would endorse the gold standard. Additionally, Butler did observe that other events MacGuire predicted came true in several cases.

In another meeting, MacGuire threatened that if Butler did not accept leadership of the plot that General Douglas MacArthur would replace him. MacGuire claimed that the Morgans favored MacArthur but that he had held out for Butler. Another name mentioned, in case Butler refused to head the plot was former American Legion head Hanford MacNider of Iowa. MacArthur was very unpopular

among the veterans for leading the charge against the bonus marchers. MacNider was also unpopular with veterans for opposing early payment of the bonus. MacGuire noted this and informed Butler that MacNider would soon switch his view on the bonus. Within a week Butler noted MacNider's switch.

There were other meetings with Butler, who eventually demanded to meet with the leaders of the plot. Clark then met with Butler and offered him a bribe to read a speech (once again favoring the gold standard) before the American Legion written by John W. Davis, a former Democratic presidential candidate, and chief counsel to J.P. Morgan. Butler bristled at being offered a bribe. Clark backed off, and announced that he was withdrawing his own support from the effort. In response, the plotters brought in Frank N. Belgrano JR, a senior vice president of the Gianinni's Bank of Italy that handled Mussolini's business accounts to head the American Legion. Giannini also founded the Bank of America. Belgrano remained an official of Bank of America until after the death of the founder, Giannini after which, Belgrano founded Transamerica.

Eventually MacGuire had to confess to Butler that the plot involved replacing Roosevelt. MacGuire suggested that Roosevelt was tired and needed an assistant to run the country while he attended to ceremonial activities much like the King of Italy, who had relinquished such power to Mussolini. Butler bristled at the idea.

In July, the Morgan-Mellon controlled press (including Henry Luce's *Fortune* magazine) unleashed a propaganda blitz extolling the virtues of fascism. In August, the American Liberty League appeared. Butler had been informed of the appearance of this group as part of the plot beforehand.

Morgan and du Pont cronies (including John J. Raskob) funded the League. Included in the League's advisory council were Dr. Samuel Hardin Church, who ran the Carnegie Institute in Pittsburgh, W.R. Perkins of National City Bank; Alfred Sloan, CEO of GM; Joseph M. Proskauer, former New York Supreme Court Justice and the general counsel to the Consolidated Gas Company; J. Howard Pew of Sun Oil and the financier of the openly fascist Sentinels of the Republic; and David Reed, the Republican Senator from Pennsylvania who remarked on the floor of the Senate in May 1932: "I do not often envy other countries and their governments, but I say that if this country ever needed a Mussolini, it needs one now."

2

Fearing the plot was about to climax with the appearance of the Liberty League, Butler wanted to go public with what he knew. However, he knew he would be ridiculed without someone else to collaborate his story. Seeking out help from a newspaper reported that he trusted. Butler had Paul French interview MacGuire. In the interview with French, MacGuire confirmed what he had told Butler and also confirmed his ebullience for fascism as follows:

"We need a fascist government in this country... to save the nation from the communists who want to tear it down and wreck all that we have built in America. The only men who have the patriotism to do it are the soldiers, and Smedley Butler is the ideal leader. He could organize a million men overnight."⁷⁵

Once French had confirmed the plot, Butler informed the Roosevelt administration. Roosevelt realized that with the backing of such a plot from such powerful business leaders, that he could not dismiss the plot as a crackpot scheme. Yet, Roosevelt was also well aware that by arresting the leaders of such industrial powerhouses of the day; it could create a national crisis that could abort the fledgling economic recovery and perhaps trigger another Wall Street crash.

To foil the plot, FDR had news of the plot leaked to the press and formed a special House committee to investigate the matter. The McCormick-Dickstein Committee agreed to hear Butler's story in a secret session that met in New York City on November 20, 1934. Over four days the committee heard Butler and French present the details of the plot and the testimony of MacGuire. Although, Butler did not testify that MacGuire had offered him \$750 for each speech he delivered if he included a remark favorable to the gold standard, a secret report reached the White House from Val O'Farrell, a former New York City detective confirming it.

Both McCormick and Dickstein described MacGuire's testimony as imminently self-incriminating. MacGuire was caught lying several times. The committee determined that MacGuire did have in his possession the thousand dollar bills mentioned and was in the proper location although he claimed to have been elsewhere. George Seldes noted that all of the principals in the case were American Legion Officials and conservative financial backers. Other administration officials urged the committee to get to the bottom of the case. McCormick indicated that Butler's evidence was not the first of the plot that in fact the committee had been in possession of other evidence for five weeks.

With many of the country's leading papers openly pro-fascist, coverage of the plot was promptly buried or dismissed as the ravings of a mad man. On November 22, the Associated Press struck a low blow at Butler in the headline "'Cocktail Putsch' Mayor Says."¹⁰⁸ Mayor LaGuardia had come out against Butler.

Butler however, received fresh support from James Van Zandt, who revealed to the press that he also had been approached by the plotters. Van Zandt was the head of the VFW. Van Zandt claimed that besides himself, MacArthur, Theodore Roosevelt Jr. and MacNider had all been sounded out. After announcing that Clark would be subpoenaed to appear before the committee as soon as he returned from Europe, the committee quickly adjourned without calling additional witness. Not a single name mentioned in all of the testimony ever appeared before the committee. Writer John Spivak learned that Frank Belgrano had been called to testify but had returned home after never being called by the committee.

The committee was formally dissolved on January 3. No other witnesses ever appeared before the committee. Apparently when one is rich enough, one is immune from the laws of the country, regardless of how damning the evidence is. On February 15 the committee released its preliminary findings.

In the last few weeks of the committee's official life it received evidence showing that certain persons had made an attempt to establish a fascist organization in this country. No evidence was presented and this committee had none to show a connection between this effort and any fascist activity of any European country. There is no question that these attempts were discussed, were planned, and might have been placed in execution when and if the financial backers deemed it expedient.

This committee received evidence from Maj. Gen Smedley D. Butler (retired), twice decorated by the Congress of the United States. He testified before the committee as to conversations with one Gerald C. MacGuire in which the latter is alleged to have suggested the formation of a fascist army under the leadership of General Butler. MacGuire denied these allegations under oath, but your committee was able to verify all the pertinent statements made by General Butler, with the exception of the direct statement suggesting the creation of the organization.

This, however, was corroborated in the correspondence of MacGuire with his principal, Robert Sterling Clark, of New York City, while MacGuire was abroad studying the various forms of veterans organizations of Fascist character. This committee asserts that any efforts based on lines as suggested in the foregoing and leading off to the extreme right, are just as bad as efforts which would lead to the extreme left. Armed forces for the purpose of establishing a dictatorship by means of Fascism or a dictatorship through the instrumentality of the proletariat, or a dictatorship predicated on racial and religious hatreds, have no place in this country.

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The total vindication of Butler was muffled by the press. *The New York Times* failed to report the committee's findings on the plot. Instead it chose to report on the committee's recommendation of registering all foreign propagandists. Buried deeply in the pages of the *Times* was a brief acknowledgement that Butler's story had been proven to be true. Much the same held true for the rest of the nation's newspapers. The story would be killed by not reporting it. John Spivak had been tipped off that the committee findings were censored. A veteran Washington correspondent had told Spivak, a Cabinet member had made the decision. The implication was that the release of certain names would embarrass the Democratic Party. At least two prominent Democrats who had been presidential candidates had been involved: John Davis, who now was a lawyer for the Morgans, and Al Smith, now a crony of the du Ponts. About a week after receiving the tip Spivak accidentally stumbled across the uncensored report. Spivak copied the uncensored version and then compared it to the official version. The censored portions of the testimony given by Butler and French can be found in *The Plot to Seize the White House*.¹⁰⁷

Even more curious is the fact not a single person ever faced charges. Spivak went to the Justice Department and was informed that the Justice Department had no plans to prosecute. The American Civil Liberties Union issued an angry statement on the lack of justice stemming from the committee's findings.

The congressional committee investigating un-American activities has just reported that the of a Fascist plot to seize the government. . . was proved; yet not single participant will be prosecuted under the perfectly plain language of the federal conspiracy act making this a high crime. Imagine the action if such a plot were discovered among Communists! Which is, of course, only to emphasize the nature of our government as representative of the interests of the controllers of property. Violence, even to the seizure of government, is excusable on the part of those whose lofty motive is to preserve the profit system. . . ¹¹⁰

Obviously powerful forces had been brought to bear on the committee. Forces more powerful than the government, forces immune from the country's laws. Perhaps, Spivak explains why the plot failed best.

The takeover plot failed because though those involved had astonishing talents for making breathtaking millions of dollars, they lacked an elementary understanding of people and the moral forces that activate them. In a money-standard civilization such as ours, the universal regard for anyone who is rich tends to persuade some millionaires that they are knowledgeable in fields other than the making of money. The conspirators went about the plot as if they were hiring an office manager; all they needed was to send a messenger to the man they had selected.¹¹¹

Four years after the formation of a congressional committee, the committee released a white paper concluding that certain persons had attempted to establish a fascist government. Further investigations disclosed that over a million people had contracted to join the terrorist army and that Remington, a du Pont subsidiary, would have supplied the arms and munitions⁵.

As the du Ponts saw their plot crashing in around them, they chose to work within the system to gain power just as Hitler did after the failed Beer Hall Putsch. In the 1936 presidential race, the du Ponts and the American Liberty League backed Alf Landon.

The fascist groups initially had agreed to back Father Coughlin's third party candidate, Bleakley. After agreeing to back Bleakley, Fritz Kuhn, the leader of the American Bund visited Nazi Germany ahead of the election and conferred with the leaders of the Nazi party. At the urging of Hitler's henchmen he returned backing Landon and urged other fascists to do the same.

2: Republicans, Nazis & Elections

With its pro-business agenda, and the fascist views of the leaders of corporate America, the Republican Party soon became laden with fascists.

Even before Hitler and the Nazis seized power in Germany, the Nazis were already actively involved in American politics and elections. Shockingly, the Nazis did not have to infiltrate the party; many were already employed at high levels in the national or state Republican Party organizations.

In October 1928, Edmond Furholzer, a pro-Nazi publisher from Germantown, NY presented the New York State Republican Committee with an offer that for twenty thousand dollars he would deliver the German vote to Hoover. With Hoover's chances looking good, and it being late in the campaign, Furholzer's offer was turned down.

Furholzer was hardly an obscure Nazi, and was a leading figure in the hard right of Yorkville, a heavily German neighborhood of Manhattan. The Republican State Committee adopted many of Furholzer's proposals in 1928, and four years later, when Hoover's chances were dismal; Furholzer's help was gladly accepted. In fact, during the 1932 campaign, Furholzer worked endlessly for the Republican National Committee, campaigning tirelessly for Hoover in New York State. He smeared Roosevelt as the new Wilson, the man that had destroyed Germany.⁹² In 1933, Furholzer returned to Germany.

By 1934, the Nazis had only been in power for less than a year, but already were active in placing their agents or pro-Nazis into positions of power. On February 22,

1934, the Republican Party merged their Senatorial and Congressional Campaign Committees into a single organization independent of the Republican National Committee.

Senator Daniel Hastings of Delaware and Representative Chester Bolton announced the merger. Just before the merger, the two campaign committees hired Sidney Brooks, the long-time head of research at International Telephone and Telegraph (ITT). ITT was one of many American corporations that went to extraordinary means to continue trading with the Nazis after war broke out.

Shortly after Brooks took charge, he made a frantic visit to New York. On March 4, 1934, he went to Room 830 of the Hotel Edison, a room rented to a Mr. William Goodales of Los Angeles. Goodales was in fact William Dudley Pelly. The meeting concluded with an agreement to merge the Order of 76 with the Silver Shirts. Later Brooks would stop at 17 Battery Place, the address of the German Consulate General.

Brooks was a member of the Order of 76, a pro-fascist group. The Order of 76 application required the fingerprints of the proposed member, and certain details of their life. Brooks' application revealed that he was the son of Nazi agent Colonel Edwin Emerson and that he chose to use his mother's maiden name to conceal his father's identity.⁸⁰ Emerson was a major financial backer of Furholzer and his paper.

Thus, as early as 1934, the Republican Party was collaborating with Nazis and pro-fascist groups at a high level. This would not be the last example of collaboration between high level Republicans and Nazis, as the following headlines make clear.

On October 22, 1936, the *New York Post* broke the following story.

Nazi Publicist On G.O.P. Payroll

To win votes for Landon and Bleakley, the Republican State Committee is employing on its payroll a staff of propagandists identified with local Nazi organizations, the Post learned today.⁷⁸

On October 30, 1936, the *New York World-Telegram* revealed additional details.

U.S. Nazi Attack on Jews Is Laid to Republicans Anti-Semitic Radio Speeches by Griebel, Others sponsored by G.O.P Fritz Kuhn Among Speakers in Regular Broadcasts over WWRL

The Republican Party had been sponsoring radio broadcasts by American Nazis to win German votes, it was disclosed today. One of the recent speakers was Dr.

Ignatz T. Griebel a national Nazi leader and pronounced anti-Semitic...⁷⁹

The hiring of Brooks in 1934 to head up the joint election campaign committee, and the headlines from 1936 sets up a pattern of collaboration between elements of the Republican Party and the Nazis. While the use of a false name by Brooks provides some means of deniability, his pro-fascist views were hardly a secret. However, the earlier involvement of the Republican State Party with Furholzer would render any deniability moot. There is no deniability for the 1936 headlines, as all were well known Nazis.

The more damaging second quote provides proof that the Republican Party

leadership was willing to promote Nazi racism. In fact, an integral part of the Nazi battle plan was the promotion of racial riots or division within the United States to weaken or prevent the U.S. from entering the war. Such collaboration with the Nazis was tantamount to treason. Hitler and his agents in the United States must have been very pleased that leaders of the Republican Party were willing to promote and incite civil unrest.

This example of vicious anti-Semitic campaigns by Republican leaders was not an isolated incident. In fact, it was commonplace. In the 1938 Minnesota governor's race, leading officials of the Republican Party conducted another vicious anti-Semitic campaign, this one to defeat Farmer-Labor Governor Elmer Benson.

Benson's inaugural address on January 5, 1937 placed him on the left end of the New Deal. FDR had endorsed Benson in 1936. The Republican Party considered it a declaration of war. Among the issues Benson supported were:

- A two-year extension on the mortgage moratorium for farmers.
- A technical assistance program to assist and promote cooperatives.
- Union wages for state employees.
- The creation of a state commission on youth.
- Free transportation for rural high school students.
- Repeal of the criminal syndicalism laws (remember the Wobblies?)
- Creation of a state housing agency.
- The development of a state owned cement plant.
- Increased benefits for the disabled, people on relief, and the aged.
- A constitutional amendment enabling the state to produce and sell electrical power to municipalities.
- A state liquor dispensary.
- New provisions in the state's unemployment benefits—including benefits for striking workers.⁸⁵

Few of Benson's proposals became law as his program was effectively blocked in the state senate. Central to Benson's programs was a restructuring of the tax code, which passed the state house of representatives intact. Some of the provisions were:

1. Complete removal of the state tax levy of homes and homesteads up to the value of \$4,000.
2. Taxing of the net income of individuals and corporations on a graduated basis so that a large share of local school taxes would be replaced by state income tax revenues.
3. Increased taxes on accumulated wealth, including mining companies, so that the state budget could be balanced.
4. Increased taxes on chain stores.⁸⁵

The conservatives in the Senate ignored the House tax bill until a few days before the legislative session closed, resulting in a special session. The Twin City press ran article after article denouncing the Farmer-Labor Party while citing such business leaders as Charles Fowler of Northern States Power, Mr. Montague representing the Steel Trust, Aleck Janes of Great Northern Railroad, and Aaron

Youngquist of Minnesota Power and Light. With the press at the beck and call of business leaders clamoring that the Farmer-Labor Party was driving business out of the state, Benson's tax proposals failed to pass the Senate, but the stage was set for a bitter election campaign the following year.

In 1938, the Republican Party, with Harold Stassen heading the state ticket, ran two campaigns. One, a high road campaign by Stassen, the other a dirty campaign headed by the old guard within the Republican Party. Led by Ray P. Chase, this second campaign set new lows. Chase's vehicle for running this second campaign was the Ray P. Chase Research Bureau. Financing his efforts were some of Minnesota's business elite: George Gillette, President of Minneapolis Moline; J. C. Hormel, the meat packer; James Ford Bell, Northwestern Bank; Colonel Robert McCormick, owner of the *Chicago Tribune*; and George Belden of the Citizens Alliance.

To accomplish his goal, Chase used both legal and illegal methods. Files were stolen from the State Relief Department and Farmer-Labor members were scanned for communist activity. Dean Edward Nicholson supplied data about left wing student organizations on the University of Minnesota campus. One of the students labeled a dangerous radical was Eric Sevareid. Chase produced and distributed the red baiting pamphlet, *Are They Communists or Catspaws*. After the pamphlet's introduction, Chase launched into a vicious anti-Semitic attack about an alleged conspiracy, equating Judaism with communism, and Governor Benson's role in it.

Chase's attack did not stop inside Minnesota. Using the services of Cyrus McCormick, Chase managed to get U.S. Congressman Martin Dies to hold hearings in late October on communist influence in the Farmer-Labor Party.⁸⁵

To understand how the Republican Party could run election campaigns based on intense and vicious racist platforms; one needs to understand the attitude of the country towards Jews at the time. A few days after Kristallnacht, Roosevelt spoke out publicly expressing his anger and horror. A Gallup poll that month revealed that 94% of the people disapproved of the Nazi treatment of Jews, but 97% of the people also disapproved of the way Nazis treated Catholics. A Roper poll that same month revealed the deep anti-Semitic views in America. The poll found that only 39% of the people believed that Jews should be treated as everyone else, 53% believed that Jews were different and should be restricted, and 10% believed Jews should be deported. In the winter of 1938-1939, many had denounced helping "refu-Jews." Polls revealed 71-85% opposed increasing immigration quotas; 67% opposed admitting any refugees and 67% opposed a one-time admission of 10,000 refugee children.

Turning away the refugees aboard the St. Louis was a low point in the Roosevelt administration and perhaps indefensible in light of the Holocaust, but Roosevelt hardly acted in a vacuum. The public opinion was decidedly against admitting Jews. One can only guess at how much of the anti-Semitism prevalent at the time, was the direct result of the various anti-Semitic campaigns conducted by the Republican Party. It could not be a minor factor, as many of these anti-Semitic campaigns ran by Republicans equated Judaism with communism, as in the example of the 1938 Minnesota election.

The pattern of collaboration between the Republican Party and the Nazis extends further. On November 23, 1937, executives of General Motors and other corporate and political leaders met with Baron Manfred von Killinger, and agreed to a

total commitment towards the Nazi cause. The agreement also called for the replacement of Roosevelt—preferably with Burton Wheeler of Montana. The agreement was secret but leaked to George Seldes and published in *In Fact*. The entire text of the agreement can be found in *Facts and Fascism*, a portion of which appears below.⁹

"The substance of the German suggestion amounts to changing the spirit of our nation as expressed by recent elections. That is possible but by no means easy. The people must become aware of the disastrous economic effects of the policies of the present administration first. In the wake of reorientation of the public opinion a vigorous drive must start in the press and radio. Technically it remains a question as to whether this drive may center around the Republican National Committee.

Farsighted businessmen will welcome conferences of this kind. A tremendous inspiration might come out of them. There is no reason why we should not learn of emergencies similar to those prevailing in our own country and the methods by which farsighted governments were trying to overcome them. It is also clear that manufacturers, who usually contributed to the campaigns of all candidates must realize that their support must be reserved to one, in whose selection they must take an active hand."

Each section of the document was written by one of the participants. A member of the United States Senate wrote the first paragraph of the quote above, a representative of General Motors wrote the second. Once again, it is clear from the first paragraph that leaders of the Republican Party were collaborating with the Nazis. It further establishes this pattern of collaboration over a period of several years. Nor would this be the last involvement of Nazis within the Republican Party. In 1940, a group of Republican congressmen accepted money from Hitler for their election campaigns.

The second paragraph above is of paramount importance. The leaders of corporate America did follow the prescription above for subverting democracy.

After the failure of Landon in the presidential race, and in defiance of Roosevelt's desire to improve working conditions for the average man, Knudsen and du Pont launched a speed-up system at General Motors. The system forced men to work at horrifying speed and many line workers died from the heat and the pressure.

Irene du Pont personally paid out almost one million dollars to hire armed storm troopers modeled after the Gestapo, and equipped them with gas to sweep through his plants and beat any rebellious workers. He also hired Pinkerton to look through his industrial empire to spy on left-wingers, "malcontents," or labor leaders. This was at the same time he started to finance the notorious Black Legion in the Detroit area. He encouraged foremen at General Motors to join this group of terrorists.

The prime purpose of the Black Legion was to fire bomb union meetings, murder union leaders and terrorize all workers to prevent unionization. The Black Legion was linked to the Klan, and to the even more terrifying Wolverine Republican League. Members of this later group included several big business leaders. The Black Legion murdered at least 50 people, many of them black .⁶

Just as the backers of Hitler's were rich industrialists, so were the backers of fascism in the United States. Corporate America willingly entered into cartel agreements, which, in effect, granted them a monopoly. A second aspect of fascism that appealed to big business was its extreme anti-unionism. Professor Gaetano Salvemini of Harvard was quoted in the undergraduate daily, that a new fascism threatened America, the fascism of corporate business enterprise in this country. He also believed that 100% of American big business was in sympathy with fascism.⁸ At the very least support, for fascism was widespread among industrialists in this country, as the following quote from *The New York Times* from the Ambassador to Germany, William Dodd shows:

"A clique of U.S. industrialists is hell-bent to bring a fascist state to supplant our democratic government and is working closely with the fascist regime in Germany and Italy. I have had plenty of opportunity in my post in Berlin to witness how close some of our American ruling families are to the Nazi regime. On (the ship) a fellow passenger, who is a prominent executive of one of the largest corporations, told me point blank that he would be ready to take definite action to bring fascism into America if President Roosevelt continued his progressive policies.

Certain American industrialist had a great deal to do with bringing fascist regimes into being in both Germany and Italy. They extended aid to help fascism occupy the seat of power, and they are helping to keep it there.

Propagandists for the fascist groups try to dismiss the fascist scare. We should be aware of the symptoms. When industrialists ignore laws designed for social and economic progress they will seek recourse to a fascist state when the institutions of our government compel them to comply with the provisions."⁷

The collaboration between the Republican Party and the Nazis was an ongoing effort throughout the 1930s. However, it would not reach epidemic proportions until the 1940 election. With the European continent already embroiled in war, and President Roosevelt espousing pro-British views, the Nazis were desperate to keep the United States out of the war. In a bizarre plot full of intrigue involving Texas oilman William Rhodes Davis, labor leader John L. Lewis, and Mexico, Nazis provided extensive funding to the Republican Party for the 1940 election.

W.R. Davis of Texas Oil had been supplying the Germany navy with oil since 1936, and was the owner of Eurotanker, a huge German refinery. For the complete story of Davis, the reader should see Dale Harrington's *Mystery Man*.⁹³ Davis had arranged a deal to supply the Nazis with oil from Mexico. Since Mexico had nationalized its oil fields, including some owned by Davis, the Mexican oil market was boycotted by big oil, led by Standard Oil of New Jersey. The deal, therefore, was vital for the Mexican economy.

The outbreak of war in Europe also jeopardized Davis' road to riches. Davis used his friendship with John L. Lewis to arrange a meeting with Roosevelt early in 1940 in which he proposed a wild peace plan to FDR. Roosevelt was cool to the plan and informed Davis that any peace plan would have to come through official channels. Davis rushed to Europe, arriving in Italy, and then traveling to Germany. There he

met with Goering. Central to Davis' plan was the removal of Hitler; the Nazis would remain in power under Goering. Upon his return, Roosevelt refused to meet with Davis.

Besides the peace plan, talk between Goering and Davis centered on the upcoming presidential election. The Nazis were desperately seeking the defeat of Roosevelt, although they were less than enthusiastic with the Republican candidates. They agreed the best chance of defeating Roosevelt was to back the Republicans rather than run a third party. Davis knew that Lewis was opposed to war and had informed the Nazis that Lewis had control over the election with his large block of union voters. Lewis was not pro-fascism. Instead, he feared that a new war would lead to a dictatorship and the placing of the CIO under emergency laws. In light of the Red Scare of 1919 one can hardly fault Lewis for his fears.⁹⁴ Talk soon settled on how much money would be needed to defeat Roosevelt, with the final sum settled at five million dollars.

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Joachim Herslet of the Reich Foreign Economic Ministry carried the plan to the United States. To obtain dollars, Goering had persuaded the Italians to release money from their fund used to finance fascist propaganda and espionage. An Italian courier, Luigi Podesta delivered the money to the German consulate in New York. Herslet informed the charge d'affairs of the German Embassy in Washington of his mission, and that he had five million dollars at his disposal. Davis received some of the money from Herslet, then opened accounts in the Bank of Boston, Irving Trust, Bank of America and Banco Germany of Mexico City.

On the eve of the Republican National Convention, money from this Nazi slush fund was used in a propaganda blitz for the isolationists. One Republican congressman received \$3,000 for heading up a contingent of fifty isolationists. The Nazi money was well spent, as the convention closed with a party platform plank firmly opposed to US involvement in the war. The Nazis were especially pleased to note that the platform plank was taken almost verbatim from the full-page German propaganda ads placed in the *New York Times* on June 25.³⁵ Stephen Day had been paid thousands of dollars to form the committee publishing the ad. Day, a Republican congressman from Illinois, would be named as a fascist collaborator by Maloney. The ad was signed by Representatives Samuel Pettingill, Harold Knudsen, John O'Conner and Hamilton Fish, and Senators Edwin Johnson, Bennett Clark, David Walsh, Burton Wheeler and Rush Holt.¹⁰¹ Both Lewis and Democratic Senator Burton Wheeler, a leading isolationist, spoke before the convention.

With this success behind them, the Nazis then decided to spring a similar effort on the Democratic convention. Central to the scheme was Davis distributing \$100,000 to buy forty delegates from Pennsylvania to vote against Roosevelt. The Nazi press agent Kurt Sell arranged for several other Democratic congressmen to attend the convention on German Embassy funds. Sell also funded a number of anti-war ads in the *Chicago Tribune* on July 15.

Although the Nazis were not enthused over Willkie's nomination, they thought any president would be better than Roosevelt. With their slush fund of five million dollars, the Nazis surreptitiously helped Willkie through secret donations to various

pro-Willkie clubs. Thomsen, the charge d'affairs of the German embassy, destroyed all receipts, so it may never be known how much money the Nazis funneled into the Republican Party, or to whom. It is not clear if the entire five million was spent. Supposedly, \$3 million dollars was found in the embassy when the FBI seized it in December 1941. Nevertheless, the embassy had other sources of funding other than Herslet's funds. In fact, Thomsen did not cooperate with Herslet and ran his own separate campaign.

Perhaps the best summary of this plot is a quote from a report to the German Foreign Ministry by the German Ambassador Thomsen.

"Roosevelt's prospects of being elected a third time have declined...3. The election campaign maneuvers of John L. Lewis, chief of the CIO, and Senator Wheeler... Regarding 3. At this juncture John L. Lewis enters the arena with approximately 8 to 10 million votes controlled by him. He is determined to make ruthless use of his influence, and will do so in favor of strict isolationism. Lewis is pursuing that policy not indeed because of any pro-German sentiments, but because he fears that America's involvement in a war would mean the establishment of an American dictatorship and the placing of his organization under emergency laws. He is negotiating with Republicans at present and will support them in the campaign if Willkie publicly declares himself for keeping America out of all European conflicts. Lewis can throw his strength at will to Republicans or the Democrats, but this much is certain that he surely will not use it for Roosevelt. He may even, as he has already threaten to do, organize a third party of disgruntled Democrats, the Peace party, and in the person of closely allied Senator Wheeler put up a suitable candidate."⁹⁹

While \$5 million dollars seems a trivial amount today in a presidential campaign, in 1940 the amount was significant as the total expenditures by the Republican Party was slightly less than \$15 million.

Regardless of whether the Nazis spent only \$2 million or the full \$5 million dollars, they were a major source of campaign funds for the Republicans in 1940. While the total amount of Nazis funds spent on the Republican 1940 campaign may never be known with any certainty, from the funds recovered in the embassy raid it is clear that at least \$2 million was spent from the slush fund alone. Therefore the lower limit is at least \$2 million. In short, a major proportion ranging from 15% to over 33% of the Republican campaign funds in 1940 came directly from the Nazis. Considering the fact the major industrialists were active supporters of the Nazis and large donors to the Republican Party, well over 50% of the Republican campaign funding in 1940 came either directly from Nazis in Berlin or those within the United States.

Following the Nazis, Davis likewise donated at least \$48,000 to Willkie, bypassing the \$5,000 federal limit with several methods such as donating to individual state parties. Davis also bankrolled the radio address of Lewis on October 21 in which Lewis announced his support for Willkie. In late October, Davis forwarded copies of his documents pertaining to his proposed peace plan to leaders of the Republican Party including Willkie, former President Hoover, Sam Pryor and Verne Marshall. Willkie decided not to use the material, fearing it might backfire. In

the end, labor chose to remain loyal to FDR and Roosevelt won the election with 27 million votes to Willkie's 22 million.⁹⁵

Moreover, the involvement of the Nazis in the 1940 election extended beyond the monetary donations and the bizarre plot of Davis. Top Republican leaders, including former President Herbert Hoover closely collaborated with high-level Nazi officials in Berlin to bring about the defeat of Roosevelt. Hoover's conniving with the Nazis in the 1940 election was confirmed in post-war interviews of Goering and Rubbentrop. Furthermore, Hoover was a secret member of the fascist American First group, which was dedicated to bring about Roosevelt's defeat.

The close association of the Republican Party with the Nazis was confirmed in captured documents. In one captured document written in anticipation of defeat the Nazis expressed hope for a Republican victory so that they might achieve an "easy peace." A small excerpt from the document in the appendix follows:

Right now, the chances for a separate peace with the West are a little better, especially if we succeed, through our propaganda campaign and our confidential" channels, to convince the enemy that Roosevelt's policy of "unconditional surrender" drives the German people towards Communism.

There is great fear in the U.S.A. of Bolshevism. The opposition against Roosevelt's alliance with Stalin grows constantly. Our chances for success are good, if we succeed to stir up influential circles against Roosevelt's policy. This can be done through clever pieces of information, or by references to unsuspecting neutral ecclesiastical contact men.

We have at our command in the United States efficient contacts which have been carefully kept up even during the war. The campaign of hatred stirred up by Roosevelt and the Jews against everything German has temporarily silenced the pro-German bloc in the U.S.A. However, there is every hope that this situation will be completely changed within a few months. If the Republicans succeed in defeating Roosevelt in the coming presidential election, it would greatly influence the American conduct of war towards us.

With the Battle of the Bulge raging in Europe the Republican candidate, Dewey lashed out against Roosevelt, that his call for unconditional surrender was prolonging the war and costing American lives.

From the evidence above the Nazis were deeply involved in the political process within the United States from at least 1932. However, the extent of that involvement is still shrouded in fog. Somewhere in the vaults of the United State and England incriminating files lie hidden that will expose the collaboration of many more individuals and corporations with the Nazis

3: Fascists & Unions

Wall Street and corporate America built Hitler's war machine. Once war was ominous and the Roosevelt administration started to build up American defense corporate America went on strike. Many of the deals arranged between corporate

America and the Nazis, border on the line of treason. The majority of the deals between corporate America and the Nazis were the cartel-type agreements, not unlike the establishment of monopolies.

Prior to the U.S. entry into the war, the biggest scandal was in aviation. Contracts had been awarded for 4,000 planes in 1940 but by August 9, only 33 planes had been built. The truth was that the aviation industry was dominated in many cases by General Motors and thus under the control of the du Ponts. The press suppressed the real story of a "sit-down strike" by big business and distracted the public's attention by blaming labor. The truth was it a capitalist's strike, and until big business got special tax breaks it refused to produce planes.³⁶ For six months from May to October 1940 no planes were produced. Corporate America was using the aviation industry as a front to thwart President Roosevelt's plan.

Throughout this "sit-down strike" by corporate America, the press was busily attacking labor and failed to mention the refusal of General Motors to accept contracts already awarded for planes. This sit-down "strike" by corporate America had the support of the newspaper chains as well as the support of the War and Navy departments.

During WWI, the auto industry came close to committing treason. Throughout 1917, the auto companies refused to cut production by 25% in the second half of the year, thereby denying the defense industry much needed production space and a substantial amount of iron and coal that would have been better used for defense production. In the 1941, General Motors announced it would produce no new models until 1943. General Motors promptly broke that pledge and produced new models in 1942.

On March 26, 1942, Senator Truman accused Standard Oil of treason. Standard had delivered the new tetraethyl lead gas additive to both Germany and Japan. Standard was the major supplier of oil to both the Nazis and Japan. In his appearance before the Senate committee, Farish, the president of Standard, was asked if Standard had delivered the oil to Japan that made the attack on Pearl Harbor possible. He answered that Standard Oil was an international company. Standard's buffed its image with an advertising campaign that promoted the virtues of Standard products, and was helped along by the willingness of the major papers.³⁷

Next to gasoline, steel is the element needed most in producing armaments. The record of big steel was one of sabotage. As some of the following quotes show pulled from *Labor*, a union publication by Seldes.³⁸ Sabotage of war program charged to Steel magnates: *Labor* July 7, 1942. Subtitle: More interested In keeping Monopoly than with beating Axis declares Senator O' Mahoney."

"Truman Accuses Steel Companies of Sabotage; PM, June 6, 1942
Subtitle Senator Black charges that big corporations hamstringing production."

And from *Labor* April 28, 1942 the following quote. " It has become clear as the noonday sun that the vicious attack which has been made on the nation's workers in recent weeks was actually a red herring designed to divert attention from the treasonable sabotage of the nation's war program by Big Business, which is being exposed by congressional committees and defense agencies.

Proof of that statement may reasonably be drawn from the sensational and

unbelievably shocking disclosures of a cold-blooded betrayal of national welfare by men whose only flag is the dollar sign.

One of the most shameful chapters in our history.

The Carnegie-Illinois Steel Corporation subsidiary of U.S. Steel and the Jones and Laughlin Steel Company were charged by the War Production Board with having refused to fill government armament orders while diverting iron and steel to favorite civilian customers for non-essential purposes. The result is that shipbuilding and other war construction have been held up.

The President directed the navy to take over three plants of the Brewster Aero Company, accused of sabotaging the aviation program.

"The United States faces a shortage of critical war materials because the outstanding industrial concerns have contracts with German monopolists restricting production here."

One of the necessary war materials needed that was hamstrung by these cartel agreements was carboloy or cemented tungsten carbide. Carboloy's abrasive properties were vital in the machining of hardened steel products. Without it, parts for tanks and other instruments of war were next to impossible to machine. General Electric held the patent along with a cartel agreement with Krupp that limited the production and restricted sales.

As soon as General Electric cemented its deal with Krupp the price of tungsten carbide jumped from \$48 a pound to \$453 a pound. With its cartel agreement in place with Krupp, General Electric used its position to buy out or cripple domestic competition in the abrasive market. General Electric paid royalties to Krupp on every pound of carboloy produced. Not only did this arrangement inform the Nazis of how much carboloy was being used during America's build up for war, but also the royalties, in effect ended up in Hitler's war chest.

In September 1940, the agreement came to a halt when two federal anti-trust indictments were returned against General Electric and Krupp subsequent to a complaint by the Firth-Sterling Steel Co. The Firth-Sterling Steel Co had run afoul of General Electric's price levels as it sought to sell shell turning blanks to the U.S. Army. The Senate Committee on Military Affairs was outraged at how the cartel agreement hindered war production. The General Electric-Krupp cartel had created a bottleneck in production. There was no domestic production since General Electric had driven them out of business. Even if sufficient quantities were available more time would be lost in retooling plants and training workmen to use the new tooling properly.

On January 26, 1947, the trial of General Electric resumed in New York City. Under indictment were GE Vice President Zay Jeffries, President W.G. Robbins of the Carboloy Co., and Walter M. Stearns, former GE trade manager and Gustav Krupp. Krupp was not present as he was being held in Germany for war crimes. Ironically during the trial Jeffries accused union leaders as having "un-American objectives" and denounced high wages.

Throughout the trial General Electric's lawyers fought bitterly against the introduction of captured Nazi documents. In one such document Walter Stearns was quoted as telling the Germans that while GE intended to fix prices, "this must never

be expressed in the contract itself or in any correspondence which might come into the files of GE." Other documents quoted Jefferies threatening the president of a competitor: "We'll either buy you out or break you." The jury found that General Electric, its subsidiaries, and company officials were guilty on five counts of criminal conspiracy. Ironically, no further charges—such as sedition or hindering the war effort were leveled against the conspirators. Despite pleas from the Department of Justice for heavy sentences; Judge John C. Knox handed down only minor fines. Stearns and Jefferies were fined \$2,500 each and Robbins \$1,000. GE and Carboly were fined \$20,000 each and International General Electric only \$10,000.

The fine for General Electric was particularly lax considering the firm had made millions on carboly. In fact, in 1935 and 1936, General Electric's subsidiary that manufactured and sold carboly made a profit of \$694,000 in just those two years. The newspapers of the time failed to cover the trial and the convictions. Nevertheless, the newspapers found plenty of space on their front pages to cover General Electric's charges that UE members employed at atomic energy facilities were potential security risks. The union's *UE News* was the only paper to report on the trial and convictions. Once again the rich and powerful escaped from justice with a mere slap on the wrist.

The Aluminum Corporation had an agreement with I.G. Farben, which restricted production of aluminum and magnesium, which hindered the building of fighters and bombers. The record from that era makes it clear, corporate America was doing its damnest to sabotage the war effort. A recent article in the press now states that at least 300 corporations were doing business with the Nazis during the war.³⁹

The following reactionaries among big business men were supporters of Merwin Hart's American Union for Nationalistic Spain, one of the many pro-fascist groups Hart formed and supported: James Rand of Remington-Rand, Lammont du Pont, A. W. Erickson, chairman of a New York advertising agency, Alfred Sloan president of General Motors and J. H Alstynne president of Otis Elevators. Hart supported the fascist line fully. He opposed the 44-hour week, fought against the Unemployment Act, fought against the Child Labor Act and, even more odiously, demanded that only those persons not on relief be allowed to vote. Hart was not much of a believer in democracy as the following quote shows.

"Democracy is the rallying cry under which the American system of government is being prepared for despotism. If you find any organization containing the word "democracy" it is probably directly or indirectly affiliated with the Communist Party." ⁴⁰

Next to the du Ponts and their friends, Henry Ford was the most notorious pro-Hitler backer. In 1919, he first announced his anti-Semitic views when he stated.

"International financiers are behind all wars. They are what is called the International Jew; German-Jews, French-Jews, English-Jews, American-Jews... the Jew is the threat."¹⁰

Again, the same rhetoric is familiar today with many of the right wing groups particularly the Posse Comitatus. The quote above is almost unchanged from the rhetoric of the Posse in the 1980s. The Posse uses code words such as international

bankers to mean Jews. Similarly, they and others are still promoting the Protocols of Zion, a malicious anti-Semitic book based on nothing more than outrageous lies first published in this country by Ford in his *Dearborn Independent*.

Ford's involvement went much further than merely publishing anti-Semitic trash. He was one of the early financiers of Hitler. Obtaining hard evidence of funding for Hitler is a rarity but in the case of Ford, it is irrefutable. The most credible evidence comes from the Hitler's treason trial after the failed Beer Hall Putsch from the testimony of Herr Auer, vice president of the Bavarian Diet on February 7, 1923.^{11, 12}

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Ford like Hart supported the Nazi agenda, harboring a rabid hatred of Jews and unions. One of the myths that Ford successfully created was that he paid his workers more than other firms did. In fact he paid less; the United Autoworkers printed tables showing the wages for every category of worker was lower than the wages paid by Chrysler and Briggs (General Motors). The reality was that the maximum wage paid by Ford was below the minimum wage of the union.¹³

Ford was not known to be generous or supportive of charities, he never contributed any large sum to anyone with one exception. The exception was the Moral Re-Armament Movement lead by Dr. Frank Buchman, a notorious fascist and a Lutheran minister.¹⁴

Buchman preached a philosophy of pacification of labor through the use of force. Followers of Buchman read like a whose who in the anti-union movement such as Harry Chandler, the reactionary publisher of the Los Angeles Times and Louis B. Mayer. Along with his program for the pacification of labor, Buchman was rabidly opposed to communism and praised Hitler's opposition to communism as the following quote reveals.

"I thank heaven for a man like Adolf Hitler, who built a front line of defense against the anti-Christ of Communism."⁹⁷

While many of Buchman's apologists claim Buchman later said he was deceived by Hitler, Buchman never renounced fascism or changed his fascist views towards labor. The primary reasons the Moral Re-Armament group has persisted to the present day, despite its controversial views, are the pro-business and anti-labor stance and the support it receives from such business leaders as Ford. Buchman was also the founder of Alcoholics Anonymous.

Ford employed Harry Bennett to deal with labor. Bennett had one of the largest spy and thug services in America at that time, which battered, killed and otherwise intimidated workers. Where ever a Ford plant was located there was a long record of murders and beatings of workers at the hands of Bennett's thugs. Ford even went so far as to fire workers who took part in the 1932 Ford hunger march. Bennett employed Father Coughlin, the rabid fascist radio priest to undermine the efforts to unionize Ford. In essence, Coughlin bribed Homer Martin into betraying the union in an effort to form a company union rather than to join the AFL or CIO.¹⁵

The plight of the American worker during the 30s is hardly imaginable today. In

fact, the conditions under which labor worked were so intolerable that numerous congressional committees and hearings were held. Employers routinely used spies, and hired stool pigeons, thugs, gangsters and murders. They were well equipped with arms including Thompson machine guns and "poisonous gas," the term at the time for tear gas. This visceral hatred of labor and unions by employers is documented in the many volumes of the La Follette reports on corporate America. George Seldes lists the following seven facts from the La Follette reports:

- "1. that American business employs a vast espionage system whose purpose is to fight labor.
2. that 200 agencies employ 40,000 to 50,000 spies in industry;
3. that \$80,000,000 a year is spent by big corporations in fighting labor, employing spies, buying gas and guns, hiring gangs;
4. that almost all the great corporations are in the spy racket, including Ford, General Motors, U.S. Steel, Bethlehem Steel, Consolidated Edison, Weir, Frick Coke, etc
5. that 2,500 companies comprising what Senator La Follette called the "Blue Book of American Industry" are part of the American Gestapo.
6. that the National Association of Manufactures, US Chamber of Commerce, Merchants and Manufactures Association, National Metal Trades Association are the chief organizations engaged in native fascism
7. that the American press, which still gives its front pages and its approving editorials to smears, exaggerations and falsehoods of the Dies Committee. And similar committees, and which employ reporters to attack labor, and especially those labor unions which are progressive and militant and put up a strong fight for the rights of labor, suppressed almost all the hearings and findings of the La Follette Committee, which constituted an exposure of Fascism in American industry." ¹⁶

Here is the heart of fascist ideology of the 1930s and of the far right today, corporate rule. It is the basis for the visceral level of hate for unions, fueled by the corporate elite and their propaganda organizations. There is no better example to illustrate the power of the pro-fascists in the United States, than to compare the plight of the American worker with his counterpart in the rest of the industrial nations. In every category, the American worker comes up short when compared to the workers in other industrial nations. As an example the American worker earns 44% less than his German counterpart and 15% (1994 figures) less than his Japanese counterpart. ¹⁸

Despite this, the UAW has been one of the most successful unions in gaining workers benefits; non-union workers and members of other unions in America earn far less. While the average American worker is lucky to receive a two-week vacation his European counterpart enjoys a five-week vacation —or more— and a list of benefits that the American worker can only dream about

Nor is the plight of the worker seeking to unionize much different today than it was in the 1930-40s. There are a myriad of companies today in the United States that provide security for corporate America. In reality, these companies are nothing more than hired thugs and union busters. While the muggings and factory death squads are

not as great a threat today, the American worker is still being spied on. However, corporate America has no qualms about murdering union organizers in other countries. A recent report revealed that Coke Cola had hired right wing death squads to murder union organizers in Columbia.⁸¹ The United Steel workers union has filed suit in Miami alleging that Coca-Cola and Panamerican Beverages, its principal bottler in Latin America, waged what union leaders describe as a campaign of terror, using paramilitaries to kill, torture and kidnap union leaders in Columbia.

In fact, the level of spying today is greater than it was in the 1930 and 1940s. Workers and job applicants are routinely forced to take a drug tests. Their financial and medical records are open books to their employers. In a recent case that has surfaced, Burlington Northern Santa Fe Railway was found to have ordered genetic testing of an employee as a follow up to his surgery for carpal tunnel syndrome. There is no gene for carpal tunnel syndrome. The employee was not informed of the genetic testing nor had he given permission for such testing. Such information could be used to deny promotions or to trigger the firing of the employee because he had a predisposition to cancer or other inheritable disease.⁷⁷

However, even more onerous are the private blacklists. The American Security Council ¹⁷ is a group that formed in the late 1950s, with the expressed purpose of providing to any member company a check on their employees or applicants for persons deemed to foster anti-free enterprise views. The American Security Council is directly linked with the pro-fascists of the 1930. Nor is the American Security Council unique. The Church League founded in the 1930s is another such group. Indeed almost every right wing group maintains some sort of blacklist. The express purpose of such blacklists is to deny employment to anyone holding non-acceptable views, such as union activism or leftist political views

In some regards labor has advanced but for the larger part labor has lost ground from the high ground of the 1950s coinciding with a peak in union membership. Today it is commonplace to hear of sweatshops being raided, places in which the workers were held virtually at gunpoint. Other workers are forced to work off the clock by managers, and child labor is now a larger problem than it was in 1900. In fact, the nations' largest retailer, Wal Mart is notorious for requiring employees to work off the clock. Wal Mart has also been found guilty of locking their evening employees in the store after the end of the their shifts if no supervisor was around to unlock the front door so the employees could leave.

Such wide differences in worker pay and benefits between the US worker and his European counterpart not only reflect the greater unionization in European countries but also a political system that is more union-friendly. Many of the anti-union laws passed since the close of WWII were the products of fascist groups. A direct result of such anti-labor sentiment is the wide disparity in wealth in the U.S. There is no other major nation in the world with such a wide disparity than the current disparity in the United States.

The standard tactic of fascists like the du Ponts was to finance a legitimate group that would be widely accepted then use it to further their aims by focusing media attention on the group. A good example (from the previous chapter) was the American Legion. Another example is the American Security Council, which had a tremendous influence in the Reagan administration.

Corporations that reached agreement with Baron Manfred von Killinger were

calling for a total commitment towards the Nazi cause. The portion of the agreement written by a General Motors executive went on:

"We must just as well recognize that business leaders of this country must get together in the present emergency. By now they must have realized that they cannot expect much from Washington. We will have to resort to concrete planning. We can agree that it is desirable to convince our business leaders that it is a good investment to embark on subsidizing our patriotic citizens' organization and secure their fusion for the common purpose. Unified leadership with one conspicuous leader will be a sound policy. We will be grateful for any service our German friends may give us in this respect.⁸²

The du Pont family controlled General Motors at the time.

The words within this agreement calling for the subversion of democracy and the total commitment towards the Nazis are essentially a blueprint for the destruction of democracy. Note that the "patriotic organizations" the writer was referring to such as the Silver Shirts and Black Legion. As already noted, many of the pro-fascist groups received financial support from the backers of the plot against FDR. By 1942, the plan of corporate America was in full force.

4: The Press Sells Out to the Nazis

Besides funding pro-fascists groups like the Silver Shirts, corporate America sponsored several other groups that maintained a speck of respectability. One such organization that figured prominently in spreading the propaganda was the National Association of Manufacturers (NAM). The first president of NAM was Samuel Bush, father of Prescott and grandfather of George H. W. Bush. Such organizations as NAM would serve as bridge groups between the rich corporate owners and the public.

NAM along with the National Industrial Information Committee picked up the banner of du Pont's free enterprise dogma. It was Fulton Lewis Jr. a former employee of NAM, who became the mouthpiece for NAM. Using his radio program on the Mutual Network, Lewis spread the NAM propaganda to roughly three million people daily. Lewis denied the truth put forth by the La Follette and the Truman committees and instead aired NAM's propaganda under the guise of "Your Defense Reporter."²¹ At their 1942 convention, NAM went on record of supporting du Pont's Free Enterprise fully. The convention adopted a plank of full support for free enterprise, even if it hindered the war effort. In contrast, the 1942 CIO convention went on record for winning the war first, ahead of any union issues.²⁴ In other words labor was willing to make the sacrifices needed to win the war, while big business wasn't, and put profits ahead of the war effort.

NAM was only one group of many that was used to propagandize America. Another was the Chamber of Commerce. Both the Chamber of Commerce and the American Legion served as bridge groups breaching the gap between the workers and the American elite during the 1920s. NAM served a similar role in the 1930s and into

the 1950s. The top officials of the John Birch Society in the 1950s were all former officials of NAM. The Birch Society also acted as a bridge group.

The 1930s media was overtly pro-fascist, especially the major chains of newspapers. Hearst admired Mussolini and even paid him to write articles for his upstart United Press wire services. Mussolini was paid \$1,750 per article an amount that would be the equivalent of about \$17,000 today. The articles were poorly written by Margherita Sarfatti, Mussolini's mistress.

Hearst also sought out Hitler to write for him. According to the US ambassador to Germany, Dodd Hearst met with Hanfstangel and Rosenberg, two of Hitler's most trusted propagandists in September 1934 at Baden Baden. After leaving Baden Baden, Hearst traveled to Berlin where he met personally with Hitler. A deal was sealed between Hearst and Gobbels worth \$400,000. After receiving the money, Hearst promptly ordered all of his writers for his International News Service to present all events in Germany in a friendly manner. Following the agreement Hearst papers printed uncensored propaganda from the Nazis throughout the 1930s.⁸⁴ The Hearst press consisted of 25 daily newspapers, 24 weekly newspapers, 12 radio stations and 2 world news services.

The other major newspaper chains owned by McCormick and Scripps-Howard likewise presented a pro-fascist view.

Many of the members of the National Publishers Association were also members of NAM. William Warner publisher of *McCall's* and *Redbook* was the head of NAM. P.S. Collins represented the Curtis Publishing Company, publisher of the *Saturday Evening Post* and the *Ladies Home Journal*. Collins was also a spokesman for W.D Fuller the president of NAM. The Luce family publications of *Time*, *Life* and *Fortune* were also closely associated with NAM.

The majority of the people can reach informed and just decisions if they are provided with a balanced view. However, the media has always been biased to the right and openly fascist during the 1930s when Hearst among others had his papers publish Gobbels propaganda. Seldes pointed out that during the 1930s that with only three or four exceptions of all the large newspaper columnists and radio commentators were right wing reactionaries.²²

In their effort to propagandize the American people, press omissions were more important than the pro-fascist views it expressed. For example, no mention was made of the Senate report investigating air power. The report concluded as follows:

"It is apparent that American aviation companies did their part to assist Germany's air armament. It seems apparent also that there was not an adequate check on the foreign shipments...⁸⁶

Part of the evidence included a letter from the president of Curtiss-Wright to his salesmen as follows:

"We have been nosing around in the bureau in Washington and find that they hold as most strictly confidential their dive-bombing tactics and procedure, and they frown upon our even mentioning dive-bombing in connection with the Hawks, or any other airplanes to foreign powers.

It is also unwise and unethical at this time, and probably for some time to come, for us to indicate that we know anything about the technique and tactics of dive-bombing.

It may be alright...to put on a dive-bombing show to show the strength of the airplanes—but to refer in contracts to dive-bombing or endeavor to teach dive-bombing is what I am cautioning against doing...⁸⁷

Curtiss-Wright did demonstrate their dive-bombing planes in air shows in Europe helping the Nazis to develop the Stuka. In the first six months of 1933, Pratt & Whitney's sales jumped to almost a million and half dollars as the Nye report exposed the company as one of the largest smugglers of planes to Hitler. Other suppliers of aircraft parts to Hitler in the early years included Curtiss-Wright and Douglas.

Another scandal left unreported was the sale of defective wire by Anaconda. One notable newscaster of the time who failed to report the story was Lowell Thomas. Thomas' broadcast was sponsored by the Pews and Thomas had done work for NAM.

The *St Louis Star-Times* accused the U.S. Cartridge Co of producing defective cartridges and had submitted their findings to the Office of Censorship receiving no objects. The AP wire failed to pick up the story and the story went unreported outside of the St Louis area.

The capitalist's strike to delay and reduce the production of war munitions was blamed on labor in the press. No mention was made in the press of the Tolan Committee. Testifying before the committee the United Autoworkers president stated that of 1577 machine tools 337 were idle and he urged coordination of the unused tools. The Autoworkers secretary reported 64% machine tool idleness and labeled it a crime against civilization and democracy. These idled tools could have been turning out war material. Any shortage of war material was not the result of a shortage in labor or equipment; rather it was the result of corporate fraud.

Nor did the press report on the profiteering by corporate America. James Hayes, general counsel for the ILWU Dispatcher testified before the Congressional Merchant Marine subcommittee giving proof of the obscene profiteering in shipping.

Due to the sit down strike by corporate America, the government was forced to lease private ships. The American Foreign Steamship Corp. made a profit of \$895,974 on two trips. The American Export Line made a profit of \$1,572,144 on ships worth only \$232,350. The American President Line made a profit of \$814,242 on ships worth \$307,828 in three trips.

The situation remains unchanged in the 21st Century. The columnists and the radio mouthpieces are almost fully hard right in their views. The news fails to report on the health risks and costs of on the job injuries and disease. Whenever new regulations are proposed, the media coverage comes from the Chamber of Commerce or another pro-business organization. The only costs discussed are the costs to the corporation, and no mention is ever made of the costs to the worker.

Today the media is even more consolidated than the media in the 1940s, less than ten corporations control over eighty percent of the airwaves and press. The Republicans have repeated the lie that the media is biased to the left so many times that many people buy into it—even though the reverse is true. The corporations in fact censor the media. Two thirds of the editors when questioned have reported that their advertisers have threatened to withdraw advertising because of the content of news stories. Seventy five percent report that large advertisers have tried to influence the content of news stories in a 1992 survey.

A Procter & Gamble executive testifying before a Federal Communications

Commission in 1965, made it clear that his company would only sponsor programs meeting the companies strict standards.

" There will be no material in any of our programs which could in any way further the concept of business as cold, ruthless and lacking all sentiment or spiritual motivation." ²³

The anti-union coverage of some of the major strikes in the late 1990s should come as no surprise. Coverage of the UPS strike only focused only on how the strike was hurting various businesses. No mention was made of the cause of the strike, the use of excess part-time workers and the attempted money grab of the union's pension fund. No mention was made of how corporations have raided pension funds and left retired workers holding an empty bag.

During the GM strike, coverage focused on how the strike was hurting car sales. No mention was made of the fact that GM had violated the terms of the union contract by sneaking the stamping dies out of the plant during the middle of the night over the Memorial Day holiday like a thief in the night.

It was because of the pro-fascist press and trade organizations that du Pont was successful in creating the illusion of free enterprise as a freedom to be upheld. Bennet and others within the Ford empire openly boasted to Rimar, a former member of the Ford Gestapo that no newspaper would print his version of the truth during his trial. Indeed none did and no publisher would publish his book *"Heil Henry!—The Confession of a Ford Spy,"* which contained these statements.

"For years I have been one of the key men in the Ford Gestapo. Within the Ford's domain I soon found there was no liberty, no free speech, no human dignity... the vast power of Ford extended into the courts, schools, prisons, clubs, banks, even into the national capital, enveloping us all in a black cloud of suppression and fear.

Our Gestapo covered Dearborn with a thick web of corruption, intimidation and intrigue. The spy net was all embracing. My own agents reported back to me conversations in grocery stores, meat markets and restaurants, gambling joints, beer gardens, social groups, boys' clubs, and even churches." ²⁰

The quote serves to point out the extent of Ford's anti-union activities and the willingness of corporations to use any means available to spy on and intimidate their workers.

Corporations are now privy to more information than ever about their employees. The information age has allowed for new means for corporations to pry into the private lives of their employees. In this country, corporations are allowed to read the private email of their employees and to search employee lockers. Some corporations even maintain the right to search employee's cars if they are parked in a company parking lot. In effect in America workers must give up all of their constitutional rights including the right to privacy, free speech and the right to assemble the minute they walk through the corporate door seeking a job.

It is the media held subservient to their advertisers—or in some cases with

defense contractors owning a media division outright—that has helped to promote public anti-union sentiment. This is readily apparent in the newscasts, as when OSHA sought to set new workplace standards to prevent repetitive stress injuries the media aired the views of the Chamber of Commerce. No information from doctors or unions was presented on the topic. No union data was presented to reveal the extent of the problem or the debilitating effects of this menace to workers forced to work at ungodly speed.

In the sixty years that have followed WWII the Republican Party and the far right wing extremists have adopted the philosophy at the heart of fascism, corporate rule. It is the basis for the intense hatred of unions and working people. In the entire eight years of the Reagan administration the minimum wage was not raised once although inflation still raged through the early 80s. Reagan himself sent a signal to corporate America that he would not seek prosecution of union busters when he fired the striking PATCO workers. The situation improved slightly under President Clinton. However, under the administration of George W. Bush the plight of workers has become acute. He has threatened injunctions against unions threatening to strike.

Perhaps the best way to convey to the reader the plight labor faced in the thirties is to present the data from the Robert La Follette committee.

"The committee found that purchasing and storing arsenals of firearms and tear- and sickening gas weapons is a common practice of large employers of labor who refuse to bargain collectively with legitimate labor unions and that there exists a large business of supplying gas weapons to industry... During the years 1933-through June 1937, \$1,255,392.55 worth of tear and sickening gas was purchased by employers and law enforcement agencies, chiefly during or in anticipation of strikes...all of the largest individual purchasers are corporations and that their totals far surpass those of large law-enforcement purchases. In fact the largest purchaser of gas equipment in the country, the Republic Steel Corp, bought four times as much as the largest law-enforcement purchaser."⁶¹

Just to add some perspective to those figures, this was during the depression when a new car still sold for less than one thousand dollars and all the materials for a new catalogue home could be bought for less than ten thousand dollars.

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Failing to physically beat labor into submission, the fascist turned to legal tactics such as the anti-union right to work law. Those laws are still highly regarded in right wing circles today, but few know that the fascist group, Christian America, first sponsored it in the early 1940s.⁶⁹ The forces behind the Christian American group were wealthy Texans tied to the Kirby family. Vance Muse formed Christian America after the death of Kirby. Both Kirby and Muse had a long history of opposing the New Deal and supporting racism, Muse was an associate of Gerald Smith.

Another member of the Christian America was Lewis Ulrey who took over the

distribution of Gerald Winrod's propaganda, in which he openly advocated a 12-hour workday. Ulrey penned the following quotation for Gerald Winrod's *Defender*.

"Into this bedlam and chaos in Germany Adolf Hitler injected himself as a new... messiah to lead ORDELY GERMAN from political confusion to SYSTEMATIC UNITY.

Hitler put it up to the Germans to decide between the Jewish ownership and domination of the country or DOMINATION AND OWNERSHIP BY THE NINETY NINE PERCENT OF THE GERMAN POPULATION.

HUMAN NATURE BEING WHAT IT IS, IT IS NOT STRANGE THAT THE GERMANS DECIDED AGAINST THE JEWS AND IN FAVOR OF HITLER.

OUR PRESIDENT HAS SENT TWO INSULTING MESSAGES TO HITLER AND A NUMBER OF HIS PINK CABINETEERS HAVE

MOST BLANTANTLY AND VIOLENTLY BROADCAST SILLY INSULTS TO THE GERMAN GOVERNMENT."⁷⁰

The Christian America group was the leading lobbyist for the right to work laws throughout the south and midwest in the early 1940s. Their organization was well funded and prone to use heavy handed lobbying tactics on members of the various state houses. Perhaps the best summery of their tactics comes from a remark by Arkansas Representative Chambers from Columbia Ark. On the day of voting for the right to work law in that state he turned to Val Sherman, the Associate Director of Christian America and pointed to him remarking.

"I'm not branding Mr. Sherman as a disciple of Hitler, but he's a graduate of his school. Hitler would be glad to charter a submarine to Texas and solicit his services."⁷¹

The quotes above clearly provide a direct link between fascist and the anti-union right to work laws in this country. Others associated with the Christian America were Alfred Sloan, CEO of GM, the du Ponts, bankers George and Joseph Widener, and Wall Street lawyer Odgen Mills.

This visceral hatred of unions and support for corporate rule is but one of the common threads linking today's far right wing groups to those of the pro-fascist groups of the 1930s and illustrates the use of destructive divisiveness as a fascist trait.

It's a common misconception that after the bombing of Pearl harbor, that the pro-fascists folded their tent and went home quietly. Nothing could be further from the truth. They simply went underground. In fact, Archibald MacLeish, Librarian of Congress, accused the pro-fascist press represented primarily by Hearst, Scripps-Howard, McCormick and Patterson of treason in a speech before the American Society of newspapers. This speech was broadcast at the time. However, the newspapers failed to cover it or when they did, they censored it heavily. Although MacLeish did not name names he mentioned treason twice. Curiously in the follow up in *TheNew York Times* those two paragraphs were deleted, as was the case in many of the other follow-ups that were buried in the back pages.¹⁹

This was not the only charge of treason that some major newspapers faced. The 1942 American Newspaper Publishers Association's convention voted for a "second

front now" and went on to denounce the fascist appeasement forces in America naming the McCormick-Patterson chain, *The Chicago Tribune*, *The New York Daily News*, *The Washington Times-Herald* and the Hearst chain. It accused the American press of an anti-unionism, suppressing and slanting the news to fit the publisher's views. ²⁴ The following quote from William Green, president of the AFL confirms how deep this support for fascism was.

"Recently a bitter campaign of malicious propaganda to poison the public's mind against organized labor has been carried on by the subsidized press which is composed of reactionary daily newspapers controlled, through ownership and advertising, by exploiting profiteers and union haters. Together with the bourbon politicians, idle rich and anti-labor columnists, they are the real parasites of our country... By peddling falsehoods about labor, the subsidized press is creating factionalism, disunity and class hatred. If Hitler were not so busy running away from a victorious Russian army he would take time to pin medals on the editors and columnist who are misleading the public. The reactionary editors of the newspapers are doing just what Hitler predicted he could accomplish here through his agents." ²⁵

The use of destructive divisiveness by the pro-fascist forces is again readily apparent in the quote. The character of the press has not changed. In 1942 *The Chicago Tribune* and part of the McCormick chain was on trial for betraying secrets to the Japanese in publishing the names and location of the ships in the Battle of the Midway. McCormick was a vicious Roosevelt hater and sought out ways to embarrass or discredit him. The *Chicago Tribune* also published Rainbow 5, the top secret battle plans before the war had broken out. In the case of Midway, publishing the names and locations of the ships involved was clearly treasonous. The *Tribune* had obtained that information through one of its war correspondents, Stanely Johnson. Johnson was sailing aboard the New Orleans en route to Hawaii and had seen a JN25 decrypt (JN25 was a Japanese Naval code) on the captain's desk and stole a look. The decrypt revealed what the US Navy knew of the Japanese fleet deployment and strategy. The Headline in the *Chicago Tribune* published three days after the battle read "*Navy Had Word of Jap Plan to Strike at Sea.*"

The *Tribune* avoided convictions by claiming that part of the article was false and much of it had been faked. Roosevelt and the Justice department were hamstrung and could not prosecute the case fully. In a rigorous trial the government would have had to reveal that it had broken the Japanese Naval code. Protecting that secret and protecting the lives of American GIs was worth far more than bringing the traitors to justice.¹¹²

This is the same *Chicago Tribune* that after the war began propagating the lie that Roosevelt had a forewarning of the attack on Pearl Harbor. ²⁷ Congressmen, Elmer Holland of Pennsylvania went further in charging that Joseph Patterson owner of the *New York Daily News* and Eleanor Patterson owner of the *Washington Times-Herald* were America's number 1 and number 2 exponents of the Nazi propaganda line. ²⁶

Perhaps one of the biggest misunderstandings about Roosevelt and the 1930s is the lack of knowledge about his opposition. Many Americans believe FDR stood

virtually unopposed. Nothing could be further from the truth, while he enjoyed tremendous popularity among the electorate he had many powerful and influential enemies both within and outside of the government.

5: Congressmen & Seditious

In regards to their enemies, the Roosevelt and Clinton administrations have several similarities. Clinton was plagued by the vicious smears inspired by Richard Mellon Scaife while it was Irene du Pont hatching the plots against FDR. Both Presidents faced a hostile press for the most part. Additionally, both faced bitter opposition from the Republicans. Neither enjoyed bipartisan support in any notable sense of the word. In fact, the Republicans many of whom were openly pro-fascist opposed every effort of Roosevelt to prepare for the coming war.

Roosevelt had numerous bitter enemies within Congress. Some were openly pro-fascist. The Nazis in Germany sought throughout the 1930s a cause by which they could ignite the native fascists in America and prevent the U.S. from entering the war. The American Bund was first proposed as such an element in which all Americans of German extraction would rally behind.

The relationship of the American Bund with the Nazis in Germany was more of a love/hate relationship of a jilted lover. Hitler's top priority was to keep the United States neutral and to maintain at least an amicable diplomatic relationship. The Bund's rallies with the bellicose speeches and storm troopers with swastika armbands attacking anyone that challenged the organization was seen as detrimental to these aims by the high officials in Berlin, especially since most Americans regarded the Bund as financed by and controlled by Berlin.

Hitler ordered that the Bund should receive no aid from Germany. Despite Hitler's ban, the Bund did receive aid from Germany as the Bundeslieter, Fritz Kuhn proved to be adept at pitting one Nazi organization against another to receive funds. Hans Dieckhoff the German ambassador to the United States was one of the Nazi who viewed the Bund as a hindrance to German-American relations. Dieckhoff was also the brother-in-law of von Ribbentrop. Acting on instructions from Berlin, Dieckhoff ordered all German citizens to withdraw from the Bund as a measure to improve diplomatic relations. He was infuriated to learn that Kuhn had obtained funds SS Lt Gen Werner Lorenz's organization, Volksdeutsche Mittelstelle. While the Bund remained a force it was largely ineffectual as a rallying point for German-Americans. Most German-Americans chose to be loyal to their adopted country.

Next, the Nazis thought with the great racial and ethnic differences in the U.S. could be exploited for the same purpose. Again it failed. This does not mean that the Nazis were not successful in provoking anti-Semitism and even race riots after the Bund and Klan united. However, it was a failure in generating a split wide enough to prevent the U.S. from entering the war.

At its peak the Bund probably consisted of no more than 6,500 activists and another 20,000 sympathizers. About 1,500,000 American were German born. The Bund was clearly a failure as a rallying point for German-Americans. The one thing

the Nazis in Germany did find in which they could unify the opposition behind was "Get Roosevelt." ³⁰

Opposition to Roosevelt does not necessary imply the congressman was a pro-fascist, but many in Congress were pro-fascist. The list of congressmen below should not be taken as an exhaustive list; there were others. Nor are exhaustive lists needed to reveal the amount of opposition to FDR or to record their sabotaging of both the war effort and investigations of the native fascists. However, some congressmen left little doubt of their support for fascism by their own actions.

Perhaps the two greatest enemies that Roosevelt faced in Congress were Republican Senator Gerald Nye from North Dakota and Democratic Congressman Martin Dies from Texas. Both headed congressional committees vital to preparation for the war that was coming. Burton Wheeler of Montana would be a close third. Both had two traits in common with each other and the other pro-fascists members. All of these members of Congress would abuse their franking privileges, mailing propaganda opposing the war or even propaganda from pro-fascists groups to thousands of constituents. The second thing in common was their willful association with pro-fascists groups.

Nye's opposed all major defense measures in the Senate. He led the fight against Lend Lease and he openly collaborated with many groups seeking appeasement regardless of their political leanings. On the floor of the Senate he charged that the British and not German submarines had sunk the *Robin Moor*, only later did he withdraw the baseless charge. He initiated a probe of Hollywood, but the investigation failed after he admitted that he had not seen the movies that he had labeled as "war propaganda." He arranged for a Bund member to air his defeatist views before the Senate and later used his congressional frank to mail copies of the speech to thousands. As a member of Congress, he was perhaps the biggest booster for the American First Committee.²⁸

Nye also praised the virulent anti-Semitic Gerald Smith for publishing "The Cross and the Flag."²⁹

Dies was the first chairman for the new committee, that of Un-American Activities and he set about immediately to sabotage the intended use of the committee, to investigate the subversion activities of pro-fascist groups.

No better example of this act of sabotage of the Dies Committee can be found than in the appointment of its first chief investigator, Edward Sullivan. Sullivan was exchanging confidential messages with the German High Command in 1938, the year of his appointment. In fact, Sullivan was high in the ranks of the Ukrainian-American fascist groups. He greeted members of the Bund with a "Heil Hitler" and had denounced FDR's administration as a Jewish Communist plot. Sullivan had one other trait endearing him to the right wing extremists; he had been a former labor spy for the Railroad Audit and Inspection Company.

He was soon replaced with another right wing extremist, J. B. Matthews. Upon leaving the Dies committee, Sullivan immediately rejoined a fascist Ukrainian group.

Instead of investigating pro-Nazis, the committee set about investigating and compiling an extensive blacklist of liberals and anti-fascists. Throughout the war the committee carried on a vicious attack on the Roosevelt administration, charging that various agencies were packed with Reds and denouncing America's fighting allies.

No better example of the opposition Roosevelt faced can be found than in the fight over the establishment of the draft. Nye led the battle, and succeeded in greatly reducing what FDR had envisioned. Originally Roosevelt had planned on two years of universal service for all Americas, both men and women. Service would not have been necessary in the armed forces alone, but through a combination of all government agencies. To be fair, the support for the draft was bipartisan as was the opposition to it. The most opposition came from congressional members from the midwest and high plain states. The bill passed on September 16, 1940 authorizing the draft for one year only. The following year the bill to extend the draft passed the House by a one-vote margin. There were 182 Democrats and 21 Republicans voting in favor of extending the draft and 65 Democrats and 133 Republicans voting against the draft.

There is no better way to establish the fascist nature of many of these congressmen than quoting them. One such Congressman and Steuben Society member was Republican House member John Schafer from Wisconsin. His congressional record was one of complete opposition to any defense measure. In speaking with Carlson, investigative reporter posing as a pro-fascist, Schafer was quoted as follows talking about a revolution against democracy:

"The Bloody kind. There will be purges and Roosevelt will be cleaned right off the earth along with the Jews. We'll have a military dictatorship to save the country."³¹

Schafer leaves little doubt as to his feelings about democracy in the quote. Another Senator, Republican Rufus Holman from Oregon, openly praised Hitler on the floor of the Senate. The small excerpt below from the speech leaves no real doubt as to his pro-Nazi views.

"I doubt if the right is all on one side among the present belligerents. At Least Hitler has broken the control of the international bankers and traders over the rewards for the labor of the common people of Germany.

In my opinion it would be advantageous if the control of the international bankers and traders over the wages and savings and the manner of living of the people of England could be broken by the English people, and if the control of the international bankers and traders over the wages and savings and the manner of living of the people of the United States could be broken by the people of the United States."³²

The code words of international bankers and traders meant Jews. Holman inserted several pro-Nazi propaganda pieces into the congressional record as well. Nor was this the only time Holman had praised Hitler. As Oregon's State Treasurer, he had praised Hitler's sterilization program resulting in the amendment of Oregon's sodomy law in 1935 to include all moral degenerates and sexual perverts whether, they had committed a crime or not. Oregon at the time used castration rather than vasectomy.³³

Republican Senator Thomas Schall from Minnesota placed material from James True in the Congressional Record. True was a notorious Jew baiter and inventor of the infamous Kike Killer, a nightstick.

Republican Representative Louis McFadden of Pennsylvania was another Congressman that supported True. McFadden believed in the international Jewish conspiracy. He believed the Jews were not suffering from persecution in Germany under Hitler. He was virulent in his opposition to Roosevelt's plan to allow 200,000 Jews to emigrate to the U.S. He believed those that supported such a plan, like Secretary of Labor, Frances Perkins were part of the conspiracy by the "Jewish-controlled administration." McFadden believed Perkins real name was that of a Russian Jewess, Matilda Wutski.¹¹⁵

Another of the pro fascist was Senator Robert Reynolds a Democrat from North Carolina, who also openly praised Hitler on the floor of the Senate. Reynolds was a resident of Asheville, the home of Pelly's Silver Shirts. Reynolds spoke glowingly about fascism as the following quote shows.

"The dictators are doing what is best for their people. I say it is high time we found out how they are doing it, and why they are progressing so rapidly.

Hitler has solved the unemployment problem. There is no unemployment in Italy. Hitler and Mussolini have a date with destiny. It is foolish to oppose them so why not play ball with them."³⁵

Reynolds was friends with the American Nazi George Deatherage and Gerald Winrod. Reynolds with the backing of Burton Wheeler rose to become chairman of the Senate Committee of Military Affairs. In April 1940, Reynolds provided the Nazi agent, Simon Koedel with detailed confidential information about France's ports.⁷⁶ The transfer of such information to Nazi agents was nothing short of treason.

Besides using the Senate floor as a sounding board for Falangist propaganda, he is perhaps better known for his anti-alien views. Reynolds believed that aliens was at the heart of all of America's problems and organized a posse of youths from age ten to eighteen called the Border patrol to catch alien crooks.

Reynolds maintained his position in the Senate until 1944. By then the Democratic Party by then had enough of the fascist infiltrator and chose another figure popular in North Carolina to seek Reynold's seat in the primary. Rather than face certain defeat Reynolds retired.

Another of the fascist supporters in congress was the Democrat Senator, Rush Holt from West Virginia. Holt was the youngest person ever elected to the senate. He had won election in 1934 as a backer of the common man and the New Deal. Shortly after being elected, Holt began criticizing the New Deal eventually becoming one of the harshest critics of FDR. By the end of his term, he was an outright advocate of fascism. In the 1940 primary, Holt faced two other challengers for his seat after losing support from the Democrat National Committee. He finished third in the primary.⁸⁸

The two examples of Holt and Reynolds provide a stark difference between the Democratic and Republican parties. The Democratic Party would attempt to purge the fascist from their ranks in the primary, unlike the Republican Party, which made no such attempts, to purge fascist from their ranks, and even encouraged the Nazis

with anti-Semitic campaigns.

Contrary to the popular belief the bombing of Pearl Harbor united the country fully, dissent can be found in the "Judas" speech of Clare Hoffman, Republican Congressman from Michigan. On January 27, 1942, with the memory of Pearl fresh in everyone's mind, Hoffman delivered an vicious attack on Roosevelt in an address to the House entitled "*Don't Haul Down the Stars and Stripes*" better known as "*Roosevelt is Judas.*" Hoffman long an outspoken critic of Roosevelt and a member of the impeach Roosevelt committee ordered 145,000 copies of his speech and using his congressional frank mailed out 105,000 copies.³⁴

The best evidence indicating that several members of congress had ties to the Nazis came from the investigation by the Department of Justice, which lead to the bungled sedition trial of 1944 stemming from the grand jury investigation. There is a fine line between free speech and sedition. Simple opposition to war is not sedition but accepting funds from the enemy to conduct espionage, or to distribute propaganda clearly steps over the line of free speech and becomes sedition.

The grand jury investigations conducted in 1940 produced an abundance of evidence that several congressmen received funds from Nazi sources. Most people today are still unaware that the sedition trial stemmed from three separate grand jury investigations. The special assistant to the Attorney General, William Maloney convened the first grand jury investigation. That investigation concluded on July 21, 1942, and indicted 28 individuals, and listed thirty publications and twenty-six organizations.

Under intense pressure from several sides including intense pressure from Senator Burton Wheeler, Maloney was eventually removed from the investigation. Wheeler used his position as chairman of the Senate Judiciary Committee to exert extreme pressures on Attorney General, Biddle for the removal of Maloney.

Several of the pro-Nazi congressmen were called to testify before Maloney's grand jury. One of the suspected congressmen was Ernest Lundeen, the populist Senator from Minnesota. Hoover had a FBI agent tailing Lundeen. On August 31, 1940, Lundeen and the FBI agent tailing him died in a plane crash. Lundeen's secretary, Harriet Johnson reported later that on the day of his death the congressman had arrived unusually early and was clearly distraught. She had asked the congressman what was troubling him and he had replied that he had gone too far and there was no turning back. She sensed he was referring to his Nazi connections. He also informed her that he had to fly back to Minneapolis at once to see his wife despite the storm.

Johnson then drove Lundeen to the airport, and reported that several times he began to cry. FBI agent J.J Pasci had followed the pair to the airport and boarded the same plane. Johnson reported that after Lundeen boarded the plane she saw several passengers in a struggle with Lundeen apparently also engaged in it. Shortly after takeoff the pilot lost control of the plane in the storm and crashed just thirty-six miles west of the capitol.

The day after his death Johnson opened the congressman's locked files and discovered many documents, which revealed that Lundeen was in the direct pay of the Nazis. The next day Lundeen's widow arrived and asked by name for the Viereck files. Harriet Johnson then reported it to the FBI and the FBI forwarded it to Maloney.

Maloney only had a partial view of the Nazi connections. He had determined that some seven senators and thirteen representatives had been bribed, or acted in collusion with Nazi Germany, aiding and abetting them, and that an additional four Congressmen were guilty of collaboration. These congressmen had used their franking privileges to distribute isolationist speeches many written or edited by Viereck.⁷² Those that Maloney listed as collaborators with Viereck were Stephen Day (Republican from Illinois), Hamilton Fish (Republican New York), Rush Holt (Democrat West Virginia) and Ernest Lundeen (Farmer-Labor Minnesota). The remaining twenty are listed below.

John Alexander Republican Minnesota	Philip Bennett Republican Missouri
Usher Burdick Republican North Dakota	Worth Clark Democrat Idaho
Cliff Clevenger Republican Ohio	Henry Dworshak Republican Idaho
Clare Hoffman Republican Michigan	Edwin Johnson Democrat Colorado
Bartell Jonlman Republican Michigan	Harold Knutson Republican Minnesota
Robert LaFollette Republican Wisconsin	Gerald Nye Republican North Dakota
Robert Reynolds Democrat North Carolina	Paul Shafer Republican Michigan
Henrik Shipstead Republican Minnesota	William Stratton Republican Illinois
Martin Sweeney Democrat Ohio	Jacob Thorkelson Republican Montana
George Tinkham Republican Massachusetts	Burton Wheeler Democrat Montana ¹⁰²

The list of congressmen that Maloney listed as dupes of the Nazis has several interesting aspects. First, members of the Republican Party dominate the list. This should not be surprising in light of the evidence presented earlier of the Republican Party employing known Nazis in election campaigns. Two of the Democrats on the list, Holt and Reynolds were removed by the active campaigns against them launched by the Democratic Party leadership. Holt was defeated in his reelection primary campaign, while Reynolds facing certain defeat chose not to run.

Secondly, most of these congressmen came from the upper midwest particularly the states of Minnesota and Michigan. Both Minnesota and Michigan had strong anti-union movements and were home to several of ministries that preached the Nazi line of anti-Semitism. The Teutonia Association was founded in Detroit on October 12, 1924. The Teutonia Association was something of a forerunner of the American Bund .

2

Viereck was the highest-ranking Nazi agent arrested during the war and had been arrested as a German agent during WWI. Viereck was a V-agent or "*Vertrauensleute*" (confidential agent) for the Abwehr. Following the war, another of the Abwehr's V-agents exposed was William Rhodes Davis, the Texas oil man.¹⁰⁰ Very little is known about Viereck and the network of V-agents as the Nazis destroyed their most of their files. Most known V-agents appeared engaged in spreading propaganda.

What is known with certainty is that Viereck received over a half million dollars from the *chargé d'affaires* of the German embassy, Thomsen to bribe, corrupt and undermine members of Congress and to distribute propaganda.⁹⁸ Viereck received additional funds from Hansen Sturm the chairman of the Romanoff Caviar Company and from General Aniline and Film. Thomsen had valuable friends in high places

including Assistant Secretary of State, Breckinridge Long and Ambassador to France William Bullitt. Long had publicly endorsed Mussolini's invasion of Ethiopia.

Lundeen was secretly pro-Nazi and received money not only directly from Viereck but also from the German Board of Trade and the Steuben Society. Maloney had determined that other congressmen had accepted Nazi money in deals to publish books through the notorious Flanders Hall, a fascist publisher closely associated with Viereck. Among those that had made deals with Flanders Hall were Burton Wheeler of Montana, Gerald Nye of North Dakota, Jennings Randolph and Rush Holt of West Virginia and William Stratton of Illinois. On June 13, 1940, Thomsen reported to Germany that it was necessary to take literary countermeasures against Roosevelt. In this plan Thomsen made contact with New York literary agent William Lengel and proposed a series of five books. One by Theodore Dreiser warning of the dangers of intervention another by Sylvia Porter written from a woman's point of view as to what the war would mean. The other three were to be written by journalist, George Creel, novelist Kathleen Norris and publicist Burton Rascoe. Pearl Harbor preempted the deal before any of the books were written.

In September 1941, Maloney convened a grand jury to investigate the Congress-Nazi connections. The results of the grand jury were classified for years later. Viereck was indicted, as was George Hill, a mailroom aide to Hamilton Fish. Maloney was deeply annoyed that he couldn't get indictments against any of the Congressmen. Once again it was the small expendable people who were prosecuted while the powerful were protected.⁷³ Many of the Congressmen that had been subpoenaed managed to avoid testifying until after Pearl Harbor. After the bombing of Pearl Harbor, public interest was directed towards the war efforts and prosecution of the pro-fascists suffered from neglect.

Maloney successfully prosecuted George Hill, the mail room aide to Congressman Fish and was in the process of preparing for Viereck's trial when he was suddenly summoned to the office of Judge Allen Goldsborough. Goldsborough informed Maloney he would be the presiding judge at the upcoming trial and Maloney would only have two weeks to prepare for the opening of the trial. Maloney was furious and protested over the lack of preparation time. Maloney also objected to Goldsborough's handling of the case, as Goldsborough was associated with the extreme elements of the right wing. Maloney was successful in his efforts to remove Goldsborough as the presiding judge after swearing out an affidavit giving details of both the meeting and how Viereck's attorney Daniel Colahan had constantly demanded that Goldsborough handle the case.

Maloney successfully prosecuted Viereck's case with Viereck receiving a prison term of two to six years. On March 20, Judge Letts, cut Hill's sentence in half. One year later Viereck's conviction was reversed by the Supreme Court. Both he and Hill were set free.

Although no charges were brought against the pro-Nazi congressmen. Their plot had been exposed. Even after being exposed they continued to use their franking privileges to distribute pro-Nazi propaganda. Although after Pearl Harbor it was not possible for them to do so directly, so they did so through such organizations as the Republican Nationalist Revival Committee and the National Economic Council. Another of their choices for distribution was *Western Voice* edited by a fundamentalist minister, Harvey Springer from Englewood Colorado. Springer, also

known as the cowboy preacher praised the fascist Gerald Smith as a real man of Christ and denounced the Federal Council of Churches as being dominated by communists. Springer was also a vicious anti-Semitic, but is still highly regarded as a theologian in Baptist circles.

One of the more striking aspects of fascism in the United States, was the removal of such people as Maloney from office. Maloney was relentless in his pursuit of native fascists. After obtaining indictments on Jul 21, 1942 on 28 individuals, Maloney was depicted as a stooge of the International Jewish bankers by Joe Kamp, a pro-Nazi propagandist. Senator Burton Wheeler demanded that Attorney General Biddle remove Maloney. When Biddle objected to such pressure from the Senator, Wheeler announced he would blow the whistle on the Department of Justice. Its unknown what Wheeler had on the Department of Justice perhaps. Whatever it was, Biddle immediately dismissed Maloney and made it clear that he could not act even as a consultant to his successor.¹⁰⁶

Without exception those that sought to expose the fascists and bring them to trial were forced from office or otherwise discredited. General Butler who exposed the fascist plot against Roosevelt, was mocked and laughed at in the press in a successful effort to discredit the good general and the plot. While those that stood firmly opposed to the fascists were removed many of the openly pro-fascists continued to rise in power. Maloney was ultimately removed from the case and replaced by John Rogge a capable and able prosecutor. Rogge would prosecute the sedition trial in 1944. Rogge would likewise, be abruptly removed from his office.

What many people even today are unaware of was there was three separate grand jury indictments. Although the third grand jury indictment listed more organizations and publications for sedition than the first two indictments, the significant factor was the names it dropped. The following is a list of the organizations dropped in the third indictment.

- The American First Committee
- National Committee to Keep America Out of Foreign Wars (a group associated with Fish)
- Citizens Committee to Keep America Out of War
- Make Europe Pay War Debts (a Viereck Committee)
- War Debts Defense Committee (a Viereck Committee)
- Coalition of Patriotic Societies
- Crusading Mothers of America
- Citizens No foreign War Coalition
- Constitutional Education League
- We, the Mothers United
- We, the Mothers, Mobilize for America ¹⁰³

3

Additionally, those indicted by the three different grand juries differed significantly.

The Nazi Hydra In Fascist America

Indictments returned on July 21,1942	Indictments returned on January 4, 1943	Indictments returned on January 3, 1944
Court Asher	Court Asher	***
David J. Baxter	David J. Baxter	David J. Baxter
Otto Brennermann	Otto Brennermann	***
H.V. Broenstrupp	H.V. Broenstrupp	H.V. Broenstrupp
Oscar Brumback	Oscar Brumback	***
Prescott F. Dennett	Prescott F. Dennett	Prescott F. Dennett
C. Leon De Aryan	C. Leon De Aryan	***
Hudson de Priest	Hudson de Priest	***
Hans Diehel	Hans Diehel	Hans Diehel
Elizabeth Dilling	Elizabeth Dilling	Elizabeth Dilling
Robert E Edmondson	Robert E Edmondson	Robert E Edmondson
Elmer J. Garner	Elmer J. Garner	Elmer J. Garner
James F. Garner	James F. Garner	***
William Griffin	William Griffin	***
Charles R Hudson	Charles R Hudson	Charles R Hudson
Ellis O Jones	Ellis O Jones	Ellis O Jones
William Kullgren	William Kullgren	***
Wm R Lyman Jr	Wm R Lyman Jr	Wm R Lyman Jr
Donald McDaniel	Donald McDaniel	***
Robert Noble	Robert Noble	Robert Noble
William D. Pelly	William D. Pelly	William D. Pelly
Eugene Sanctuary	Eugene Sanctuary	Eugene Sanctuary
Herman M. Schwinn	Herman M. Schwinn	Herman M. Schwinn
Edward J. Smythe	Edward J. Smythe	Edward J. Smythe
Ralph Townsend	Ralph Townsend	***
James C. True	James C. True	James C. True
George S. Viereck	George S. Viereck	George S. Viereck
Gerald B. Winrod	Gerald B. Winrod	Gerald B. Winrod
***	Frank W. Clark	Frank W. Clark
***	G.E. Deatherage	G.E. Deatherage
***	Frank K. Fernenx	Frank K. Fernenx
***	New York Enquirer	***
***	P. de Shishmareff	***
***	Lois de Lafayette Washborn	Lois de Lafayette Washborn
***	***	Garland Alderman
***	***	Lawrence Dennis
***	***	Ernest F. Elmhurst
***	***	August Klapprott
***	***	Joe E. McWilliams
***	***	E.J. Parker Sage
***	***	Peter Sahrenberg ¹⁰³

The common thread among the organizations dropped was the association of certain Congressmen with those organizations or the publications.¹⁰³ Several of the Congressmen listed above including Fish and Wheeler along with many prominent business leaders were closely associated with the American First Committee. The National Committee to Keep America Out of Foreign Wars was another group closely associated with Fish. The two groups associated with Viereck could have opened charges to many of the Congressmen listed above. Wheeler as chairman on the Senate Judiciary Committee was in a position to bring strong pressure on the Attorney General, Biddle. A trial would have exposed all those connected to additional charges of sedition. The big fascists had to be protected and as a result, certain organizations closely linked to many of the Congressmen were dropped.

The end to the prosecution of the seditionist and Nazi collaborators came with the death of Judge Eicher on Nov 30, 1944 in the midst of the sedition trial. The next morning the new judge declared a mistrial. The trial had begun in February with the defendants delaying and disrupting the trial from the very beginning.

4

Rogge like Maloney was relentless in his pursuit of Nazi supporters. In the spring of 1946 Rogge received information from US Army Captain Sam Harris, a member of the prosecuting team at Nuremberg that there was indisputable evidence linking the former Nazi government and certain leading citizens of the United States. On April 4, Attorney General, Tom Clark allowed Rogge and four aides to fly to Germany. Over the course of eleven weeks Rogge and his team questioned sixty-six people including Goering and Rubbentrop. They also interrogated dozens of other top Nazi officials, including friends of William Davis. Rogge's findings were conclusive and explosive. Rogge's own words best sum up his findings.

"Our investigation showed us that we had completely underestimated the scope and scale of Nazi activities in the United States. When I went to Germany I felt that the biggest threat to American democracy emanated from the machinations of persons like the defendants in the sedition trial (i.e. the little fascist crackpots). I found that a far more dangerous threat lay in the inner-connection between German and American industrialists, and that some of the best known names in America were involved in Nazi intrigue."¹⁰⁴

Upon returning to the United States Rogge started preparing a comprehensive report for Attorney General Clark. In July, Rogge submitted to Clark the first draft of his report. Clark was clearly distraught over the references linking business and political leaders with the disposed Nazi government. Clark specifically mentioned the links to Senator Burton Wheeler. Wheeler was a close friend of Clark. As Rogge continued to work on his report, he was approached by an aid of Clark, asking that he omit all the names of American politicians and businessmen. Rogge refused knowing the report would never be published.

On September 17, 1946, Rogge submitted the final draft of his report. The

explosive report recommended that the Department of Justice to open an investigation of collaboration between American and Nazi industrialists before the war. Not surprisingly, Clark refused to publish the report. However, to Rogge's surprise within days portions of his report were reported in Drew Pearson's column.

Shortly after submitting his final report, Rogge was granted a two-week leave of absence to make a lecture tour on the fascist menace. Clark was adamant that Rogge should not mention his report. Speaking before an audience at Swartmore College Rogge revealed some of his report's discoveries. He stated that Goering and Rubbentrop had told him that Joe L. Lewis, William Rhodes Davis, Senator Burton Wheeler, former vice president James Garner, former postmaster general James Farley and former president Herbert Hoover had all conspired with the Nazis to defeat Roosevelt in the 1940 election and to keep the United States out of the war.

On October 25, Rogge departed from New York on a flight bound for Seattle. Due to bad weather, the flight made an unscheduled stop at Spokane. A FBI agent met Rogge there by the name of Mr. Savage. He handed Rogge a terse letter from Tom Clark notifying Rogge that he had been dismissed. On October 24, the day before Rogge was fired Senator Wheeler had met with President Truman demanding the dismissal of Rogge. Wheeler was concerned Rogge's charges would derail his hopes for an appointment to the federal bench.¹⁰⁵ Wheeler never received the appointment to the federal bench.

Rogge like Maloney suffered the same fate because of their staunch opposition to fascism. The fascists in the government were too strong to allow an investigation into their treasonous acts. Ironically at the time of Rogge's dismissal FBI Director J. Edgar Hoover was stomping around the country giving speeches that denounced Americans for being communist with little or no evidence to back the charges.

Perhaps the most brazen example of pro-fascists escaping justice came after the end of the war. There was little effort in prosecuting traitors or Nazi war criminals following the end of the war. Martin Monti, one of Father Coughlin's followers, was drafted and sent to Italy. On October 13, 1944, while serving in Italy he stole a P38 aircraft and flew it across German lines landing in Milan. He gave himself up to the Germans and offered his assistance to them. The Germans transferred him to Berlin where he broadcasted pro-Nazi propaganda often quoting Father Coughlin or reading articles written by him. Following the end of the war, he was court-martialed for desertion and theft of the plane. The normal sentence in such cases would have been death. Monti however, received only a 15 year suspended sentence. Monti reenlisted as a private and by 1946 he had risen to the rank of sergeant.⁷⁴ The allied armies had won the war in Europe against fascism but the U. S. was losing the war at home against fascism. In their rabid hatred of communism the native fascists were now plotting the cold war and everyone was needed to fight the new menace and justice could be sacrificed.

6: The Pro-Nazis of the 1930s

After the fall of France, a speech by Lindbergh aroused the fiery Secretary of Interior, Harold Ickles to form his own investigation committee. Ickles coordinated a private investigation, exposing Nazi propaganda. This group was headed by T.H. Tetens, also the author of two of the books cited in the bibliography. The three-man task force soon presented Ickles with shocking evidence. The Nazis in Germany were spending money on behalf of far right groups within the United States. Recipients of the German funds included the Christian Mobilizers, the Silver Shirts, Father Coughlin and others. Ickles presented the evidence to the attorney general and in the next year such groups found themselves subjects of investigations. FDR knew of Ickles plan and encouraged selective leaks to the media and to the FBI.¹¹⁶

George Eggleston provides a good example of far right groups in America receiving aid from the Nazis. In 1941, Eggleston began publishing *Scribner's Commentator*, a mass circulated magazine. The magazine was secretly subsidized from the German Embassy.

Eggleston had access to laundered funds from the estate of the Charles Payson, a millionaire admirer of Lindbergh. Eggleston located his publishing headquarters at Lake Geneva, NY. There he received instructions from Germany via shortwave radio for a second publication he undertook, *The Herald*. *The Herald* was even more pro Nazi and smacked of Goebbels like propaganda. Thomsen, charge d'affaires of the German Embassy was impressed with the *Herald* and strived to place it in the hands of American servicemen.¹¹⁸

Following the bombing of Pearl on December 12, 1941 the American First Committee officially disbanded. However, on December 17, 1941 meeting in the home of Sibley Webster, a wealthy Wall Street broker a number of key American First members including Charles Lindbergh reformed under the new name Americans for Peace. The following quote from that meeting came from Horace Haase a former American Firster leaves no doubt about the future activities of those gathered.

"It is obviously necessary for the leaders of the America First like Wood and Webster to keep quiet. But the organization should not be destroyed. I have never been in the limelight and have nothing to lose. I can remain active in a quiet way. I should like to offer to keep the files. We must get ready for the next attack which must be made upon this communistic administration."

41

Nor was Haase alone in his sentiments. Four days after the bombing of Pearl the National Copperheads a west coast group closely associated with the American First Committee met in Los Angeles. Ellis Jones appearing before the meeting stated:

"The Japanese have a right to Hawaii. I would rather be in this war on the side of Germany than on the side of the British."⁴²

Thus, began the battle for the minds of the people as similar statements along

with the often-repeated cry for the impeachment of Roosevelt were repeated across America. Many of the followers, sensibilities firmly offended, deserted the pro-fascist groups in droves. However, the hard core fascists and their leaders simply began a vicious whispering campaign meant to destroy the morale of both the soldiers and the public. Such comments as: "Our armed forces are weak, The cost of the war will bankrupt the nation, The Chinese and British will make a separate peace with Japan and Germany, Stalin is getting too strong, and Bolshevism will sweep over Europe" were often overheard and repeated in this campaign for the people's minds.

The pro-fascist newspaper chains went into overdrive after the bombing of Pearl as the following quotes indicate:

"This great war seems to be in the hands of inexperienced civilians who have proven uniformly unsuccessful in managing the country's affairs in time of peace, and are now displaying a more dangerous incompetence in time of war" Hearst's *New York Journal-American* March 17, 1942.

"Of course Russia is not a full partner of the United Nations. She is a semi-partner of the Axis." Hearst's *New York Journal-American* March 17, 1942"⁶⁰

Starting in February 1942 the pro-Nazis had their hopes dashed. There was no panic in America just anger directed at the Axis nations and their conspirators and fifth column agents inside the country. Beginning in February several unregistered agents for Germany were arrested and sent to prison, the most notable being Laura Ingalls. By April, Father Coughlin's *Social Justice* and William Pelly's *The Galilean* newsletters were banned from the mail due to their seditious content. Special grand juries were being convened across America to investigate propaganda and seditious acts.

The leaders of many of the pro-fascist groups simply went underground and began a nasty whispering campaign in the hopes of destroying the morale of both the soldiers and the public. The whispering campaign was not unlike the one that the Republican leadership unleashed against Senator John McCain in his bid for the presidential nomination in 2000 at the urging of the George Bush Jr. campaign. The rumors viciously attacked McCain for a bad temper and suggested that the former war hero was mentally unfit due to his capture by North Vietnam. Some of the attacks went so far as to claim McCain was a Manchurian candidate of his former captors. The attack on McCain serves to remind us how effective these whispering campaigns can be.

The opposition to the war came to a climax on July 23, 1942 when the Department of Justice indicted twenty-seven men and one woman for sedition.⁴³ The entire legal process was poorly managed and badly bungled. Some were found guilty and sentenced to jail terms such as Pelly (in another trial) others such as Dilling were found innocent.⁴⁴ A review of the list of those indicted reveals that none of the real leaders or financial backers were indicted. Instead, those indicted were rather low level leaders or nothing more than noisy gadflies. The only trial that ever charged any of the real leaders was the previously mentioned trial of the *Chicago Tribune*. After sixty years only a few of the names of those indicted warrant more than a footnote in history.

One of those indicted, William Dudley Pelly and his group, the Silver Shirts warrants a closer look in studying the evolution of native fascism in the United States. Pelly founded the Silver Shirts on January 31, 1933 in Asheville, North Carolina the day Hitler took power in Germany describing the group as a Christian militia. Throughout the 30s and up until Pelly's indictment for sedition, the Silver Shirts were one of the largest pro-Nazi groups and one of the more violent. Pelly was the son of a Methodist minister who believed that Jews were the children of Satan.⁴⁷ His intense hate of Jews came from when he was a missionary traveling with the American Expedition Force in Russia during the last phase of the WWI. There, he learned from the White Russians a bitter hatred for the Jews. This hatred was later reinforced when Pelly was fired as a screenwriter for Hollywood moguls.

Due to their extreme racist and anti-Semitic views, the Silver Shirts became popular in areas of the country where the Klan was strong in the 1920s. They were particularly strong in the Pacific Northwest and largely took over the void left after the Klan split apart in Oregon and Washington in the 1920s. The Silver Shirts were openly pro-Hitler and formed alliances with both the American Bund and the Klan.

If it were not for their lingering influence on the evolution of fascist groups in America, they would be as forgettable as any of the other 700 plus fascist groups from the 1930s. However, many of today's far right groups can trace their ancestry directly to the Silver Shirts. The Posse Comitatus' founder Henry Lamont Beach was a leader of the Silver Shirts in Oregon. Likewise, Richard Butler the founder of the Aryan Nations in Hayden Lake, Idaho was also a Silver Shirter as well as a former Klansmen.⁴⁵ Here we have direct links between today's right wing and the past fascists groups of the 30s. Butler still uses the Nazi salute at Hayden Lake years after the end of the war.⁵⁵

Gerald L. K. Smith one of the founders of today's Christian Identity religion was perhaps the most influential former Silver Shirt member as the Identity religion provides the common bond among many of the right wing extremist groups today.⁴⁶ It is the religion that is common to the Posse, the Aryan nations and many of the militias and Klan groups.

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It is the intolerant and blinding hatred of minorities among the religious fundamentalists that binds the fascists groups of the 1930s to today's right wing extremist groups. Much of the hate today can be directly traced back to those 1930's ministries of hate. The roots of today's tele-evangelists can be traced back to the 1930s. The media may have changed from radio to television but the format is unchanged from the style of format Father Coughlin used in the 1930s. His radio broadcasts reached millions, as did his followers in his organizations. His sermons were filled with virulent hate of Jews, communism and Roosevelt. Pat Robertson's, Jerry Falwell's or any of the other televangelists programs follow the same format today. Only today they carefully disguise their hate of Jews and substitute hate of gays, welfare (read that as the poor), abortion, unions or any other and liberal program designed to help the poor or working man and of course Clinton has replaced Roosevelt as an object for their scorn.

Coughlin was probably the most influential of all the preachers during the 30s.

He certainly commanded the largest following, and was something of a central figure or unifier of the various groups. One such group of followers was the Christian Crusade which had as its goal the establishment of a so-called Christian government modeled upon the corporate-clerical state of Franco.⁴⁸ Other groups associated with Coughlin were the Christian Front which was his primary group, many of the various mothers movement groups as well as the American First Committee. Politically Coughlin opposed any aid to Britain, the draft and any bill that would be a deterrent to Germany and Hitler. Often times his opposition bordered on sedition, although he was never charged with sedition. His ministry of hate, for the most part, ended with the bombing of Pearl Harbor.

Three other ministers of hate from this period deserve special mention before moving on Gerald Smith, Gerald Winrod and Wesley Swift. Swift had direct connections with the Nazis and is another who is credited with leading the Identity movement. He also was a member of the Klan. Billy Hargis, who later gained fame in the 1950s and early 60s, was an associate of Winrod.

Both Winrod and Smith were disciples of Coughlin. Winrod came close to winning election as a senator from Kansas and at the time was known as the Jayhawk Nazi. Smith was closely associated with Huey Long and after his death attempted to take over Long's political machine. Smith was also a member of Pelly's Silver Shirts.

Although Coughlin was the most widely recognized religious figure from the Nazi movement during the 30s, it is arguable that Gerald K. Smith was the most influential in the long term. Smith was well known in the 1930s, but he did not have as large of a following as Coughlin. However, Smith's influence can be seen in many of the right wing groups today. The great unifier among the right wing groups today is religion just as it was in the 30s. Many of today's right wing extremist groups believe in the Identity religion. A religion based on hate of Jews. Smith is largely credited in founding the Identity religion. Thus, Smith's influence extends to today while Coughlin's died with the bombing of Pearl even though Coughlin had more followers at the time.

Smith was an assistant in Coughlin's Christian Front and an associate of Henry Ford. He was an ordained minister in the Disciples of Christ Church and was a virulent anti-Semitic who gained notoriety by staging a Passion Play in Louisiana. But unlike Coughlin, who disappeared from the national scene by the end of the war, Smith went on to found the Christian Defense League (CDF), somewhat of an survivalist offshoot of the Klan. The CDF's publication "The Cross and the Flag" was among the first pamphlets to use the Identity religion.

One of Smith's assistants in his Christian Anti-Communist Crusade was Dr. Wesley Swift, who is widely regarded as one of the icons of the Identity religion today. Swift was one of the first to assert a need for paramilitary groups, and formed the racist California Rangers group, a core group from the Minutemen. Swift also founded the Church of Jesus Christ-Christian in 1946. Later after Butler and Swift had a falling out. Butler then moved his ministry of hate to Hayden Lake, Idaho where it is forms the basis of the many varied racist groups there such as the Aryan Nations and the former Order.

An associate of Swift's was Colonel William Gale. Gale ran for Governor of California in 1958 on a pro-segregation ticket and was a former aide to Douglas MacArthur. He also founded a church based on the Identity religion, the Ministry of

Christ. Gale was also the founder of the Posse Comitatus. Both Swift and Gale recruited Richard Butler, the head of the Aryan Nations.⁴⁹

This clear line of succession or evolution from Smith to the present day leaves Smith as more influential than Coughlin. This line of succession also establishes an irrefutable link between the pro-Nazis of the 1930s and the far right groups of today.

Least the reader assume that it was only the fringe religious hacks that were involved with the Nazis, there is the example of the Southern Baptist minister, M. E. Dodd. Dodd was a resident of Louisiana and made headlines for attending the 1934 Baptist World Convention in Berlin. Dodd was an extreme racist— even more so than Smith— and praised the Nazis. Dodd justified Hitler's gestapo tactics against the Jews by linking Jews with communism.⁵⁰ He considered the Jews in Germany to be outside agitators similar to the racial agitators in the south. To be fair some Baptists did denounce the Nazis, but the Alabama Baptists followed Dodd's views.

Dodd was not merely a minister in the Baptist church. He was one of the leaders of the Southern Baptists. He was also the first Baptist minister to deliver a sermon over the air waves on January 5, 1941.⁵¹ With people like Dodd holding leading positions of authority in the largest church in the south, it should not be surprising that until the 1960s the churches were just another instrument of segregation. Nor can one help but wonder how much of Dodd's anti-Semitism is still with the Southern Baptists especially in light of the number of Baptist that attended the Fourth Annual Super Conference of Christian Israel Churches in 1997. Pastor Everett Ramsey of the Faith Baptist Church of Houston, Missouri hosted this conference promoting the Identity religion.⁶⁸ This close association of Southern Baptist with the Identity religion—with its roots grounded in fascism— has led to the recent announcement of the Baptists to try and convert Jews to Christianity.⁵² Jewish leaders have described the proscribed guidelines of this Southern Baptist conversion as insulting and condescending.

Many of the far right groups today are trying to distance themselves from their racist roots or at least cloak them from public view in order to attract followers. However, the common bond between many of these far right groups remains the Identity religion.

There are other sources as well for today's racism, including the alliance between the Klan and the American Bund in the 1930s. Some have attributed this alliance with the increase in violence in the Identity movement. Nevertheless, for the most part the Klan is a mere shadow of its former self. One should not dismiss the threat posed by klansmen but from a political point of view, they remain ineffectual. A Gallup Poll released on July 27, 1970 showed that only 3% of the public viewed the Klan in a favorable light while 75% regarded the Klan in a highly unfavorable light.⁵³ The favorable number has probably risen slightly with the increase in right wing extremist groups during the 1980s but for most Americans the Klan is still a pariah.

A greater source of concern in the opinion of the writer is the Pioneer Fund, a group that had direct links with Hitler and the Nazis. Wickliffe Draper, an heir to the giant textile machinery manufacture, the Draper Corporation, established the Pioneer Fund in 1937. Draper was an extreme racist and a staunch anti-unionist as early as the days of the Sacco and Vanzetti trial. Other objects of his hatred were the United Nations, John Kennedy, anyone on the Nye committee and liberals. His hatred for those on the Nye committee for attempting to charge the du Ponts with war

profiteering led to his deliberate persecution of Alger Hiss between 1948 and 1951.

Draper and his associate Harry Laughlin created "The Model Eugenics Laws in America" which Hitler used to write the Nuremberg Laws. Laughlin received an honorary degree from the University of Hiedelburg in 1936; both men had other direct ties to Hitler and Nazi Germany. Draper and Laughlin were the source of the laws in the United States for the involuntary sterilization of institutionalized Americans in 24 states that adopted such laws that led directly to the sterilization of over 75,000 Americans.⁵⁴

However, the real danger of the Pioneer Fund is in the amount of political clout and financial backing it has to propagate racism ever since it was founded. Among the original directors of the Pioneer Fund who endorsed the policies of eugenics was John Marshall Harlan II, who was appointed to the Supreme Court in 1957.⁵⁵

On September 12, 1963, the Mississippi State Sovereignty Commission received a notification from Morgan Guaranty Trust Co that an anonymous gift of one hundred thousand dollars had been granted with the condition that the source of the gift had to be kept confidential. The money was to be used in the fight against civil rights. Additional money was forth coming from the Pioneer Fund and was used in a broadside attack on civil rights.⁵⁵ The Pioneer Fund has also been linked as the source of funds for anti-bussing programs.⁵⁸

After thirty years it is hard to find direct links in any political group, people die and ideology evolves, and at best, one can only show an evolving linkage. However, in this case, the linkage is direct with Draper still expounding his racist Nazi views. Once again, we see how the elite supported the fascist cause and can shape public opinion through propaganda.

2

The Pioneer Fund is also the source of much of the funding for book titles that like the Bell Curve is nothing more than racist drivel cloaked under the disguise of science. The Bell Curve is inherently false and used much of the work provided by the Pioneer Fund. One of the chief beneficiaries of the Pioneer Fund has been Roger Pearson, thereby linking the Liberty Lobby with the Pioneer Fund. The Pioneer Fund was also one of the driving forces behind Proposition 187 the anti-alien ballot measure on the 1994 California ballot. Presently the following noteworthy Republican politicians have been linked with the Pioneer Fund: Jesse Helms⁵⁶ and Steve Forbes.⁵⁷

By using the Pioneer Fund as an example we have establish a direct link between a Nazi group of the thirties to both past and present political connections that have resulted in some dark moments for the nation and its legal system.

The Pioneer Fund was established on racial hate and it remains an institution based on hate. An example of the extreme hate of these groups from the 30s comes from a member of the Mother's Movement, Lucinda Benge. Benge charged that white sailors were given blood transfusions from Blacks and Orientals, making them ill and likely to father Black or Yellow children.⁵⁹

Such a statement is ridiculous but it does reveal the rabid hate of these groups. For those readers that think we have moved beyond such rabid hate, the writer would like to remind the reader that he had a friend in college during the late 60s early 70s

whose father was delaying an operation. The reason for the delay was that he had a previous operation and did not recover as quickly as he had thought he should and he blamed it on that nigger blood they had gave him. Such bigotry still remains strong throughout the midwest, in a later chapter the anti-Jewish sentiment will be detailed in the rise of the Posse Comitatus in the 1980s.

Perhaps, the most influential right wing political group today was formed from the remnants of three fascist groups of the 1930s. The American Security Council (ACS) was formed in 1955 from members of the pro fascist groups: the American First Committee, the American Vigilante Intelligence Federation, and the American Coalition of Patriotic Societies.⁶² The American Vigilante organization was the product of the notorious pro-fascist Harry Jung while the Coalition of Patriotic Societies was closely associated with eugenics and the previously mentioned Pioneer Fund. The American Vigilant Intelligence Foundation was founded in 1927. The foundation collected large sums of money from such corporate donors as Sears, A.B. Dick, International Harvester and First National Bank.¹¹⁴ The person most responsible for establishing both the American First Committee and the ACS was the reactionary head of Sears and Roebuck, retired General Robert Wood.

The American First Committee began as the idea of a young Yale College student, Douglas Stuart Jr. Stuart was the son of the first vice president of Quaker Oats. The reader should note the case of the nut never dropping far from the tree, as Quaker Oats was a later member of the ACS. Nor was the American First Committee the only group with connections to Quaker Oats. One of the founding members of the Church League was a vice president of Quaker Oats. Stuart attended the 1940 Republican Party Convention and consorted with the isolationists.

Charles Lindbergh had already shown an interest in Stuart's idea of uniting all opposition to the forth-coming war under one umbrella group. With Lindbergh's advice, the young Stuart sought out the aid of General Robert E. Wood. Wood was a strong isolationist and apologist for Hitler. Soon afterwards, the American First Committee was incorporated, with Wood at the helm. William H. Regnery was one of the signers of the incorporation.⁶³

The American First group was underwritten by business leaders. John Foster Dulles wrote the charter. Eight business leaders supplied over \$100,000. Included in this list of business leaders was H. Smith Richardson. Both the Regnery Publishing Company and the Smith Richardson Foundation played prominent roles in the effort to derail the Clinton administration.

William R. Castle a former under secretary of state under Hoover was also instrumental in the launching of the American First Committee. Castle was a scion of a wealthy family from Hawaii. He believed that only the wealthy should be allowed to serve in the diplomat corp. Castle opposed sending any aid to China despite Japanese aggression in China. Former President Hoover remained a secret member of the committee.

The American First Committee was not founded originally to help the Nazis but under the direction of General Wood the American First Committee soon allowed admission of any pro-Nazi including Dudley's Silver Shirts and Klan members and became the mouth piece of pro-Nazi propaganda. Even Laura Ingalls the Nazi agent was a member. Ralph Townsend was another member and held a leadership role in San Francisco, he was also a paid agent of the Japanese government. Garland

Alderman also held a leadership role in Michigan, and was a member of the Nazi inspired National Workers League. He was later indicted on sedition charges. Dellmore Lessard was the Oregon State Chairman of the American First Committee but was forced to resign after it was disclosed he had accepted funds from the Nazi controlled Kyffhaeuserbund.⁶⁴ The American First Committee was successful in bringing many of the pro-fascist groups under one umbrella group.⁸⁹

The American First group grew quickly thanks in part to the wealthy founders and slick promotion. The group quickly reached around 800,000 members. The group benefited from the publicity operations of Quaker Oats, Sears, and Hormel. Due to the ties of Hormel the large advertising firm of Batton, Barton, Durstine and Osborn also contributed to promoting the group. Former President Herbert Hoover was a secret member of the group. FDR had his own sources of intelligence about the American First group. One such source was Walter Winchell. From Winchell, Roosevelt learned that Thomas Dewey was negotiating to take over the group. However, with Dewey's presidential ambitions he backed off and distanced himself somewhat.¹¹⁷

With the following background on the American First Committee it would be surprising any knowledgeable person would defend it as a patriot organization. However, in a venom laced diatribe as a response to the former mayor of New York, Ed Koch perennial presidential candidate Pat Buchanan did just that. Buchanan has other embarrassing ties to fascism as well. In the response, Buchanan listed four names that had signed a recruiting poster for the American First at Yale Law School: Bob Stuart, Eugene Loche, Potter Stewart and Gerald Ford. He also listed three additional members Senator Peter Dominick, Sargent Shriver and Kingman Brewster.⁶⁵ Brewster later became president of Yale, a university that has close ties with employing former Nazi war criminals. While president of Yale, Brewster appointed Tracy Barnes as a special assistant in charge of community relations. Barnes was an operations officer for the OSS during the war and resigned a high level CIA position to accept the offer. Barnes was the CIA officer that organized the overthrow of the Arbenz government of Guatemala and selected E. Howard Hunt as his political officer for the team.⁶⁶

William Regnery was also one of the founders of the American Security Council, he was later replaced by his son Henry. Regnery and two other isolationists began broadcasting *Human Events* and in 1947 started the Regnery publishing business. Interesting enough the first two titles published by Regnery were critical of the Nuremberg Trials. The third book Regnery published was another pro-Nazi book attacking the allies air campaign. In 1954, Regnery published two books for the John Birch Society. He was also the publisher behind Buckley's *God and Man* at Yale. In light of the publishing of the pro-Nazi books, it is interesting to note that Regnery Publishing was subsidized by the CIA according to Howard Hunt. The reader is reminded to remember this point in a later chapter concerning the CIA and its involvement with Nazi war criminals.

Henry Regnery along with Bunker Hunt funded Western Goals an organization that is now dead. Western Goals was another group that reportedly compiled list of people they deemed subversive. In 1986, Reagan appointed Alfred Regnery to help dismantle the Justice Department's Office of Juvenile Justice.⁶⁷ In the 1990s the Regnery publishing house has been the publisher of numerous venomous smears (I

would use the word "books" but that would be a lie by any measure) attacking President Clinton. Once again, a direct linkage between the past pro-Nazi groups of the 1930s and today's right wing has been fully established.

The American Security Council had a large degree of influence on the Reagan administration as well as many of the more hotly debated issues between the 1950s and the 1980s. A more detailed look of the ACS will follow in later chapters. In the brief passages in this chapter it has been established that the ACS rose from the remnants of three pro-fascists groups of the thirties and pursued a path of promoting the fascist agenda of extreme anti-unionism and anti-liberalism which will be made clear in the later chapters.

It now has been over seventy years since 1930, yet few Americans know about the concerted effort of the Nazis to create domestic turmoil within the United States. Fewer Americans know about the fascist plot to overthrow Roosevelt. Even fewer Americans have an understanding how the indigenous fascist groups of the 1930s still exert a considerable effect on our daily life and the political atmosphere.

Hitler's dream of uniting all German-Americans under the fascist American Bund was a resounding failure as most German-Americans chose to remain loyal to their adopted country. Hitler's grandiose plan of creating widespread racial discord met with only limited success. Both the Detroit, Michigan and the Beaumont, Texas race riots were inflamed by the Nazi affiliated Klan and other fascist groups and caused considerable delay in the production of war material. Hitler must have been overjoyed upon seeing one of the major political parties, the Republicans to conduct vicious anti-Semitic campaigns in several states.

In this brief look at the fascists in the 1930s less than twenty of the over 700 fascist groups that were operative during the 30s have been covered in any depth. Many of these groups received money directly from Nazi Germany and from the same wealthy industrialists that were knowingly building the Third Reich's war machine. Yet, it has been clearly established that these groups exerted a large political influence during their brief existence.

An influence, that extends to this day in the form of anti-labor laws such as the right to work laws and the Taft-Hartley Act. Both have direct connections with fascism, the right to work laws were passed largely due to the lobbying efforts of the fascist group Christian American. Republican House member Fred Harley was an open advocate of Japan and Germany in the halls of congress right up to the moment Pearl Harbor was bombed. Today the United States is the only major western governments that outlaws a general strike and as such is in violation of UN policy on unions and labor. General strikes are commonplace in France and the rest of Europe. This extreme anti-labor agenda is still readily apparent today in the Republican Party.

Hitler's greatest success in creating domestic unrest came in the halls of congress. Many of the conservative members of congress from both parties hiding under the banner of isolationism or pacifism were openly pro-fascist and were influential in delaying war production and aid to the allies. Several of these pro-Nazi congressmen received funds directly from Nazi Germany others indirectly through Viereck and Flanders Hall, the notorious Nazi publishing house in the form of royalties for books.

Additionally clear evidence of collusion between the high-ranking officials of the Republican Party and known Nazi agitators in every election year throughout the 1930s has been established.

As John Rogge learned in Europe, the Nazi infiltration was much more extensive than he had believe as prosecuting attorney for the sedition trial. He learned that an ex-president, Herbert Hoover a former vice president of FDR, a United States Senator and other high ranking officials had conspired with the Nazis to prevent the election of Roosevelt in 1940.

As Rogge wrote his final report, he knew that the report would never be published. The fascist industrialists and politicians were too powerful to be exposed. They would be protected. Rogge continued writing his report not suspecting that his report would end his career. However, Rogge would suffer the same fate as the man he replaced in the sedition trials, William Maloney. He would be dismissed for uncovering the truth about American fascists. Only a few cries of protest were ever voiced in the press over the dismissal of Rogge. Even worst to further discredit the relentless Nazi hunter the fascist element sought to besmirch his brilliant and honorable career by labeling him as a communist.

The good General Smedley Butler suffered the same fate earlier in revealing the fascist plot against Roosevelt. The general was labeled a crackpot in the press for saving the country from fascism. This pattern of dismissal of those that opposed fascism strongly was repeated time and again. By 1943 with the Nazis clearly defeated on the battlefields of Europe, it would reach epidemic proportions. Meanwhile the careers of those that aided the Nazis steadily advanced. The following chapter will reveal how this was an integral part of the change in tactics of the native fascist once it was clearly the Nazis was loosing the war.

A further exhaustive review of all the fascist groups of the 1930s is beyond the scope of any single book let alone a single chapter. Further review of these groups would only confirm the findings so far, and exposed additional ones and will be left for other writers. In this brief chapter, several roots of the far right wing groups have been traced back to the fascist groups of the 1930s. Most notably the American Security Council, which exerted a large influence on the Reagan administration, was formed from the remnants of three pro-Nazi groups. Other groups such as the Aryan Nations and the Posse Comitatus likewise have their roots grounded in the fascist of the 1930s.

Some of the connections that have been exposed in this chapter maybe more embarrassing than an ideological tie. Such maybe the case with the link between Gerald Ford and the American First group. Others such as Regnery confirmed his fascist ideology by his subsequent actions. Nor does the inclusion of a group imply that all members of that group are fascist ideologues, it simply means that a significant element of that group are either fascist or predisposed to fascist ideology.

One of the greatest deterrents to expose other connections lies in the fact that much of the evidence still lies in government vaults classified as secret. The efforts of Congresswoman Elizabeth Holtzman to have all documents from that era open to public scrutiny should be applauded. As more and more of those documents are available it only confirms how vast the fascist network was and how justice was subverted. The Nazi War Crimes Disclosure Act was passed in 1998. In the three years since passage, some three million pages of previous classified documents have

been released.

Among the documents released in April 2001 were those devoted to Emil Augsburg, a member of the Wannsee Institute, the former Nazi think tank that plotted the massacre of the Jews. Augsburg became part of the Gehlen network, a network of former Nazis employed by the CIA following the war. Augsburg should have been tried as a war criminal. With each release of additional files a clearer picture will emerge of the relationship between the CIA and the Nazis.⁹⁰

As to what these documents may reveal is best summed up with the following quote from the Nazi War Criminals Interagency Working Group, a site maintained by the United States government.

"Clearly the information contained in these still classified files will prove to be embarrassing to our government. In the name of containing Soviet aggression, many hard-core, high ranking Nazis were welcomed into the camp of the Western Allies. Men like *General Adolf Heusinger,* who served as Deputy Chief of Operations and Planning for the entire German armed forces. A man so close to Hitler that he was literally standing next to him on July 20, 1944 when the room they were in blew up in what ultimately proved to be a failed assassination attempt. * Nevertheless, Heusinger was welcomed by the western allies after the surrender and rose to new heights in the postwar period when, on April 1, 1961, his appointment as Chairman of the Permanent Military Committee of "NATO" with an office in the Pentagon was announced by none other than President John F. Kennedy. "⁹¹

The second deterrent comes from the media itself both the popular broadcasting networks and the publishers and their lack of enthusiasm to out right sabotage of efforts to expose the connections. With the advent of the Internet the propaganda value of the popular media and press has been diminished. However, this is a two-edge sword the far right groups have been quick to adapt to new technologies. Nevertheless, even now there are those that advocate censorship of the net. Help fight to keep the net free of both government censorship and that of private censorship.

The reader should also keep in mind that Hitler didn't rise to power in a revolution. The notorious fascist Huey Long once remarked that the U. S. would be the only country that elected a fascist government. Many of the points established in this chapter will be expanded in later chapters detailing the gradual loss of freedoms in the ever relentless march of creeping fascism and corporate rule.

The 1930s: Nazis Parading on Main Street

Appendix 1: Big Donors to the Pro-Nazi Groups

The following table has been reproduced from *1000 Americans*, George Seldes, Boni & Gaer, 1947, p. 292-298.

Name	Positions	Pro-Nazi Group	Amount in \$
Addinsell, H.M.	President Chase Harris Forbes Corp Director Cities Services, Philps Petroleum, U.S Electric	Crusaders American Liberty League	100 200
Allen, E. M.	President Mathieson Alkai Works Director Austro- American Magnesite	Crusaders American Liberty League	100 200
Armour, Lester	***	Crusaders	2,500
Ames, Thoedore	Partner Broody, McLellan Co.	Crusaders American Liberty League	10 120
Avery, Sewell	***	Crusaders	5,000
Baker, George D.F.	First national Bank, AT&T,U.S Steel	National Economic League	1,2500
Ball, George A.	***	Crusaders	5,000
Bamberger, Clarence	***	Crusaders	125
Brown, Donaldson	VP General Motors Dierctor E.I. duPont Nemours	American Liberty League Crusaders	20,000 500
Carpenter, R.R.M	VP E.I. duPont Nemours	American Liberty League	20,000
Carpenter W.S. JR	VP E.I. duPont Nemours	American Liberty League Economists National Committee	4,834 100
Chadbourne, T.L.	Director Zonite	American Liberty League	6,250
Chrysler,	Chrylser	Crusaders	876

Walter			
Clayton, W. I.	Partner Anderson-Clayton Chariman Export Insurance	Southern Committee to Uphold the Constituion American Liberty Lobby	100 7,750
Copeland, Charles C.	Secretary E.I. du Pont Nemours	American Liberty League	15,000
du Pont, A.M. L	Trustee Wilmington Trust	American Liberty League	5,000
du Pont, Henry E.	Director Wilmington Trust	American Liberty League Southern Committee to Uphold the Constituion	20,000 500
du Pont, Irene	Vice Chairman E.I . duPont Nemours	Crusaders Sentinels of the Republic American Liberty League Southern Committee to Uphold the Constituion Minute Men and Women of Today	10,000 100 86,750 100 1,400
du Pont, Lmmont	President E.I. du Pont Nemours	Crusaders American Liberty League Economic National Committee Southern Committee to Uphold the Constitution Farmers Indepence Council	1,000 15,000 1,000 3,000 5,000
du Pont, Piere S.	VP Wilmington Trust Director General Motors	Southern Committee to Uphold the Constituion American Liberty League	5,000 5,300
du Pont,	***	American Liberty	20,000

S. Hallock		League	
du Pont, William JR	President Delaware Trust	American Liberty League	20,000
Erickson, A.W.	Chairman McCann- Erickson	Crusaders American Liberty League	100 875
Echols, A. B.	VP E.I. duPont Nemours Director Wilmington Trust , Grasselli Chemical	Crusaders Sentinels of the Republic American Liberty League Farmers Indep ence Council	75 25 575 110
Farish, W.S.	Standard Oil	Crusaders	200
Greef, Bernard	Partner PGreef & Co	Crusaders	5
Hawkes, A.W.	Congoleum, Senator	American Liberty League	250
Heinz, Howard	President Heinz Director Mellon National Bank	American Liberty League Crusaders	2,500 5,876
Houston, George H.	President Baldwin Locomotive Director Standard Steel	Crusaders American Liberty League	100 500
Hutton, Edward F.	Chariman General Foods, Zonite Director Manufactors Trust, Chrysler	Crusaders American Liberty League	500 20,000
Kemmerer, Prof E.W.	Princeton	Southern Committe to Uphold the Constitution American Liberty League	5 5
Kent, A. Atwater	***	Sentinels of the Republic	1,000
Knudsen, William S.	General Motors	American Liberty League	10,000
Kroger, Bernard	***	Sentinels of the Republic	500
La Boyteaus, W.H	President Johnson & Higgins Director Grace National Bank	Crusaders American Liberty League	100 100
Lasker, Albert	***	Crusaders	5,000
Lloyd, Horatio	Morgan Parnter	Sentinels of the	1000

		Republic	
McCall S.T	VP American Brake Shoe, American Mangese Steel	Crusaders American Liberty League	50 100
Mellon, Andrew	Head of Mellon intrests	American Liberty League	1,000
Merrick, F.A.	President Westington house	Crusaders	876
Milbanks, Jeremiah	***	Crusaders	200
Moffett, George M.	Presidentcorn Products	Crusaders American Liberty League	7,500 10,000
Montgomery E.W.	Director of 2 cotton mills	Crusaders American Liberty League	50 125
Morris, E.M.	President Associated Investment	Crusaders American Liberty League	25 50
Morris, John A.	Memeber Gude, Winmill	Crusaders American Liberty League Sentinels of the Republic	75 400 10
Pepper, Geo Wharton	ex Senator	Sentinels	500
Pew, J. Howard	President Sun Oil Director Sun Shipbuilding	American Liberty League Sentinels of the Republic Crusaders	20,000 5,000 4,000
Pitcairn, H.F	***	Sentinels of the Republic	5,000
Pitcairn, Rev theo	***	Sentinels of the Republic	3,500
Pitcairn, Raymond	***	Sentinels of the Republic	91,000
Pratt, John L.	VP general Motors	American Liberty League	20,000
Raskob, John J.	VP E.I. duPont Nemours Director General Motors, Bankers Trust	American Liberty League Southern Committe to Uphold the Constitution	20,000 5,000
Roosevelt,	***	Sentinels of the	500

Nicholas		Republic	
Sanis, E.C.	President J.C. pennys	Crusaders American Liberty League	100 100
Sloan, Alred P.	President General Motors Director E.I. du Pont Nemours	Crusaders American Liberty League Southern Committee to Uphold the Constitution	10,000 20,000 1,000
Stotesbury, E.T.	Partner Morgan	Sentinels of the Republic	1,000
Strauus, Lionel f.	Director of 11 railroads	Crusaders Sentinels of the Republic	200 25
Teagle, W.C.	Standard Oil	Crusaders	2,000
Van Alstyne J.H	President Oliver Elevator	Crusaders American Liberty League	25 100
Wier, E.T.	Chairman National Steel, Wierton Steel, Wierton Coal	American Liberty League Crusaders	20,000 10,125
Widerner, Joseph E.	Director Baltimore & Ohio Railroad, Reading	American Liberty League	20,000
Woodward, William	Hon Chairman Central Hanover Bank & Trust	American Liberty League	14,000

The table was originally prepared by Senator Black and is known as the 74th Congress 2nd Session Digest of Data, Special Committee to Investigate Lobby Activities. The reader is urged to remember that this list is not complete. It only represents what was known by the Senator. This table is provided to illustrate the simple fact that it was those from corporate America that sponsored the many pro-Nazi groups during the 1930s. It is also provided in hopes of aiding future researchers into fascism within the United States. To add some perspective to the dollar amounts given below; the Republican party spent roughly \$15 million dollars on the presidential election of 1940. The figures in the table below total nearly five percent of that.

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 87. *Facts and Fascism*, p. 256.
 88. http://www.wvculture.org/history/journal_wvh/wvh51-1.html
 89. The following pro-fascist groups were aligned with the American First Committee: German American Bund, Silver Shirts, Christian Front, Ku Klux Klan, American Destiny Party, American Guards, American White Guards, Blackshirts and Italian Fascist Clubs, Christian Mobilizers, Ethiopian-Pacific League, Falangists, Gray Shirts Kyffhaeuser Bund, National Copperheads, National Workers League, Patriots of the Republic, Save America First, Save Our American Clubs, Social Justice Clubs, White Russian Fascist, and many elements of the mothers movement including Dilling. Source *Sabotage*, p. 208.
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CHAPTER 6

The War Years:

1: The Failure of the FBI

The day Hitler unleashed his Panzer forces against Poland marked the formal beginning of World War II: September 1, 1939. War would lash across the European continent for another 6 years—a new war so horrific millions would perish as a result. It was a brutally savage war; over six million Jews perished in the Holocaust alone. For the first time in history an entire civilian population could be targeted for destruction, a feat made possible by new technology. War would spread into North Africa, China and engulf the South Pacific.

No single event of the twentieth century brought forth more geopolitical changes than WWII. Virtually every country of Europe saw a change in government during or after the close of the war. Nor was the change in governments confined to Europe. New governments and nations were born worldwide as the British Empire dissolved away. The United States was propelled from the position of a second tier nation to that of one of the two super powers and a world leader.

Domestically it brought forth a sea of changes. For the first time in the history, the United States would maintain a large standing army. As the only allied country to escape large-scale damage, it catapulted the U.S into an economic powerhouse. Moreover, with the fears of the red menace re-ignited, the United States bid farewell to an isolationist policy, choosing a proactive interventionist policy verging on imperialism.

For America, the war did not begin until Dec 7, 1941, the "day of infamy." For Americans it was a two front war perhaps, best symbolized by the Marines raising the flag on Mount Suribachi and GIs wading ashore at Normandy. For those Americans that lived through the war it meant ration cards, collection drives for scrap metal and other materials in short supply and images of Rosie, the Riveter.

It is this home front of the war that is grossly misunderstood by Americans today. Most Americans believe incorrectly that the country was totally united in its war efforts, yet nothing could be further from the truth. The native fascist remained active and considerable opposition to war existed in the halls of Congress. The war effort was hindered by the numerous cartel agreements between American corporations and I.G. Farben. Although the native fascists were unable to create widespread racial strife, they were successful in creating enough turmoil domestically to hinder the war effort.

In order to understand the many events of WWII both on the battlefield and on the home front a brief look at the Allies' deadliest weapon is needed. The marks of this weapon were behind every headline throughout the war and traces of its

presence can even be found in domestic events on the home front. This remarkable weapon fired no and dropped no bombs; it simply was our ability to break the Japanese code. Nevertheless, wrapped behind a shroud of secrecy Magic was undoubtedly the Allies' ultimate weapon.

Although every student of WWII knows of the importance of Magic, few know of the bizarre and childish manner in which the military branches handled the information it yielded. Frank Rowlett of the Signal Intelligence Service broke the Japanese code on September 20, 1940. The rivalry between the army and navy led to a bizarre routine in which the information was passed onto Roosevelt. The traffic over Magic was too great for the army cryptanalysts to handle alone. Thus, the naval code breakers shared in the task of decrypting the messages. Each service had an officer, who decided which messages were passed onto the administration. This task fell to the army's Colonel Rufus Bratton and the Alwin Kramer of the navy. Distribution was limited to the president, secretaries of state, war and navy, the Army Chief of Staff, the directors of military intelligence and naval intelligence and the chiefs of naval operations and war plans.

The bizarre nature in which the decrypts were delivered to FDR arose from the intense rivalry between the navy and army. After a prolonged dogfight between the two branches of the military a solution of sorts was reached. On odd-numbered months the decrypts would be delivered to the president by an army courier; on even-numbered months a naval courier would deliver them.

The level of absurdity would soon increase in July 1941. During June of 1940, Colonel Bratton noticed a decrypt of magic in Pa Watson's wastebasket. Watson was FDR's military aide and was in charge of appointments. He alone determined who would see the president. Watson had indeed been careless with the decrypt, and was not on the list of those approved to see Magic decrypts. The overzealous colonel reported Watson's carelessness to his superior General Sherman Miles. The general then determined that the White House could no longer be entrusted with the decrypts. For the remainder of June FDR received the decrypts from the naval courier. However, starting in July the army delivered no decrypts to the White House. By August, the navy had managed to work out a new agreement with the army. The naval courier would read the decrypts to the President and then summarize them, however he was prohibited from showing the actual decrypt to the President.

A more serious leak arose inside the State Department. According to the Magic distribution scheme only the Secretary of State Cordell Hull was to receive the intercepts. Hull however, distributed copies to six of his top aides. One of whom shared the decrypts with four additional members in the Far Eastern Division. With so many copies to be distributed inside the State Department, multiple copies were mimeographed. Joseph Dugan was the man in charge of the mimeograph room and was a strict isolationist opposed to FDR. Dugan would discuss and even show the decrypts to a friend of his inside the State Department. Dugan's friend however, was in the pay of Hans Thomsen, the German *chargé d'affaires* in Washington and had conspired to fix the election in 1940. Thomsen reported to Berlin that the Americans had broken the Japanese code.

Remarkably, on May 6, Magic code breakers decrypted a message from Oshima in Berlin relaying Thomsen's report of the broken code to Tokyo. Even more remarkable after a nonchalant investigation, the Japanese determined their code to

be unbreakable and continued to use the broken code. In November, Roosevelt had tired of the psychotic manner in which the Magic decrypts were delivered to him. He demanded to see the full text of the messages and ordered that they were to be delivered to him only by the naval courier.¹⁰¹

The breaking of the Magic and Ultra codes lead directly to one of the most controversial aspects of WWII, "did Roosevelt have a forewarning of the attack on Pearl Harbor?" The controversy has raged for over 60 years. The first to level such a charge was the *Chicago Tribune*. This was the same anti-Roosevelt paper that published the secret Rainbow 5 war plans, the same paper that was charged with treason in revealing the location and names of the ships involved in the battle at Midway and the same paper that scuttled the plans for making the OSS a permanent agency at the end of the war. The best evidence to date suggests there was no such warning. Right up to the hour of the bombing of Pearl, the White House and the military planners expected the attack to occur elsewhere in the Pacific.

Writers after the war concocted a similar story on the other side of the Atlantic. According to British writers, the Allies were willing to go to extreme ends in protecting the secret of Magic and Ultra. The British writers claimed Churchill had foreknowledge of the attack on Coventry. According to the over-active imagination of these writers Churchill was willing to allow the destruction of the city rather than tip off the Germans that their code had been broken. Ultra did yield that a massive attack was planned but the intercept was not translated until three days after the attack, and even then, the location of the attack was not mentioned. The Japanese's final message also failed to name the location of the attack.

While there is more than enough blame to go around, General Shorts and Admiral Kimmel must share the bulk of the blame. It was their command and they failed to take appropriate actions following the war-warning message. Such a message should have alerted both officers of the need to take full defensive measures such as manning anti-aircraft guns, have scout planes in the air at all times, and to rotate and separate the fleet. Washington shares some of the blame in failing to follow up on the war-warning message to insure appropriate actions had been taken. Additionally a large proportion of the blame can be placed on the insane rivalry between the army and navy in the way they handled Magic. December 6 was an army day to decrypt, and time was wasted by the navy, sending the intercept to the army. Additional time was wasted since the army decoders had already left for the weekend. Further delay was added as the intercept was returned to the navy to be decoded.

Finally, much of the blame can simply be placed on old-fashioned American arrogance. No one from the President on down believed Japan could attack American soil. No one believed that torpedo bombs could be used at Pearl Harbor. Naval experts simply dismissed the idea because they believed that the harbor was too shallow. No nets were ever deployed before the bombing to protect the ships from torpedo bombs. Yet of all the bombs dropped at Pearl the torpedo bombs probably were responsible for more damage than the conventional bombs.

1

In November 1941, in an attempt to strengthen security Roosevelt had dispatched his own man to the West Coast to assess the loyalty of the Japanese

residents on the West Coast. John Carter selected Curtis Munson, a Chicago businessman for this assignment. Carter was a news reporter that Roosevelt had employed as essentially a spy and had set up a small special intelligence unit under him. Munson reported that 90 to 98 percent of the Japanese were loyal. However, Munson's report alerted FDR to the dangers of dams, bridges, power stations and other such targets which were unguarded. Roosevelt spent a large amount of time worrying over the possibility of espionage such as had occurred during the first war. He could not shake the image of another Black Tom sabotaging the war effort.

In the period immediately following the bombing of Pearl, Donovan contributed to Roosevelt's fears of a fifth column. He reported to the president that German saboteurs were about to descend on America's shores supported and aided by U.S. bands of storm troopers. Donovan also forwarded a report to FDR claiming Japanese soldiers disguised as civilians were mobilizing to attack San Diego. Additionally Donovan reported that Los Angeles was in danger of an imminent Japanese air strike. Perhaps the most damning statement of Japanese loyalty came from Naval Secretary Frank Knox. On December 15, Knox was quoted claiming: "I think the most effective fifth column work of the entire war was done in Hawaii."¹⁰²

Immediately following the bombing of Pearl Harbor, the West Coast was gripped in panic. Local civilians formed coast watcher groups up and down the coast from San Diego to Seattle. The army also put in place armed coast watchers. Both the army and civilian coast watchers were prone to shoot first. The worsening news contributed further to the near-hysterical conditions along the coast. On December 23, a Japanese submarine sank an oil tanker just six miles offshore after leaving the port of San Luis. The Philippines had fallen and the Japanese were now in firm control of the south Pacific. Additional Japanese submarine sightings were made particularly off the Oregon Coast. On Feb 23, 1942, a Japanese submarine surfaced a mile offshore and shelled the Richfield Oil Company. The following night the skies of Los Angeles resembled a Fourth of July celebration as they were lit up with searchlights, tracer bullets and anti-aircraft fire, as an uncontrolled fear gripped the city fearing it was under attack. There was no attack.

Further north in Washington State, a power line from one of the dams suddenly went dead. The gun shops and hardware stores in the towns affected by the power outage had a bonanza day in selling ammunition. Their streets were soon empty of adult males as everyone was in the backwoods hunting Japs. With the power soon restored, these patriotic Jap hunters came straggling back home. Miraculously none of them suffered any injuries greater than a severely bruised ego. The power company had located the problem and repaired the damage. The power line ran through a rather boggy area, which was used as pasture by the landowner. Apparently, the cows had found one of the power poles to be a convenient scratching post. In the soft wet ground the pole soon had started to lean and finally toppled over.

As tension and fear continued to mount on the West Coast, Roosevelt was soon under intense pressure to do something about the perceived problem of Japanese living on the West Coast. The call for internment was led by General DeWitt, the West Coast Army Chief, Culbert Olson, California's governor and Earl Warren, California's attorney general. The governors of Washington and Oregon were squarely behind internment. Both of these states were hotbeds of support for the Klan during the 1920s. Only a single state west of the Mississippi, Colorado would accept the

Japanese freely. With political pressure reaching a feverish pitch, Roosevelt signed executive order 9066 on February 19, 1942 starting one of America's grievous sagas, the internment of Japanese citizens.

While many people like to place the blame solely on Roosevelt in an effort to discredit him, he hardly acted in a vacuum. The political pressures were immense but the real roots for this sad saga lie deeper in the roots of American racism. The roots of Japanese racism can be traced to a 1924 report prepared by the Labor Department during the Coolidge administration, which had remained secret until the outbreak of war. At the time, the Oriental Exclusion Act was pending in Congress and the report was suppressed. Tennessee Democrat Senator Thomas Stewart, the prosecutor in the Scopes trial, released the report. The report was a study conducted of the strike against the sugar planters in Hawaii. The report noted that the Japanese in Hawaii were settling near strategic military areas and otherwise imperiling national defense. Senators Stewart, Maybank of South Carolina and Rufus Holman of Oregon stated the report should have been publicized at the time and the nation put on guard concerning the compromised defenses of Hawaii.

The roots of Asian racism can be traced back further than the 1924 Exclusion Act to 1882. In that year, President Chester A. Arthur signed the Chinese Exclusion Act, which barred the immigration of Chinese for ten years. In 1892, the law was extended another ten years and in 1902, it was made permanent. In 1907, The U.S. struck a deal with Japan to limit Japanese immigration and prevented the Japanese immigrants from ever gaining citizenship. Without citizenship, the immigrants could not legally own land.

While ultimately the burden for issuing the executive order must be placed squarely on Roosevelt's shoulders, the roots for such action came from America's sordid past of racism.

Politically the war years were the beginning of the transformation and polarization of both major political parties. Prior to the war, both parties had had conservative and liberal wings. By the end of the 1960s both parties had been fully polarized, the Republican became the party of conservatives the Democrats became a party of liberals. In addition, just as both major parties started evolving during this time so did the fascists.

During the war years the native fascist were forced to change their tactics twice. The first change came with the bombing of Pearl Harbor. The second change began when everyone realized Nazi Germany was defeated and it would be only a matter of time before they were forced to surrender. This second change began around mid-1943.

The bombing of Pearl forced the native fascist to abruptly change their tactics to preserve their ideology. America was fighting back; it wasn't giving up. Open rallies and parades were now out of the question for the pro-fascists. Membership in such groups quickly dwindled leaving only the hard core fascists. The hard core fascist would go underground. It would be an all-out propaganda war. The fascist agenda would be cloaked under a false banner of patriotism with a new goddess for America to worship. Lady Liberty, the symbol of American freedom since colonial times would be savagely brutalized in the process.

Before looking at this transformation of fascism, one needs an understanding of the extent of the fascist infiltration into American society of the time. In November

1940, FDR set aside one week as National Bible Week. The National Bible Association organized the celebrations and the event has continued ever since. Such a group would appear to be rather innocuous and wholesome, but all is not what it appears to be. The National Bible Association had an elitist agenda and was rooted in the National Committee for Religious Recovery founded in 1940 by New York business interests. Newsweek described the National Committee as a group of "a few Wall Streeters." In 1941, the National Committee changed its name to The Laymen's National Committee.

The first chairman of the National Committee for Religious Recovery was Lambert Fairchild. His following words can describe the agenda of the National Committee best.

"For God and Country you're going to see religion and business formed into a solid phalanx. Let no rabble-rousing communist tell you anything else, you security-holders who want security for your holdings."¹⁵

Fairchild was attempting to fuse business interests with religion interests in those words. It provides a common theme with the conversion of nativist groups to groups that adopted fascism at the heart of their ideology. Although similar to the participation of religious groups in the Red Scare of 1919, it is much broader. During the Red Scare the nativist religious elements remained largely independent from corporate funding. This conversion from nativism to fascist involved a direct link between business funding and fascists.

2

Fairchild had close ties with several fascist organizations including the American Bund, the Christian Mobilizers and the Christian Front. After Newsweek exposed Fairchild's pro-Nazi associations he was replaced with Howard Kiroack, who also had several ties with pro-fascist groups. The full extent of both individuals involvement can be found in Carlson's book.¹⁶ In 1945, the group presented an Annual Award of Merit to the pro-fascist newspaperman William Randolph Hearst.

The National Bible Association has maintained close ties with the elitist as evidenced from its list of chairmen over the years. Past chairmen have included: William Grede (Grede Foundation), Charles Hook (Armco Steel), Edward Werle (New York Stock Exchange), J. Peter Grace (W. R. Grace & Co) C. Fred Fetterolf (Alcoa) and Richard DeVos (Amway) among others. In other words, most of the past directors were CEOs of large corporations rather than prominent religious leaders.

This example of fascist founding a religious group is indicative of the extent of the fascist influence within the United States at the time. No organization or institution was free from fascist infiltration. In an environment based on capitalism, fascism is insidious, its tentacles reach out and infect all organizations and groups. After the Klan formed an alliance with the American Bund, the Klan urged its members to join unions in an effort to instigate strikes that would stop war production. The press and even Congress had their share of native fascists.

As the real power of the fascist movement in the United States was the leaders of corporate America and their Wall Street cronies the evolution of fascism took two predictable forms. One form became virulently anti-union; the other became fanatically anticommunist. This transformation of fascism came about largely

through various groups financed by the leaders of corporate America. Financial support from corporate America was provided to all types of fascist groups ranging from the extremely violent Black Legion to the more subdued American First group.

Most of the various fascist groups remained active during the war and continued to receive funding from the leaders of corporate America. They found many allies in their struggle to further the fascist cause within America in the press, in Congress and in various government agencies, including Hoover's FBI.

To understand this transformation of fascism into the mainstream of America society a brief look at the background of anti-unionism is needed. Both anti-unionism and anti-communism go back to the end of WWI and are probably uniquely American as they are grounded in nativism and emigration. Donner describes this transformation of the anti-union movement as follows.

"The root of the anti-subversive impulse was fed by the menace. Its power strengthened with the passage of time, by the late twenties its influence had become pervasive and folkish. Bolshevism came over wide areas of the country by God-fearing Americans as the Antichrist come to do eschatological battle with the children of light. A slightly secularized version, widely shared in rural and small-town America, postulated a doomsday conflict between decent upright folk and radicalism-alien, satanic, immorally incarnate. The enemy was perceived with the kind of retching horror evoked by the biblical cry "Unclean." ²

Unionism came to be regarded in the same form. It was an alien concept imported by lazy and unclean aliens. The trial of Sacco and Vanzetti came in 1920. Despite strong alibis from witnesses placing Vanzetti at a location other than the robbery location both men were found guilty and sentenced to death. One overriding factor the jury could not overlook was the political views of Vanezzti.³ The trial was essentially a crystallization of the views expressed in the quote above.

The roots of anti-unionism can be traced back to the Civil War and the Pinkerton Agency. Following the Civil War employers used the agency as a weapon against the labor unions.¹ Pinkerton had the most success in the 1870s when it smashed the Molly Maguires for the Reading Railroad. It was a short step from labor intervention to labor espionage. Agencies such as Pinkerton were transformed into an institutionalized tool for class warfare. Since unionism was involved in political events of the time, surveillance of union activity would invariably embrace political targets as well. It became fashionable and politically expedient for pro-business politicians to associate labor with violence, conspiracy and the communist revolution.

Much of the violence was not the result of the unions but that of the employers. It was the employers that stockpiled tear gas and Thompson submachine guns, it was employers that urged the local sheriff into murdering the IWW members in Everett, Washington, and it was the employers that instigated the violence in Lawrence, Massachusetts.

It was during the 1930s that religious fundamentalist and anti-communist groups began to take on a fascist flavor. The transformation of these nativist groups to fascism was often times subtle. For instance, anti-union groups went from mere opposition of unions to promoting and protecting corporations, monopolies and

cartels. The transformation of fundamentalist religious groups was marked by an increased anti-Semitic view. In almost all nativist groups the transformation was marked from a shift from isolationism to global intervention.

There were powerful forces at work behind the scenes that protected the fascists. Like Germany in which the leaders of the large corporations in a backroom deal placed Hitler in the chancellery office, it was the leaders of corporate America who wielded such unbridled power that they could attempt a plot against FDR in an effort to install a fascist government. Although the participants were known and the evidence damning Roosevelt was left virtually powerless to bring the plotters to justice and in the end no arrests were made.

Moreover, the government was ill prepared to deal with fascism and the threat it posed. Congress made a feeble attempt to come to the grips of the threat posed by fascism in establishing a committee to investigate fascism. The committee was promptly seized by Martin Dies and converted into a red-baiting committee. Any efforts of investigating fascism were promptly sabotage. Unlike communism, fascism posed no threat to corporate America. In fact fascism was corporate friendly and would be protected.

The only other government agency with a role in domestic investigations was the FBI. Lead by the patron saint of the right wing, J. Edgar Hoover. Enough ink has been used already in detailing the racist and anti-Semitic views of Hoover so his racism will not be discussed further. Nevertheless, much mystery still surrounds Hoover and his role in fascism during the war years. Hoover was always known to be very politically ambitious about seeking power and control. His first real experience came with the forerunner of the present day FBI in the repressive Palmer Raids of the early 1920s. Evidence showed Hoover was an overly-enthusiastic participant and that he perceived anti-communism and anti-unionism as a means of furthering his career and increasing his power. Donner sums up Hoover's true legacy as follows.

"Out of nativism, anti-communism, super-patriotism, religion and political conservatism, he forged an ideology of capitalism in the American grain, a blueprint for American fascism."⁴

There is abundant evidence of Hoover's sympathy for fascism. Hoover's most open political ties were with "respectable" super patriotic conservative groups including various veteran organizations, the Daughters of the American Revolution, the American Security Council (a group formed in the mid-1950s from members of three pro-Nazi groups of the 1930s) and the Freedom Foundation. Hoover also maintained links with various right wing or conservative churches.⁵

Up until the 1940 election Hoover spent more time spying on British agents and communists than spying on Nazi agents. As early as 1939, Roosevelt allowed British agents to wiretap Americans who were believed to be aiding the Nazi cause. Master spy Sir William Stephenson, better known as Intrepid headed the British operation. By the time the United States had entered the war, Stephenson had uncovered a web of Nazi-American financial ties.

The wiretaps were of course illegal and evidence gathered from the wiretaps was not allowable in court, but they provided the British with a means to stop the flow of American support to Hitler. In most cases, this meant intercepting vital shipments of

war materials to Germany. However, there is evidence that in some cases in which the damage to the British war effort was acute, Intrepid's agents murdered fascist agents within the United States. Some evidence suggests William Rhodes Davis; a Texas oilman may have been poisoned by Intrepid's operation.

Roosevelt however, planned to leak the information gathered by the British operation to the media after the war to generate a public uproar over treason. Due to the resulting public outcry, Roosevelt then could launch a full investigation safely without harming the war effort. As part of this secret scheme between Roosevelt and British intelligence, Roosevelt deliberately placed, suspected individuals in positions in which they could easily be monitored. It was no accident that after his appointment to the OSS that Allen Dulles' office in New York was one floor directly below the British wiretapping office. Dulles's appointment was a deliberate setup. It placed him in a position in which he would be tempted the most to continue aiding the Nazis. Following the war Roosevelt planned on using this information to help prosecute Dulles. Two unforeseen events occurred to scuttle FDR's plan, one someone tipped Dulles off. The leak is commonly attributed to Vice President Henry Wallace and this was the motivation for dumping him from the ticket in 1944. Secondly the death of Roosevelt killed the plan entirely, as Truman was never informed over it. Dulles likewise was not Roosevelt's only target, many other wealthy Wall Street investors were also targets reportedly also including Joseph Kennedy. Former Supreme Court Justice Arthur Goldberg confirmed Dulles was being set up before his death.¹⁰⁶

While Roosevelt's relationship with J. Edgar Hoover was reportedly harmonious, Roosevelt's scheme with British intelligence betrays a telltale hint that Roosevelt did not trust the Hoover fully and may have even suspected his loyalties.

3

In addition to the British import/export office in 30 Rockefeller Plaza was the offices of Western Continents Corporation. Western Continents had been established by George Muhle on August 14, 1941. The firm described itself as a "research and analyzation work and export and import." Dun and Bradstreet report carried a brief synopsis of Muhle's life. It also listed Council of Foreign Relations member, William Diebold Jr. as treasurer.

What the Dun and Bradstreet report failed to note was that George Muhle was a fictitious name. George Muhle was in fact George Muhle Mertens. A significant part of Mertens' life had been omitted in the otherwise correct synopsis of the Dun and Bradstreet report. From 1926 to 1927, Mertens had been the head of Germany's Bureau of Investigations for Anti-Democratic Activities. The bureau was a government intelligence organization formed to counter leftist and rightist organizations in Germany. Mertens had been dismissed from all his posts in the Nazi government by Goering and charged with high treason.

For a while in 1936 Mertens had worked for the Commerz Bank in Berlin. Mertens entry into the United States was aided by the counselor of the American Embassy in Berlin, Prentiss Gilbert. Gilbert had joined the Schering Corporation believing that the Nazis had sold it to legitimate owners, only to find that it was merely a front for continued Nazi activity.

Mertens had contacted the Roosevelt administration through Adolf Berle who passed him along to Francis McNamara of the Alien Property division of the Department of Justice. McNamara, feeling legally bound, finally put Mertens in contact with Donovan and William Stephenson. It was Stephenson's organization that put up the front money to form Western Continents.

In 1942, control of Western Continents was passed from Stephenson to Donovan. However, by that time Mertens had been able to map out the Nazi commercial structure within the United States and its relationship with the Sicherheitsdienst (SD). Additionally, Mertens exposed the Nazi front companies in South America and how they interacted with their North American cousins. Moreover, Mertens presented a detailed exposure of the SD and the personal financial arrangements of the fascist French prime minister Pierre Laval and his associates including the Bank of Worms.¹⁰³

The information gained from Mertens proves that Stephenson's operation was not only successful, but also its reach extended very far, including into the top levels of foreign governments friendly to the Nazis.

Arthur Goldberg confirmed before his death that Roosevelt had Allen Dulles under surveillance. During the war, Goldberg served in the labor division of the OSS. Thus it seems likely that the OSS or at least one of its branches was involved with Roosevelt's secret plan of placing people suspected of aiding the Nazi cause under surveillance. The involvement of the OSS in the plot would have been illegal as its charter banned the OSS from spying within the United States. The evidence would have been inadmissible in courts, but was in keeping with Roosevelt's plan to leak the information to the press and use the public uproar to call for a full investigation. The involvement of the OSS would indicate that the plot was much more far reaching and that many more Nazi sympathizers were under a careful watch.

However, this scheme with the British was only one of many in which Roosevelt relied on others for intelligence. Roosevelt often asked his friends to take on special missions for him. Many of these missions by friends ended in failure, such as Vincent Astor's voyage in the South Pacific. Another recruit into FDR's private spy network was John Carter a writer for the fledging *Time* magazine.

Joseph Kennedy was another individual like Dulles that was placed in a position where he could be watched carefully. Roosevelt had dispatched the Irishman to England as an ambassador. Churchill's son, Randolph, confirmed Kennedy was under electronic surveillance. The surveillance revealed that a lowly code clerk named Tyler Kent had passed secret documents to Anna Wolkoff. Wolkoff then passed the information on to the Italian foreign minister who would forward it on to the Nazi foreign office. Kent, an American citizen, was tried in secret in the Old Bailey on October 23, 1940. He was sentenced to seven years.¹⁰⁰

Roosevelt abruptly terminated Kennedy's ambassadorship, during a weekend visit to FDR's estate at Hyde Park. The termination was very uncharacteristic of Roosevelt and centered about differences in the opinion of the two men. It is highly unlikely that FDR would have dismissed Kennedy if the monitoring operation had revealed any link to the Nazis by that time. Roosevelt would simply have waited until after the war when Kennedy and the rest of the Nazi sympathizers would have to face justice.

Hoover's spying on the British was more of a fence-sitting maneuver on his part.

It was a position that left him largely neutral in favor of the Nazis. This fence-sitting by Hoover was due to his overly-ambitious aspirations. Loftus claims that the fascist forces within the Republican Party had offered Hoover the position of Attorney General, a position he coveted, if Roosevelt was defeated in the 1940 election.⁷¹

With Roosevelt's reelection Hoover had to hurry to mend fences with the White House by offering files on Nazi sympathizers. However, Hoover had spent so much time spying on the British and chasing suspected communists that he had no central index of suspected pro-Nazis. Hoover then went begging to the Anti-Defamation League for their records. The British of course had better files but refused to share them with Hoover and the FBI, fearing that the right-wing elements within the bureau would leak information of their wiretap operation. Hence, it is clear MI6, the top intelligence service of the world at the time, believed the FBI was infested with Nazis or Nazi sympathizers.

Many have attributed Hoover's opposition and refusal to cooperate with the OSS to his over-ambitious aims for the FBI. In reality, it was Hoover's thin skin of and his tendency to hold a grudge. Rather Hoover's opposition to the OSS stems from the 1920s. During the 1920s, Coolidge appointed William Donovan to the position of assistant attorney general. During his tenure in the Department of Justice, Donovan became aware of Hoover's wiretapping of politicians' telephones and hauled the young Hoover before Attorney General Stone. Hoover was nearly fired over the incident and never forgot who embarrassed him.⁸⁵

However, even more damaging was Hoover's sabotage and obstruction of the fledging intelligence network prior to and during the war, much of which was corroborated by Dusko Popov. Polov a British master spy, who had earned the confidence of the Nazis and was playing the role of a double agent. In 1941, the Germans dispatched him to the United States to reorganize and run their spy network. For a double agent it was the chance of a lifetime to deceive the Nazis on a grand scale. However, Hoover disapproved of Polov's playboy lifestyle and refused to help maintain Polov's cover.

Even more damning, Polov had brought with him important intelligence from Germany, intelligence that included the Japanese interest in the defenses and fortifications of Pearl Harbor. This information was received just four months before the bombing of Pearl Harbor. Hoover was hardly equipped to understand the importance of the information nor could he find a publicity use for it. With no personal use for the information, he promptly buried the report without forwarding it to the War Department or the White House.⁶

Included within Polov's documents was information about the German microdot. This information was useful for publicity and in April 1946, Hoover published an article in the *Reader's Digest* claiming credit for capturing the secret of the microdot from an enemy spy. Hoover lied, a British agent gave it to him, but more damning, the article contained a diagram that exposed Popov's source, a Brazilian diplomat. While the war was over in 1946, South America was the destination of many of the Nazi war criminals. In his effort to seek the spotlight, Hoover had exposed a useful source of information that could have provided information on war criminals in South America.

4

The Reader's Digest has always held an extreme right wing bias. So much so that George Seldes in *Facts and Fascism* devoted an entire chapter to the *Reader's Digest*.⁷ Seldes charged that Dewitt Wallace, the owner of the *Reader's Digest*, told his staff that he did not want Hitler defeated, that the editor was a pro-Hitlerite from the Hearst papers and that the *Reader's Digest* had consistently published anti-union and fascist propoganda. ⁸ The following quote from *Facts and Fascism* sums up Seldes' opinion of the *Reader's Digest* and its owner.

"It pretends to be an impartial reprint magazine, selecting the best items from all others, but it is in fact a skillfully manipulated publication spreading the reactionary views of a powerful nobody named DeWitt Wallace...DeWitt Wallace is either a knave or a fool. Either he is so stupid that he doesn't know that he is spreading fascism, or he is a Machiavellian knave who has devised a wonderful and sinister method , far superior to any known to Herr Goebbels." ⁹

Hoover apparently saw nothing wrong with the Nazis either politically or morally. Only three days before the bombing of Pearl Harbor, December 4, 1940, Hoover finally broke relations with Interpol, an agency that was controlled at the time by the Nazis and then only at the urging of other top FBI executives broke the association.

In short, the top echelon of the FBI saw no danger from fascism but maintained a visceral hatred of communism and Russia as well as that of FDR, the New Deal and liberalism. The FBI's top intelligence officer during the war and up until 1954 was D. Milton Ladd, who in all seriousness claimed FDR was a Comintern agent.¹⁰

The FBI's policy under Hoover during the war years was openly antagonistic of our Russian ally, and liberalism in general including the New Deal. No attempt was made by the Attorney General or anyone else from the Department of Justice to muzzle Hoover. Hoover's propensity for maintaining files on his enemies in Congress and throughout the entire federal bureaucracy was well known. It seems certain that Hoover was taping his enemies and potential enemies to a far greater extent than is known. As an example, Hoover maintained a file on Frank Murphy over a ten-year period that contained derogatory items from his private life, even after Murphy was appointed Attorney General in 1938.

This vast cache of secret files enabled Hoover to transform the FBI into a huge propoganda machine. Even more iniquitously, Hoover was solely responsible for transforming the crime-fighting agency into a domestic intelligence operation with a gut level hate of the left. From 1940 to 1945, Hoover gave some fifty speeches on the dangers of communism many of them openly critical of his superiors and their values. In effect, he was able to transform the FBI into a vast system of public opinion formation.¹¹

Throughout his lifetime Hoover's favorite whipping boys were communists. He supported Joe McCarthy's witch-hunts of the early 1950s. Likewise, Hoover desperately tried to associate the civil rights leaders of the 1960s and the Vietnam War protestors with communism. The FBI's persecution of the left in the 60s through

its COINTELPRO operation was a grave injustice. However, just like the Palmer Raids the effect of such operations depleted the left of leadership and left a vacuum of moderating forces allowing fascism to rise up in the 1930s and again in the 1980s. In any other country of the world the Palmer Raids, the McCarthy witch-hunts and COINTELPRO would be condemned as purges.

Nor can the role of the media be ignored in any of these purges. The media killed the story of COINTELPRO by a lack of reporting. Even today, the media is still content to cast McCarthy in a role of a patriot instead of a power mad tyrant. The end results have led to wasted decades of political repression and the growth of corporate power.

With such antagonistic views of the director and the top echelon of the FBI, the pursuit of fascists and seditionists suffered immensely. With the Department of Justice handicapped by the FBI's lack of interest in fascists, most of those brought to trial for sedition went free. In any case, those were just the little guys, the power and money behind them was never exposed nor did the FBI have any interest in investigating the leaders and money used to support the fascist groups. There would be no mass arrest of fascists during the war, unlike the mass arrests of the Palmer Raids following WWI or in the following McCarthyism era.

Hoover's efforts to spread propaganda extended beyond the FBI. In the 1940s, Hoover fed information to Father John F. Cronin. During the 1940s, Cronin was the assistant director of the Social Action Department of the National Catholic Welfare Conference. With Hoover's aid, Cronin became an expert on communism and later close associate of Richard Nixon. Cronin was secretly retained by the Chamber of Commerce to write and distribute pamphlets critical of unions, communism and liberalism in general. The 1947 pamphlet, *Communism Within the Labor Movement* led to the drive to require union leaders to sign a non-Communist affidavit.¹² No one should harbor the mistaken belief that the FBI is a crime-fighting agency. It is not nor has it ever been such. It has always been America's gestapo with a mission to destroy the left. That record extends from the Palmer Raids to COINTELPRO of the 1960s and even up to the present day.

Another individual in aiding the fascists was H. Ralph Burton, chief counsel to the House's Military Affairs Committee. Burton was a racist and an anti-Semite with a long history of associations with fascists. At one point he was the lawyer for William Ludecke who bragged he was Hitler's number two Nazi in the United States. Burton was also special counsel to DAR during their flagrant red-baiting days, and a close associate of Walter Steele, editor of the fascist National Republic.

In the mid 1930s, Burton was general counsel for Father Coughlin's National Union of Social Justice in Maryland. Burton's son likewise had close associations with fascists. His son Robert was a frequent guest at the Japanese Embassy and was often observed in the company of other Nazis under surveillance. In 1939, Burton was an investigator for the WPA subcommittee and was determined to show that the WPA was controlled by and run for the benefit of the Jews.

How a man like Burton with known Nazi sympathies was able to maintain a sensitive position such as Burton held, when the country was at war with Nazi Germany is mysterious. Moreover, there were hundreds of others like Burton. However, anyone with the slightest tinge of socialism or communism was rapidly removed from any position within the government.

While he served in the Military Affairs Committee Burton proceeded to make himself a thorn in the side of Army officials. He would scan lists of draft deferments, skipping over ethnic surnames of Irish and other European surnames looking for the Jewish ones. Burton then called the local draft board demanding that these Jews be drafted.

Burton's most damaging role was in the wrecking of the Army's Orientation Course after the issue of Program #64. The Orientation Course was set up to teach recruits what they were fighting for and to counteract the fascist propaganda circulating at the time. At first, the Orientation Course was general in nature but as more and more recruits demanded more definitive information, it became specialized. Program #64 contained the following definition of fascism:

"If we don't understand fascism and recognize when we see it, it might crop up again—under another label—and cause another war.

Fascism is a way to run a country—it's the way Italy was run, and the way Germany and Japan are run. Fascism is the precise opposite of democracy. The people run democratic governments, but fascists governments run the people.

Fascism is government by the few and for the few. The objective is seizure and control of the economic, political, social, and cultural life of the state. Why? The democratic way of life interferes with their methods and desires for: 1. Conducting business; 2. Living with their fellow-men; 3 having the final say in matters concerning others as well as themselves.

The basic principles of democracy stand in the way of their desires; hence—democracy must go! Anyone who is not a member of their inner gang has to do what he's told. They permit no civil liberties, no equality before the law. They make their own rules and change them when they choose. If you don't like it, its' T.S.

They maintain themselves in power by use of force combined with propaganda based on primitive ideas of blood and race, by skillful manipulation of fear and hate, and by false promises of security. The propaganda glorifies war and insists it is smart and realistic to be pitiless and violent. ⁴¹

It is hard to imagine that such a statement caused an outburst of protest on Capitol Hill. Indignant speeches were made on the floor of the House. Clare Hoffman of Michigan and John Rankin of Mississippi were outraged over Program #64 as were other pro-fascist members. Such outbursts of indignation from those aligned with the fascists on Capitol Hill soon led to the destruction of the top-rated Orientation Courses. In effect, the pro-fascists in Congress did not want the GIs to know the truth of what they were fighting and dying for.

There is one other contributing factor during this time: the general lack of education of the average GI, which stresses the need for programs such as the Army's Orientation Courses. In 1947, the average level of education for all adults was only 8.6 years, 75% did not complete high school. In 1947, only 19% of the voters had a generally correct view of the Wagner act according to a Gallup poll. Another 69% simply didn't know and the remainder gave wrong answers.

Even by 1951, only eight percent of adults could properly define the meanings of monopoly, antitrust suit, the Sherman Act and interlocking directories.²⁷ The low level of education left 80% highly subjective to anyone's propaganda. In short, the majority of the voters were dupes for whoever could shout the loudest. The same pro-fascist block in Congress would soon replace the Orientation Course with an anti-communism program.

2: Rainbow 5 & The Great Sit Down Strike

Just as the support for fascism crystallized among the nativist groups during the war years, so did the support for fascism among the isolationist members of Congress. In the previous chapter the removal of Maloney as prosecutor of the seditionist by Wheeler and the pro-fascist Congressmen contributed to the failing of the trials of even the minor fascists. Father Coughlin was not even indicted along with many others. However, it was on the eve of the war with Germany that Wheeler revealed himself as a traitor and a fascist. On December 4, 1941, the pro-fascist *Chicago Tribune* and its' sister publication the *Washington Times Herald* printed the plans for the top secret Rainbow 5 Plan.

Rainbow 5 was the battle plan developed by the military in case war broke out. Publishing the plan or leaking information about the plan would be the equivalent of publishing or leaking the battle order of the Pentagon during the Cold War. Unquestionably, leaking such a plan was an act of treason. In Hitler's speech declaring war against the United States on December 11, 1945, the final straw he listed was as follows.

"With no attempt at an official denial there has now been revealed in America, President Roosevelt's plan by which, at the latest in 1943, Germany and Italy are to be attacked in Europe by Military means."⁴³

Amazing as it may seem, no one was charged with treason or sedition, not the *Chicago Tribune*, not Wheeler and not the army officer that delivered the papers to Wheeler despite an FBI investigation. Remember this was the battle plan in case war broke out. It was top secret and fewer than a dozen copies of the report were ever produced.

The author of the report was Colonel Albert Wedemeyer. Wedemeyer had been educated at the German War College. While in Berlin he rented an apartment with a member of the Nazi Party. Wedemeyer became close friends in Berlin with General Ludwig Beck, chief of the German General Staff. Wedemeyer was friends with Lindbergh and acted as his interpreter while Lindbergh toured Germany. Likewise, Wedemeyer was close friends with General Robert Wood, the president of the American First group.⁴⁴ Wedemeyer had even attended several meetings of the American First group despite its pro-fascist and anti-war agenda.

Hoover was convinced Wedemeyer leaked the plans to Wheeler. Of special note, Reagan resurrected Wedemeyer's career as a special military adviser in the 1980s.

Yet, another of the many seemingly innocent connections between Reagan and the Nazis. Taken singularly one could easily dismiss it as an error in judgement. However, when taken collectively it leaves Reagan as either extremely naïve and dumb or a pro-fascist.⁴⁵

One clue as to how the files were leaked comes in the book *A Man Called Intrepid*. In that book, Sir William implies that he was authorized to leak the plan.⁴⁶ As already mentioned, FDR allowed the British to keep watch of certain characters known to be friendly with the Nazis, particularly those associated with Wall Street. In his plan to trap the fascists, Roosevelt would appoint individuals friendly with the Nazis to positions of power so that they could be monitored. Following the war, Roosevelt planned on leaking the information to the press. With the resulting public outrage over their actions, trials could then be conducted for those guilty of sabotaging the war effort and aiding the Nazis.

Two of the individuals who were appointed so they could be monitored were Allen Dulles and Nelson Rockefeller. FDR's plan was to charge them with treason and sedition following the war. Wheeler may very well have been another of those being watched. With Wheeler's ties to the Rockefellers through Anaconda, a company that delivered substandard copper wire to both our allies and our own military, it seems certain that Roosevelt may have had some big fish to fry if he had lived past the end of the war.

By leaking the files to the *Chicago Tribune*, Wheeler ensured that they would be published. The Tribune was openly pro-fascist before the bombing of Pearl Harbor and rabidly opposed to Roosevelt. The *Chicago Tribune* was later charged with treason for publishing the names of the ships involved in the battle of the Coral Sea.

Wedemeyer's career, however, deserves more scrutiny. Wedemeyer was part of a military circle that was extremely anti-Semitic. A few years following the war, Wedemeyer wrote in a letter to his close friend retired colonel Truman Smith that the British, Zionists and Communists made America's entry into the war inevitable. Later, Wedemeyer stated that "most of the people associated with communism in the early days were Jews.

He further claimed that Roosevelt's Jewish advisers did everything possible to spread venom and hatred against the Nazis. He stated that during his attendance of the German War College in 1936 his eyes were opened to the number of Jews in the American government by reading the *Die Frankfurter Zeitung* and *Die Berliner*. The Nazis controlled both papers.⁷²

In 1937, Wedemeyer tied the shortage of food in Germany to the Jewish question. Using the embassy's attaché stationery, Wedemeyer wrote to friends, dismissing the food shortage as caused by poor weather and crop failures. He claimed that Jews in other countries had bought up the enormous quantities of foodstuffs and had intentionally diverted the shipments from Germany.

As late as 1958, Wedemeyer was still voicing pro-Nazi opinions. He completely ignored the Nazi's racial ideology. He described *lebenstraum* as merely a national movement to win living space. In his arguments, Wedemeyer used the same historical analogies that the Nazi propagandists used. He compared the German invasions and expansions eastward with the American expansion westward.

The two people with the largest influence of Wedemeyer's career were Truman Smith and Wedemeyer's father-in-law, Deputy Chief of Staff Stanley Embrick.

Embrick was the most outspoken isolationist general in 1939.

A brief look at Wedemeyer's circle of friends within the military provides a worthwhile examination of the opinions of many of the top military officers before the war. Many of those officers harbored pro-fascist leanings and an extreme hatred of Jews. Such views had been engrained into the officers since the 1920s and would affect how the war was conducted, as well as the post-war period.

In 1939, Smith was the attaché in Berlin and warned against allowing the Jewish question to interfere with German-American relations. After returning to Washington in 1939, Smith became General George C. Marshall's German specialist. Smith conferred extensively with Lindbergh, as did Colonel Hamilton the head of G2's German section. Lindbergh's isolationist views were well known at the time and Lindbergh continued his isolationist radio broadcasts. Two weeks after the German invasion of Poland, Smith delivered a confidential message from Roosevelt offering Lindbergh a cabinet position in aviation if he would cease his radio broadcasts. Both Smith and Lindbergh scoffed at Roosevelt's offer.

In November of 1939, Smith's assistant attaché in Berlin, Major Percy Black returned to Washington. Black had accompanied the German army into Poland. Black, like Smith, talked glowingly of the prospect for a negotiated settlement. Even more disturbing was Black's discounting of Nazi brutality. In May 1940, the Nazi invasion of France proved Black wrong.

Wedemeyer opposed the creation of the State of Israel, as did Black and other members of his circle of friends. After retiring, Wedemeyer became a writer for the John Birch Society and a member of the American Security Council, a group formed in the 1950s from the remnants of three pro-fascist groups of the 1930s.

The most astonishing aspect of the publication of the Rainbow Plans was that charges of treason were never brought to bear, even after the end of the war. Most Americans are unaware of the plans ever having been leaked, and is yet another example of how high-level fascists within the United States were immune from prosecution. This brief look at Wedemeyer and his circle of friends reveals that even within the Army there was a group of officers sympathetic to the fascist cause.

However, the majority of support for fascism and opposition to the war came from the leaders of corporate America. It was the leaders of corporate America who were behind the plot to seize the White House and install a fascist government. It was the leaders of corporate America who were building the Third Reich's war machine as the statement from the US Ambassador to Germany, William Dodd, noted. And it would be the leaders of corporate America who went on a sit down strike to prevent the production of war munitions first for the Lend Lease program and then for our own troops once war was declared.

Between 1940 and 1945 there was a dramatic evolution in the tactics employed by the native fascists within America. The first phase of this evolution was marked by the sit-down strike during the summer of 1940. Prior to this time and throughout the remainder of 1940, corporate America opposed the entry of the United States into the European war. Considerable opposition was raised against Roosevelt's Lend Lease program and several contracts to supply Britain with war munitions were rejected outright by corporate America. One such example being the rejection of a contract to build Rolls Royce engines for the RAF by Ford Motor Company. Other corporations hid behind the terms of the cartel agreements with I.G. Farben and other German

corporations. Such was the case of du Pont furnishing the British with inferior cartridges lacking tetrazine. However, by far the most damaging aspect of this phase was the sit-down strike of 1940, which reveals the complacency of corporate America toward Nazi Germany.

The need for aircraft was one of the most pressing needs as the ominous clouds of war gathered on the horizon. Aircraft production required massive amounts of aluminum. However, aluminum production in the United States was controlled by a virtual monopoly held by the American Aluminum Company of America (Alcoa). Alcoa had signed a cartel agreement through a slight of hand with German interests in the late 1920s. Alcoa was controlled and owned by Andrew Mellon, one of the participants in the plot against FDR and steadfastly delayed increasing production. George Seldes recorded the following quotes about Alcoa:

"If America loses the war it can thank the Aluminum Corporation of America" Secretary of Interior Harold Ickles, June 26, 1941.

By its cartel agreement with I.G. Farben controlled by Hitler, Alcoa sabotaged the aluminum program of the US air force. The Truman Committee heard testimony that Alcoa's representative, A.H. Bunker a dollar a year head of the aluminum section of the OPM prevented work on our \$600,000,000 aluminum expansion program.

Congressman Pierce of Oregon said in May 1941: "To date 137 days or 371/2% of a year's production has been wasted in the effort to protect Alcoa's monopolistic position. This delay translated into planes means 10,000 fighters or 1,665 bombers."

This of course is the answer to the boys on Guadalcanal and in Tunisia and not absenteeism, the 48 hour week or wage increases to meet the cost of living."⁹⁹

Not only did Alcoa own almost all of the plants that produced aluminum, but it also controlled most of the high-grade bauxite ore. Aluminum production requires massive amounts of electric power and Alcoa controlled much of the hydropower. In a radio broadcast on March 22, 1941 the Assistant Secretary of State, Adolf Berle declared:

"The Lord Almighty so built the continent of North America that most of the water in the northeast quarter of the continent forms streams and rivers which flow into that huge collection of reservoirs we call the Great Lakes. This is an enormous amount of water. All of it funnels out to the sea through a single great millrace, which is the St. Lawrence River. If that water is ever harnessed, it will make the largest and cheapest supply of electricity available anywhere in the world."⁷⁴

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However, the St. Lawrence was unharnessed and would remain so. Andrew Mellon owned all of the land on the American side and much of the land on the

Canadian side of the International Rapids stretch. Along this course of 49 miles, the river fell 92 feet and could be used to generate electricity at a cost of one tenth of a cent per kilowatt-hour. Only last-minute fights by New York governors, Charles Hughes in 1907 and Alfred Smith in 1926 prevented Alcoa from exercising absolute control over it. By 1940, Roosevelt had still failed to gain passage in Congress of a treaty negotiated by Herbert Hoover for the joint development of the St Lawrence. The Alcoa lobby was too strong to break. Both Ontario and New York drew electrical power from Niagara. The Canadian power was generated by a public owned system and charged \$0.85 a kilowatt-hour. On the New York side the power was produced by the private Niagara Hudson combine and the cost was \$1.59 for a kilowatt-hour.⁷⁵

This example of the conglomerate gouging New Yorkers at almost twice the rate of cost of the Canadian public utility should serve to remind us that some services and materials are far too valuable to ever be entrusted to private hands and should remain in the hands of local public utilities. Especially in light of the contrived energy shortage in California during the winter months of 2001, this price gouging was miniscule compared to the profits that Alcoa would generate during the war. In a long antitrust suit in 1940, a government brief stated that Alcoa's highest profits came from the production of sheets of 24S and XA 24S alloys, both of which were used extensively in aircraft. According to the Justice Department, as the sole supplier of these alloys Alcoa was realizing a profit of 181% over costs.⁷⁶ Alcoa's cartel agreement with a German corporation in the 1920s allowed Germany to produce 165,600 tons of aluminum in 1938, while the total United States production was only 103,129 tons. Additionally, Alcoa had invested heavily in plants in Norway, Hungary, Italy and Spain—two of which were outright fascist countries and two of which had fallen under the boot of the Third Reich. No investigation of Alcoa's dealings with the Nazis was ever made.

Mellon not only controlled the production of aluminum through Alcoa, but he also sought to prevent all others from entering production through his cronies in the Office of Production and Management (OPM). E. R. Stettinius, chairman of the board of U.S. Steel, headed the OPM and was in charge of the Industrial Materials Section. Stettinius issued glowing reports assuring that an adequate supply of raw materials was available. Many of the materials such as antimony, manganese, mercury, tungsten, nickel, chromium and tin came from South Pacific Islands and Malaya and would be vulnerable to a supply cutoff. Nor were the stocks on hand adequate for a two-year supply, as purchasing of the materials didn't begin until 1940.

In May of 1941, the truth of the shortages was brought to light in a report from the Metals Reserve Corporation. The report detailed the amount purchased, the amount in transit and the amount delivered. In the case of mica, the report showed a purchase of 500 tons from India, but as of the date of the report none had been shipped. In the case of zinc, a vital material in producing the brass cartridges, the report was dismal. The only amount ordered was from Newfoundland for 50,000 tons (less than a month's supply). Zinc was being consumed at 70,000 tons per month (7,000 tons more than domestic production). One thousand rounds of 30-caliber shells would consume 16 pounds of zinc, for 75-mm shells one thousand rounds would consume 3800 pounds of zinc. During the war production of small arms, ammunition reached four billion rounds per month.⁷⁷

Perhaps the best example of how the dollar-a-year men like Stettinius hindered

the war effort is that of aluminum. At the onset of the war, there was only one aluminum refiner, Alcoa. In 1941, Alcoa could produce a maximum of 642 million pounds of aluminum in one year. With Roosevelt's plan to produce bombers, the nation required 1.6 billion pound a year.

At the time, Reynolds Aluminum was a small upstart company compared to Alcoa. Reynolds was merely a fabricator of aluminum products and had never produced a single ingot of virgin aluminum. Foreseeing the shortage in aluminum and unable to obtain a full supply of aluminum from Alcoa, Reynolds agreed to mortgage all of his property to start refining in his own plants if the government would lend him the money. The Reconstruction Finance Corporation (RFC) approved his loan within 30 days for \$15 million dollars and later increased it to \$20 million dollars.⁷⁸

Reynolds soon had a plant at Lister, Alabama, that produced forty million pounds and another plant in Longview, Washington, of sixty million pounds, but considerable pressure was brought against Reynold's loan application. W. Averell Harriman and a delegation of war department officials pressured Secretary Ickles to deny Reynolds an allocation of electrical power from Bonneville. Stettinius and his consultant, Grenville Holden, opposed Reynold's entry into the refining of aluminum vigorously behind the scenes.⁷⁹

Although Reynolds persevered despite the objections and backroom dealings of Stettinius and Holden with the help of Ickes, others failed. To protect Alcoa, Stettinius and Holden blocked others from producing aluminum and from using new methods. In March 1941, the Bohn Aluminum Company sought a loan to produce aluminum and was denied by Holden. Although OPM had been ladling out millions of dollars to help businesses expand for the war effort, Holden replied to Bohn: "The Army is not disposed to finance expansion of industrial capacity with government funds as long as any company is prepared to expand with private funds." However, Holden was likewise uninterested in expanding aluminum production even when a private company from Switzerland sought to enter the market.⁸⁰ Holden also opposed the use of low-grade ore in an effort to protect Alcoa. Alcoa controlled all of the high-grade ore. However, with the increased demand for aluminum production for bombers, the only North American high-grade ore would be exhausted in two years.

From May to October 1940, corporate America was engaged in a sit-down strike. Led by the aviation industry, defense contracts were left unsigned until the corporations were granted special tax privileges. Unlike labor strikes, the sit-down strikes of corporate America had the support of the news media of the War and Navy Departments and the new Defense Commission. Strikes by labor were immediately greeted with charges of treason. No strikes, however, were launched against any aviation corporation yet hardly any planes were produced.

A look at the figures of ships in service on January 31, 1941, only confirms the serious lack of Navy war ships. In three of the five categories listed the total tonnage falls woefully short of the tonnage Congress authorized in 1934.

	Authorized 1934	In Service ⁸¹
Battleships	525,000 tons	464,300
Aircraft Carriers	135,000 tons	134,800
Cruisers	343,770 tons	328,973
Destroyers	190,000 tons	217,390
Submarines	68,298 tons	107,960

Even more revealing as to the inadequacy of the navy's procurement of warships is a direct comparison of our fleet with the fleets of the Axis powers.⁸²

	January 1, 1941		January 1, 1943	
	U.S.	Axis	U.S.	Axis
Battleships	15	20	18	28
Aircraft Carriers	6	8	7	8
Cruisers	37	75	45	101
Destroyers	159	271	219	325
Submarines	105	284	133	500

With the exception of destroyers in the two year-period of 1941 to 1943, the United States shipbuilding industry had barely outpaced the losses sustained in the first year of the war. Fortunately, England's Royal Navy was up to the task of ruling the seas.

In May 1940, the financial editor of the *New York Sun* was astonished by the British 100-percent excess-profits tax. Corporate America, which built Hitler's war machine in violation of the Treaty of Versailles, was in no hurry to arm the United States or its allies. The July 29, 1940, issue of *Barron's Financial Weekly* reported: "The attitude of some defense industries that they must be assured of a profit is souring many Washington dispositions, even in the pro-business War and Navy Departments." Unlike the GIs who were drafted and compelled to serve and defend their country for the paltry sum of \$21 a month the aviation industry would reap millions.

In June 1940, Congress revised the Vinson-Trammell Act of 1934 to limit profits on competitively bid contracts to eight percent and to seven percent on other contracts. Roosevelt signed the bill on June 28, 1940, but by July 10, he had to surrender to corporate America and its sit-down strike.

In addition to dropping the limits on profits, corporate America demanded and received legislation that would enable companies building new plants or equipment to amortize the purchases in five years. Assistant Secretary of War, Louis Johnson sent out a letter to all plane manufactures asking for work to begin immediately even though it would take sixty days for the new bill to pass through congress. The plane manufactures waited.

Even with the special tax breaks, corporate America chose to invest little of its own money in new plants and equipment, choosing instead to let the government directly finance the expansion. By April 13, 1941, the total amount of private funds

invested in the expansion of various defense industries was miniscule, as shown in the table below.

Tank and Vehicles	24%
Aircraft	16%
Guns and Parts	12%
Ammunition	6%
Ship Construction	3%

Of the \$2.8 billion dollars in planned expansion of defense facilities, private capital only accounted for \$773,000,000. The average government expenditure for plant expansion was six million dollars while the average expenditure of private capital under the five-year amortization was \$60,000. In short, corporate America was holding the free world hostage. The figures in the table above are enough of a testament to bury the myth that private enterprise built America and created a "Fortress of Democracy." The fact remains it was all done with the taxpayer's money under the guidance of the Roosevelt administration.

In industry after industry, the story was much the same as it was for aluminum. In the critical machine tool industry, corporate America continued to drag its feet and delayed war production. About 15 million man-hours of machine tooling could have been made available by General Motors if it had foregone a model change. If the entire auto industry had foregone model changes in 1942, over 30 million man-hours of machine tooling could have been freed up for the war effort. General Motors promised to give up a model change and then promptly went ahead with a model change anyway.

Against Roosevelt's call for full production, survey after survey found machine tools sitting idle. According to the March issue of *Monthly Labor Review*, a publication of the Department of Labor, weekend shutdowns were commonplace. A survey of 45 machine tool plants found only 14 running three shifts and another 19 running two shifts. However, the number of employees working on the second shift was less than 20 percent of the workers on the normal day shift. In plants with three shifts operating, only 25 percent of the workers were employed on the second and third shift. Officials of the AFL Machinist's Union attributed the major obstacle to the strong anti-unionism of the Metal Trade Association and its fear of hiring new, pro-union workers. In May 1941, a Bureau of Labor Statistics study revealed a high ratio of workers had quit the machine tool industry because of the repressive working conditions. In eleven categories of skilled machinists, there were only prospective shortages of labor in four. Further complicating the shortage in machine tools was the reluctance of the industry to subcontract work to small shops.

Indeed, the reluctance of corporate America to subcontract work out to small shops was widespread and protected by the dollar-a-year men. No better example exists of the Defense Commission ignoring small businesses than the case of Beaver County, Pennsylvania. Community and labor leaders in Beaver County concerned with the war effort prepared a sixty page booklet detailing the production facilities available along with the available labor supply. The booklet was delivered to Sidney Hillman's division of the Defense Commission in charge of labor, the only division

actively interested in farming out defense contracts to small firms.

The Beaver County booklet was ignored. The facilities of Beaver County's small businesses went unused. The idle facilities in Beaver County were not insubstantial in any sense of the word. There were five modern machine shops that combined could handle large contracts and seven additional plants with partially available production for alloy iron, steel, brass and aluminum castings. Also available: were seven pipe and tube mills; two plants that could produce machine tools parts; two plants that could handle metal stampings; four plants that could handle light steel fabrication; two additional plants that could produce rivets, bolts and nuts; five plants that could handle all kinds of wood packaging crates. It was not until May 1941 that Beaver County received its first subcontract, and even then the contract was for a mere \$1,500 for nuts and bolts, despite pleas from Roosevelt to use all available production facilities.

The dollar-a-year-men staffing the Defense Commission and the OPM were not interested in farming out work to small firms. Instead, they sought to protect their former firms, many of which held cartel agreements with I.G. Farben. With a stranglehold on wartime production, the nation was held hostage. By the end of the war, only 150 large corporations had operated 80 percent of the government-built war plants. Only 31 corporations operated Fifty percent of the government-built plants. The 100 largest had operated 75 percent of those plants.²⁸

Labor statistics confirm how the largest corporations used the war to the disadvantage of smaller firms. In 1939, firms with fewer than 500 employees employed 52 percent of all manufacturing workers. Five years later, these firms employed only 38 percent. Corporations employing more than 10,000 employees accounted for less than 13 percent of all workers in 1939, but by 1944 they accounted for 31 percent of the workforce.

Only in the case of aluminum did the RFC finance a competitor to break a production monopoly and then only at the beginning of the transformation toward a war economy. By 1940, with war raging in Europe the large corporations were in the "catbird seat." Roosevelt was powerless to assert control over war production as the repeal of the revised Vinson-Trammell Act testifies to. Men could be drafted to serve their country; capital was exempt from the draft. Any attempt to draft capital would have been met with immediate claims of communism from the right-wing and pro-Nazi groups. In effect, the nation's security was held hostage by the same corporations that built Hitler's war machine and whose senior management and owners supported many of the pro-fascists groups.

3: The Battle for the Home Front

While the bombing of Pearl Harbor caused many of the pro-fascist groups such as America First to go underground or change their tactics, corporate America continued to drag its feet in gearing up for full wartime production. By mid-1942, the news was truly dark. Rommel's Panzers had raced across North Africa and were within sixty miles of the Nile. On the eastern front, Hitler's forces were at the gates of

Stalingrad. The Luftwaffe was pounding London into rubble. Ships from the United States bound for England were disappearing under the waves of the Atlantic at an alarming rate. The Philippines had fallen to the Japanese.

It was at this time, our darkest moment of the war, that the most devastating blow was struck. No ships were sunk in this assault, no planes were lost and no soldier was killed from this blow. This was a different type of assault. It would open the third front of the war on the home shores. It was a battle for the minds of Americans. It would be a battle that free people could hardly afford to lose.

For wrapped up in an electioneering jingle and cloaked behind a false flag of patriotism, Lamont du Pont had concealed the very heart of fascism. Hidden behind this thin veil of false patriotism of free enterprise was the root of fascism, corporate rule. Thus began the most blatant fraud ever perpetrated against the American people; in effect, du Pont had dressed up fascism with a smiley face to appeal to the American people. To accomplish this horrific swindle of freedom and liberty, all resources were to be deployed. It would become a full-scaled assault on the rights of the American people for the remainder of the century. This was the forgotten third front of the war, the battle for the minds of the American citizen. Under the banner of this new feckless goddess of free enterprise, a multiprong attack was launched against our freedoms. One prong would question the patriotism of anyone not subscribing to unbridled corporatism, another prong would attack unionism and the third prong would be launched against socialism and communism.

This often forgotten event launched by one of the most notorious fascist of his time is imperative to the understanding of fascism in America following the war. It clearly marks the beginning of the adoption of the fascist ideology by the right-wing in the country. Before Eisenhower's troops ever started to march across North Africa and before the Marines ever started island hopping one bloody atoll after another toward the Japanese homeland a third front of the war was raging in the American homeland, for the control of the people. Tragically, the heroic efforts of the war against fascism were lost as quickly as the Third Reich crumbled into ashes. While our armies were victorious on the battlefields of Europe and the South Pacific, the battle for the homeland would be lost. The new goddess of free enterprise would replace democracy in America. The war against fascism would be lost. Instead of corporations serving the general interest of society, society would now be forced to serve the general interest of corporations.

The American lexicon was expanded in 1942, never before had the term free enterprise been used. There is no such right listed in the constitution nor does the constitution grant any rights to corporations. While the founding fathers believed in an economy based on capitalism, they were hardly the fools to allow trade to go on unregulated. With one-third of the populace at the time of the revolution being former indentured servants to British corporations, corporations were closely regulated as the chapter on corporate law detailed. However, unregulated corporationism was precisely what Du Pont envisioned in his call for free enterprise. The best summary of free enterprise as envisioned by Lamont du Pont comes from his speech before a secretive meeting of the resolution committee for the National Manufacturers Association (NAM) on September 17, 1942.

"The way to view the issue is this: Are there common denominators for winning the war and the peace? If there are, then, we should deal with both in 1943. What are they? We will win the war by reducing taxes on corporations, high income brackets, and increasing taxes on lower incomes, by removing unions from any power to tell industry how to produce, how to deal with their employees or anything else, by destroying any and all government agencies that stand in the way of free enterprise."¹⁸

Du Pont's words are clearly treasonous as he calls for the destruction of any government agency that may stand in his way. It is the same agenda followed by Hitler on assuming power. In addition, as we enter the 21st Century it is the same agenda being put forward by the Republicans and the right-wingers.

The media immediately began extolling the virtues of free enterprise and singing its praises. No mention was ever made of the du Ponts funding of the pro-Nazi Liberty League or the Black Legion. No mention was made of the du Ponts involvement in the fascist plot against the White House a decade ago. This was a full-scale assault against the New Deal and responsible government. The timing of this campaign for free enterprise coincided with the upcoming election. The election would reduce the majority of Democrats considerably. In effect, it left Congress under the control of the Republicans and conservative "Dixiecrats."

Throughout the 1920s and into the 1930s the du Ponts and other munitions makers were embroiled in congressional investigations into war profiteering. Thus as the battle for Midway raged the du Ponts were already covering up their crimes of war profiteering and their dealings with the Nazis during the war. Once again, no mention of war profiteering was ever made in the media, nor was there any mention of the repressive nature of free enterprise as envisioned by du Pont.

Instead, the major media chains flaunted free enterprise as the new goddess to be worshipped. However, it should be clear after the previous chapter and the beginning of this chapter that the major newspaper chains and media outlets were openly pro-fascist, as evidenced by the Hearst papers publishing the most notorious Nazi propaganda unedited. Likewise, the Chamber of Commerce, the American Legion and the National Association of Manufacturers (NAM) quickly adopted the false goddess of free enterprise, particularly NAM with its mouthpiece Fulton Lewis broadcasting over the air waves. Lewis was one of Hoover's media allies and often the recipient of leaked information from the FBI and Hoover. This became a standard form of attack by Hoover and the FBI against a group or an individual. Lacking information to convict, Hoover would seek to destroy the individual by leaking rumors to his press allies.²⁰ A tactic quickly adopted by the likes of Nixon and Joe McCarthy.

Central to propagandizing this message was the NAM. Seldes, arguably the best investigative reporter of the 20th Century devotes two chapters in exposing NAM and its mouthpiece Fulton Lewis.¹⁷ NAM was headed by Frederick C. Crawford, who during the 1930s was director in Associated Industries, a strikebreaking agency. NAM was investigated by at least three congressional committees. The Garrett Committee exposed its lobby as secretive and reprehensible. The lobby functioned to defeat Congressmen who opposed its policies of illegal strikebreaking and other activities. The findings of the La Follette committee were already presented in the previous

chapter and will not be discussed further. The O'Mahoney Investigation showed that 200 industrial firms and 50 financial families owned, controlled and ruled the United States. Of these families, thirteen were the most powerful.

At the same secret meeting of the resolution committee in which du Pont was quoted above, NAM hammered out its agenda for the future. The platform included were a fight against any management-labor committees. These committees were a prominent part of war-time contracts. They were indispensable in over coming obstacles and bottlenecks in production. Freeing Wall Street from all restrictions and driving women out of industry after the war both figured prominently in the NAM platform. Note the eerily similarity of du Pont's call for forcing women out of the workplace to Hitler's opposition to women in the workplace.

More disturbing was the call for a launching of a propaganda program in high schools and colleges and the elimination of all social programs of the New Deal. Even more ominous was a threat to sabotage war production and to undermine Roosevelt's prestige unless NAM's demands for taxes to make the poor pay for the war were met.

A quick look at the officers of the National Industrial Information Committee, the propaganda arm of NAM reads like a who's who list of fascist. J.H. Rand president of Remington Rand used newspapers to propagate lies about big labor during strikes. Walter D. Fuller president of Curtis Publishing and the man responsible for the pro-fascist attitude of the Saturday Evening Post. The pro-Franco and pro-fascist H.W. Pretis president of Armstrong Cork was listed by Attorney General Jackson as an un-American. Howard Pew of Sun Oil was exposed by Senator Gillette as the main subsidizer of the Republican Party in Pennsylvania. Pew was also a large financial contributor to the Sentinels, Crusaders and other profascist groups. With his threat to pull a big ad contract Pew was responsible for the New York Times going Republican in 1940. Colby Chester and William Warner respective heads of General Foods and McCall Corporation headed NAM during the period in which the La Follette investigation found NAM guilty of employing spies.

In congressional hearings held on March 2, 1938, evidence was entered showing that NAM was controlled and financed by 207 firms. Leading the list of firms were General Motors, du Pont, Chrysler, National Steel and the Pennsylvania Railroad. The leading contributors to NAM were also the leading contributors to a number of pro-Nazi groups such as the American Liberty League, the Crusaders, the Sentinels of the Republic, and the National Economy League. In the Senate report produced by Senator Black entitled "Special Committee to Investigate Lobbying Activities" letters from members of the Sentinels stating: "the old line Americans of \$1200 a year want a Hitler," "the New Deal is communist," and "the Jewish treat is a real one."⁷⁰

The power behind NAM was the Special Conference Committee. Twelve corporations comprised the Special Conference Committee, a secretive business organization dedicated to destroying unions and promoting the agenda of NAM. The twelve firms are listed as follows: ATT, Bethlehem Steel, E.I Du Pont de Nemours, General Electric, General Motors, Goodyear Tire, International Harvester, Irving Trust, Standard Oil of N.J, U.S. Rubber, United Steel and Westinghouse.⁶⁸ They met in the offices of Standard Oil, 30 Rockefeller Plaza. With one possible exception all of the corporations listed supplied the Nazis with arms.

In 1943, Colombian University Professor Robert Brady described the Special Conference Committee as follows:

"The most important line of policies within NAM, in short, seems to be traceable directly or indirectly to this inside clique within the inner councils of the organization...Nowhere else is shown so clearly the dominating positions in the NAM of concerns such as those which are members of the Special Conference Committee. Public relations techniques were born, nurtured and brought to flower within these ranks". They met in the offices of Standard Oil, 30 Rockefeller Plaza.⁶⁹

The Civil Liberties report produced by a Senate committee led by La Follette and Thomas described the Special Conference Committee as a secret coalition in direct furtherance of the specific forms of company union by Colorado Fuel and Iron, the Rockefeller corporation involved in the Ludlow massacre.

According to Seldes, the thirteen most powerful families in the United States and members of NAM are as follows: Ford, du Pont, Rockefeller, Mellon, McCormick, Hartford, Harkness, Duke, Pew, Pitcairn, Clark, Reynolds and Kress. Of these, five were involved in the plot of against Roosevelt: du Pont, Mellon, Pew, Pitcairn and Clark.⁶⁷ With the possible exception of three, all of these families had close connections with fascism and arming Hitler.

NAM was more than just a mouthpiece for the fascist elite. It was also a bridge group between classes. Just as in Germany the real power behind the Nazi movement were the rich financial backers. The legions of brown shirts making up the majority of the Nazi membership came from the lower classes however, they were controlled and directed by the upper classes that charted the party's policies. The same was true of the fascist movement in the United States. The following example of how NAM bridged this gap between classes with the Black Legion, and even more importantly, between the nativist groups and fascism.

1

The membership of the Black Legion in Michigan's Oakland county were mostly unskilled and semi-skilled workers, who had migrated to the Detroit area from the hill country of the south. They were unused to an urban environment. The insecurity and monotony of factory work, rendered them eager to join an organization that promised power and adventure. The following quote characterizes the average Black Legion member.

"He came from a small farm in the South. He had gone through grammar school, though he had not received a high school diploma. Married, the father of two children, working on construction or as unskilled labor in a steel plant or auto assembly line, he never came to reconcile himself to city life or industrial work. His greatest concern was obtaining and holding a job for his family's sake. To the general insecurity of the times was added the fear that alien labor might displace him. Detroit had a large immigrant labor population and this offered further justification for the traditional nativist dislike of alien groups."³⁰

The upper levels of NAM made references to the alien nature of unions, calling unions un-American and anti-American and playing on the very fears foremost in the mind of the average the Black Legion member. In this way, NAM became a gateway between classes and between various nativist groups with fascism playing on the fears of the unorganized worker. Nor is this the only example of NAM acting as a bridge group. Many of the top John Birch officials including Robert Welch himself were officers of NAM. This association will be revealed in more detail in a later chapter. With the Birch Society, NAM created a group of far right-wing extremists controlled by former NAM officials that appealed to the poor and middle class. The John Birch Society's chain of bookstores in the late 1950s and early 1960s were directed specifically at these classes of people and served as propaganda centers for the hard right. Unlike the direct connection between the Birch Society and NAM, the Black Legion was independent of NAM. However, the Black Legion was directed and controlled to a large degree by the automakers in the Detroit area.

With almost unlimited power corporations were able to create and fund numerous fronts to hide their support for fascism. Often times these fronts would have a claim to respectability such as, we saw in the chapter on the 1920s and the American Legion. While NAM was at the forefront of propagandizing the new feckless goddess of free enterprise, other groups figured prominently as well particularly the Chamber of Commerce. Recall from the chapter on the 1920s that under the direction of Pa Watson of IBM the Chamber of Commerce took on a fascist character and was supportive of both Hitler and Mussolini.

The Chamber of Commerce authored the 1934 report, "Combating Subversion Activities in the United States," a report that became the blueprint for the repression of the left in the 1950s and the McCarthy Era.¹³ The report demanded the passage of an anti-subversive legislation, including a sedition law and urged that a special agency within the Justice Department be created to investigate subversive activities with special attention to Communists.

In 1948, the Chamber of Commerce published a pamphlet entitled "Program for Community Anti-Communist Action." This pamphlet contained detailed instruction for developing and maintaining a file system which was nothing more than a blacklist.¹⁴ Such file systems have their roots in nativism and serve as a vital ideological resource for the promoters of corporate America. Such blacklists are common among the various groups that comprise the far right since the end of the war. The Church League and the American Security Council were two of the largest compilers of such blacklists. A later chapter on the various right-wing groups will provide a more detailed accounting of such blacklists.

By most regards, du Pont's campaign for free enterprise was an overall success. Even more remarkable is the relativity short time in which it was accomplished. The press suppressed all efforts opposing this fascist campaign. One such example was the suppression of Roosevelt's State of the Union Address on January 11, 1944 in which FDR proposed an economic bill of rights, as given below:

"The right of a useful and remunerative job in the industries, or shops or farms or mines of the nation.

The right to earn enough to provide adequate food and clothing and recreation.

The right of every farmer to raise and sell his products at a return which will

give him and his family a decent living.

The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.

The right of every family to a decent home.

The right to adequate medical care and the opportunity to achieve and enjoy good health.

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment.

The right to a good education."⁴²

Nevertheless, the media suppressed this speech just as it did the "Century of the Common Man Speech" by Roosevelt's Vice President, Wallace. Note how successfully the Republicans and the hard right has been in denying these basic freedoms to the American people. Sixty years later the American people still have not gained a single one of those freedoms. The right-wing actively opposes increases in the minimum wage law; the family farmer is rapidly being replaced with the corporate farmer and social welfare has been reduced to inadequate levels. We still have no national healthcare plan that ensures everyone's basic right to adequate medical treatment. The former Mayor of New York City, Rudy Giuliani, even adopted a program in which if the homeless refuse to work they will be denied shelter and their children will be taken from them and made wards of the fascist state. The economy is dominated by big business, large corporations collectively controls the economy. In addition, the Republicans and right-wingers are feverishly trying to destroy one of the most successful programs created under FDR, Social Security. George W. Bush has even eliminated overtime pay. This is the sad state of America today. Where the Republicans can grant billions in corporate welfare to corporations but are unable to spare a red cent for a poor man, effectively condemning millions to a life of poverty with no hope of ever bettering themselves.

In the 1946 election, the Republicans gained a majority in both the Senate and the House. They immediately set out to attack labor and unions on all fronts; at one time, there were no fewer than 200 antiunion bills in the house. The Taft-Hartley Act emerged out of the fray and was passed over President Truman's veto. Republican Fred Hartley from New Jersey proposed the bill in the House. Hartley had been more than friendly with the Hitler regime and Japan if not an outright fascist right up to the day Pearl Harbor was bombed.²⁶ The act severely restricted the activities of unions and also gave corporations the right to interfere with union organizing drives and to propagandize their employees. The bill was written by lobbyists for large corporations such as General Electric, Allis-Chalmers, Inland Steel, J.I. Case and other large industrials. Numerous amendments favoring small businesses were added to ensure passage over Truman's veto. It soon became known as the Slave Labor Act. Thus, in four short years the fascist agenda of the du Ponts was marching swiftly forward obliterating the rights of labor and setting a course for corporate rule. Additionally, the pro-fascist group, Christian America was successful in passing right to work laws in several Midwestern and Southern states in the second half of the 1940s.

The passage of the Taft-Hartley Act was closely associated with the Allis

Chalmers strike of 1946 and 1947. The Local CIO 248 had succeeded in uniting its workers through tough times and had solidified the support of labor. Members of the local could look forward to increasing wages and better working conditions. Allis-Chalmers had anticipated the end of the war and was spoiling for a confrontation with the union to break unionism in Wisconsin.

Just as the media played a major role in the union busting during the Red Scare of 1919 the media would once again fan the flames of another red scare. The Milwaukee Sentinel, a Hearst newspaper would play a critical role. On September 23, 1946, the Sentinel launched a series of articles with an expose of Communist in Local 248. An Allis-Chalmers speechwriter secretly wrote the article. Company management soon got another boost from Charles Wilson, the head of General Electric and former vice chairman of the War Production Board stated.

"The problem of the United States can be captiously summed up in two words: Russia abroad and Labor at home." Charles Wilson October, 1946.

Allis-Chalmers would combine elements of communism and labor to break one of the nation's most important post war strikes. The extreme right-wing, Maz Babb and Walter Geist headed Allis-Chalmers' management; successive presidents were leaders of the pro-Nazi America First group. Harold Story was head of labor relations at Allis-Chalmers and was instrumental in writing of several of the provisions of the Taft-Hartley Act. After leaving the company Story was elected to the Milwaukee School Board and led the anti-integration forces.

The post war period was marked by a spate of anti-unionism from the pro-fascists. Several states passed right to work laws from intense lobbying pressure from the fascist group, Christian America centered about the Kirby family of Texas. By 1950, labor had clearly lost, although it would be another eight years before union membership peaked.

By the time the Freedom Train began to roll across America in 1947 one of the freedoms it touted in an exhibit was the right to free enterprise, two of the freedoms that FDR held dear were replaced with this non-existent freedom. Before the Freedom Train had completed its journey across the country, the right of unions to assemble had been severely curtailed with the passage of the Taft-Hartley Act. No mention was made of FDR's Economic Bill of Rights. Ironically one of the other freedoms, that of free speech would be trampled the most in the following years by the feet of Joe McCarthy. The remaining freedom of religion would be employed in the war on the home front for free enterprise and fascism. The inclusion of this exhibit in the Freedom Train could serve no other purpose other than to spread the propaganda for the false god of free enterprise.

The second prong attack on communism was even more of a success. The adoption of the basic tenets of fascism in 1942 by the right-wing in America would propel the world to the brink of a nuclear holocaust during the Cold War. It would lead to one of the most repressive decades in the history of the country, the 1950s and the McCarthy Era. This embracing of fascism by the right was led by two factions, the rich industrialists within this country and the CIA's reliance on Nazi war criminals in the post-war era. A later chapter will detail the role of Wall Street, the CIA and the Nazi war criminals, the remainder of this chapter concentrates on the role of the

domestic fascists.

This plot against freedom by du Pont would not have succeeded without the aid of the pro-Nazi congressmen. It was a pro-fascist House member, Fred Hartley, who was one of the authors of the anti-union Taft-Hartley Act. In addition, it would be another pro-fascist congressmen who would head up the attack against communism, which was really an attack on any ideology to the left of fascism, just in the Great Red Scare of 1919.

4: The Nazis Run for Cover

Perhaps the most influential congressman in aiding the du Pont's free enterprise was Martin Dies. As already covered in the previous chapter Dies set about sabotaging the search for fascists by the House committee and instead started a witch-hunt for reds. Remember that it was a Republican committee from Minnesota led by some of the leading industrialist of that state that asked Dies to investigate the communist influence in the Farmer-Labor Party. Both the FBI and the Dies committee were guilty of pursuing reds over fascists. Both did investigate a few fascists but the emphasis was the investigation of communist.

Ironically, the communists posed a very minor threat compared to the fascists. The results from the 1936 election can readily attest to this fact. In 1936, the pro-fascist candidate, Lemke polled 8882,479 votes — eleven times the vote total of the communist candidate.⁸³ In fact, the Communist Party vote in 1936 had declined twenty percent from the previous election in 1934. Other polls from the era confirms that the threat was from the right and fascism and not the communism or left. Polls of college professors of the time reveal a deep intolerance by the conservative faculty. One poll revealed that 35 percent of the professors would omit facts from textbooks that might lead to criticism of the social order. Another poll found that 48 percent of the professors favored deportation of aliens who criticized the constitution.⁸⁴

Hoover was estranged from Dies after Dies leveled charges that the FBI had bungled the en masse arrest of the veterans of the Spanish Civil War and the subsequent dismissal of their indictments. The arrest of these veterans who volunteered to fight fascism while the right wing still was still apologetic to the cause of Hitler stands as an one of the greatest injustices of the 20th Century. Their arrest was based solely on their political views since most members of the Abraham Lincoln Brigade were either socialists or communists.²¹ In effect, their only crime was their political views. These veterans of the Abraham Lincoln brigade suffered throughout their lifetime at the hands of Hoover and the FBI. As late as the 1990s the FBI was still keeping them under surveillance. Dies even went so far as to red-bait Attorney General Jackson, citing his support for such groups as the American League for Peace and Democracy and the League of American Writers as communist fronts.

Thus, to further the du Ponts' free enterprise the same whipping boy that was used following WWI to protect the interest of the rich elite was invoked— the menacing hordes of godless reds. With fascism fanatically opposed to communism, socialism and liberalism, this could only magnify and encourage the fascist groups. One of the first groups charged with being infiltrated with communist were labor

unions, just as the case had been after WWI. One of Dies' first and primary targets within the labor movement was Harry Bridges. Bridges was finally deported in 1945 after ten years of harassment by the Dies Committee and the FBI. Dies extended his attack on Bridges to a sweeping attack against the Labor Secretary, Frances Perkins.²²

Dies and his committee also attacked the New Deal extending their attack on communism to include liberal elements. One target within the New Deal was the President's wife, Eleanor. Working covertly the FBI would leak derogatory information about her to right wing publicists.²³

Other targets of Dies were California Democratic nominee for governor, Culbert Olson and United States Senator Sheriadan Downey. In this case, Harper Knowles brought the charges before the committee from the private sector. Knowles claimed to be a representative from the Radical Research division of the American Legion; in reality, he represented a fascist connected organization, Associated Farmers Inc. The Radical Research division was created in the 1920s during the Red Scare. The Radical Research division targeted union organizers and any group from the left that was perceived as a threat to business. Most of these radical research groups within the Legion were first formed following WWI and were partially responsible for fanning the flames of the Great Red Scare of 1919.

Downey's Republican opponent in the upcoming election was a millionaire landowner and member of the Associated Farmers. One agenda of the Associated Farmers was to ban John Stienbeck's *Grapes of Wrath* from the California public libraries. Knowles went on to found the Western Research Foundation, a blacklist operation that figured prominently in the 1970s and 1980s.²⁴

One final example will establish just how psychopathic Dies was and the extent of his red hysteria. The case centered on J.B. Mathews's charges of communist influence in the consumer movement. Mathews and Fred Schlink had been consumer advocates until Schlink's employees unionized and formed a rival Consumer Union. Mathews timed his release to coincide with a 1939 Federal Trade Commission (FTC) decision to cite Hearst's *Good House Keeping* for fraudulent advertising. At least one manufacturer claimed the seal could be obtained simply by placing ads in *Good Housekeeping*. Other manufactures claimed the seal would be withdrawn if their ads were canceled. The FTC decided to act due to the complaints from retailers and manufacturers. Hearst launched a massive anticommunist advertising blitz and Dies threatened to open an investigation into the consumer groups.²⁵ Since, these housewives and other manufactures were threatening corporate America they were branded as communist and had to be discredited. It simply never occurred to Dies that these housewives could have legitimate complaints about a product. They had to be godless reds and their movement silenced.

With the nation involved in a global war with all resources directed to winning it, the efforts expended by the FBI and the Dies Committee chasing communists were squandered. As each focused primarily on communists the fascists were left unmolested for the most part. Only a few minor fascists were ever indicted on sedition and even fewer found guilty. Nor was there any effort to investigate corporations trading with the Nazis after the Truman committee. Resources in short supply and directed at red-baiting could have been better utilized against the source of funding for the fascist groups and the corporations that continued to supply

Hitler's war machine.

In 1944, Dies voluntarily chose not to seek reelection. This, however, would not be the end of his radical right-wing activities. During the late 1950s and early 1960s he was one of the contributing editors of *American Opinion*, the tabloid rag published by the John Birch Society. Another of the contributing editors was Hans Sennholz, a former Luftwaffe pilot who taught economics at Grove City College. This institution was heavily subsidized by J. Howard Pew Sun Oil executive and a huge benefactor of far right groups throughout the 40s and until his death.³⁶

On convening the new Congress on January 3, 1945 racist Mississippian John Rankin offered an amendment to the rules of the old Congress making the Dies Committee a standing committee and increasing its membership to nine. Thus was born the most notorious congressional committee of all time. The House Committee for Un-American Activities would span another thirty years before finally being dismantled in the mid-1970s following the Watergate and COINTELPRO scandals. Unlike with the Dies Committee Hoover and the FBI would cooperate fully with the new committee, using it to launder illegally obtained information from wiretaps, blackjobs and other dubious and unconstitutional methods. A later chapter will deal with the abuses of the HAUC and McCarthyism. For now it will suffice that HAUC like the Dies Committee was only interested in destroying the left wing; the right-wing extremists and fascists would be protected along with corporate America.

Although du Pont's fascist campaign for free enterprise was an overall success in wresting control of Congress from the liberals in the 1942 election, the new year brought forth a change in the fortunes of war. Hitler's troops were trapped at Stalingrad. Montgomery's troops had defeated Rommel at El Alamein. In the South Pacific, the U.S. Navy had dealt the Japanese fleet defeats at Midway and in the Coral Sea. Germany and its Axis partners were clearly defeated; it would only be a matter of time before they were forced to surrender to the allies.

With the imminent defeat of Nazi Germany pending in 1943 corporate America had to cover its tracks. The same corporations that were guilty of delaying war production in the sit-down strike and sponsoring pro-fascist groups at home were also guilty of knowingly trading with the Nazis during the war. A massive change in tactics was required to protect themselves from sedition or treason charges following the conclusion of the war. The change in tactics is clearly marked by three notable aspects. First, it marked the beginning of targeting those within the government that were fully opposed to fascism. Many of those within the Roosevelt administration or in the halls of Congress that called for the complete destruction of fascism were discredited, forced to resign or targeted for defeat in elections by corporate America. In the short span of this and the previous chapter several dedicated public servants who fought passionately against fascism were dismissed or otherwise discredited at the hands of the native fascists.

Below is a sampling of these individuals and the date of their dismissal. The list is by no means complete; hundreds of others suffered the same fate.

Individual	Year Removed
William Maloney	1942
John Rogge	1946
Summer Wells	1943
Jerry Voorhis	1946
Norman Littel	1944
Harry Dexter White	1948

Secondly, it marked a distinct change into an openly and aggressive antagonistic attitude toward our Russian ally by the right-wing within America led by J. Edgar Hoover. Hoover would crisscross the country delivering speeches against the evils of communism. As previously noted, Hoover gave many speeches against communism from 1941 to 1945. Each speech was more inflammatory and the threat more urgent than in his previous speech. The House's Un-American Activities Committee would step up its attacks on communists leading to the McCarthy Era. Finally, many of the Nazis recruited by the CIA would intensify the fear.

Finally, the change in tactics signaled a frantic effort for a negotiated peace. While there were previous efforts for a negotiated peace in the past, most notably the effort by Texas oilman William Rhodes Davis in 1940, the new efforts clearly marked the beginning of the cover-up of corporate America's treasonous behavior. The most significant peace plan during this time was initiated between Allen Dulles and Prince Hohenlohe. The role of Dulles and his association with Nazis is exposed in more detail in the following chapters but for now to convey the treachery of Dulles the following will suffice. In 1943, Dulles began meeting with the Nazi, Prince Hohenlohe. Dulles falsely claimed to speak for Roosevelt and agreed with Hohenlohe that post war Germany should be the leader of industrial production to maintain a bulkhead against Russia. Dulles was lying because Roosevelt was leaning towards the Morgenthau Plan calling for the complete dismantling of German industry.

Dulles agreed with the Prince that it would be unbearable for any European to think that Jews might return and that there must be no toleration of a return of Jews to positions of power. Dulles also made the statement that Americans were only continuing the war to get rid of the Jews and that there were people in America who were intent on sending the Jews to Africa.

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In the course of his talks with Hohenlohe, Dulles gave away the entire battle plan for Europe. He informed the Nazi Prince that the allies would not land in Spain, but instead, after conquering Tunisia, would advanced towards the Ploesti oil fields to cut off the German supply of oil. The information that no invasion of Spain was planned was particularly useful to the Nazis. It meant the Nazi's vital supply of tungsten from the Iberian Peninsula was safe. He informed Hohenlohe that the Allies would invade Sicily to cut Rommel off.⁴⁷

In other meetings, Dulles spoke of Papal action in the area of negotiations. Later chapters will detail the Vatican's role in the surrender of Wolff and in helping Nazi

war criminals escape from Europe and justice. In the reconstruction of Germany Dulles spoke of giving preference to Bavaria and described a speech by Goebbels as a work of genius.

Noting that he was speaking for himself and other right-wing elements in America, Dulles spoke disparagingly about Churchill and the British in their talks with the Russians over the Balkans. On concluding the talks, Dulles requested that the American Embassy in Madrid to be of assistance to Hohenlohe at any time.

Dulles spent more time giving away the Allies's battle plan than in discussing the proposed German peace treaty. In effect, Dulles may have been stalling for time hoping to delay the end of the war. He was well aware of the many American corporations that were currently doing business with the Nazis and may have been buying time—hoping for a negotiated peace or at least enough time to ferry the Nazi's ill-gotten assets out of Germany.

Dulles had several Americans in Switzerland who were willing collaborators with the Nazis. Alexander Kreuter was the American Nazi collaborator who Aryanized the French Worms bank when the Nazis marched into Paris. Kreuter was likewise connected to Dillon Reed, the Wall Street firm that helped finance Hitler until 1934.

Another Dulles accomplice was Gerhardt Westrick, a partner in the German law firm associated with both Dulles brothers. Westrick secured the assets of many American corporations throughout the war from nationalization. His partner was Heinrich Albert, the head of the Ford operation in Germany. Albert received orders directly from Edsel Ford in Dearborn, Michigan after the bombing of Pearl Harbor to build trucks for the German Army.⁴⁷ Also included in the list of Dulles collaborators was the American minister in Berne, Leland Harrison, who authorized shipments of enemy oil through Switzerland as well as American oil to fuel the German army.

While the talks between Dulles and the Nazi Prince were initiated by the Germans as they saw the Third Reich collapsing into ashes around them, the talks were remarkably similar to the earlier peace plan of Davis in 1940. The only major difference was that Himmler instead of Goring would replace Hitler. In both cases the Nazis would remain in power and receive United States aid to maintain a bulkhead against Russia. It is not clear whether Dulles ever presented his peace plan to the White House, but such plans received a cold shoulder from the White House because Roosevelt was adamant in removing the Nazis from any position of power within Germany.

This wasn't the only peace effort advanced in 1943 by those claiming to represent Roosevelt. The head of the OSS, Bill Donovan, advanced another effort called the M Project. In July, Donovan ordered Theodore Morde, a former journalist for *Reader's Digest* to meet the local OSS chief in Cairo. From there, Morde traveled to Turkey to meet with another OSS agent and to make contact with von Papen through the von Papen's agent, Posth. The meeting with von Papen was arranged. The only condition for peace in Morde's plan was the arrest of Hitler. The plan was the same as the plan that Dulles had advanced earlier. It would terminate all lend lease aid to the Soviet Union and set Germany up as the dominating force militarily and industrially.

Returning to Washington, Morde wrangled a meeting with Roosevelt's speechwriter by claiming that he had been authorized by General Hurley to advance the proposed peace plan. The good general immediately denounced Morde's claims.

The general went on to state that Morde's actions were merely a thinly disguised attempt to promote the *Reader's Digest*. In a memo dated October 29, 1943, Donovan urged FDR to give Morde's plan serious consideration. Roosevelt promptly canceled the plan.⁴⁸

George Earle in Spain advanced a similar plan during the summer. Earle was a wealthy anticommunist. After the Morde plan, collapsed Baron Kurt von Lersner proposed a new plan to Earle. In this new plan, Lersner claimed to have the backing and approval of a group of German officers. This group of officers with the backing of the officer in charge of Hitler's cavalry division in East Prussia would kidnap Hitler and make a peace proposal with only one condition— that the Soviet Union be precluded from entering Germany. Roosevelt again turned down the proposal.

Other peace plans were advanced in 1943 through New York attorney Abram Stevens Hewitt. Like Morde and Earle Hewitt falsely claimed to be a Roosevelt representative. The plan was once again similar to the plans advanced by Dulles and Morde. Early in 1944, another plan was attempted through Gabrielle Chanel, the perfume magnate. Chanel was denounced as a German agent by her friend Lombardi. Chanel had attempted to use Lombardi's connections to the British royal family to advance her peace plan.

These secret and unauthorized negotiations reveal the length that Dulles and others would go in sabotaging the war effort. One thing was common to all of these negotiations; the Nazis would remain in power in Germany. By 1943, Nazi Germany was clearly defeated on the battlefield. The battles for Stalingrad and El Alamein were the turning points for the war. Allen Dulles and the others revealed their desperate plight in trying to cover up for corporate America's and the rich industrialists' collaboration with Nazi Germany. No other reason can explain their willingness to risk charges of treason or sedition, as none of these talks called for free elections in Germany. In effect, the plans centered on finding a more palatable replacement for Hitler and ensured a government that would be friendly to the corporate America collaborators.

Even more odious, these talks mark the beginning of the Cold War. Not only were the Nazis to be left in power but they were also to be rearmed to provide a bulkhead against Russian. Corporate America and the rich industrialists had to be protected at all costs against their enemies, real and imagined. The war had been very profitable for corporate America and a new war against the Soviets would likewise be very profitable. The benefits and profits of trade with Russia would be small in comparison. In effect, corporate America was willing to risk another major war that the neither the American or the Russian people wanted even if it meant pushing the world to the brink of a nuclear holocaust to inflate the bottom line.

Both Donovan and Dulles came from Wall Street. Donovan was a prominent Wall Street lawyer and was involved with the Drug Inc cartel. Dulles's role in the cartels was more extensive and is detailed in the following chapter. Both Donovan and Dulles had knowledge of the extensive involvement of U.S. corporations with the Nazis and both were in ideal positions to cover up the crimes of corporate America.

During 1943, war production peaked and thereafter declined until the end of the war. The critical phase in war production had been met and passed. However, with the decline in military orders a new problem emerged, reconversion to a consumer economy. Orders to small firms were being canceled. Once their military contracts

had been canceled, the small firms wanted to revert back to producing goods for the consumer. This set off a firestorm of protest among the "dollar a year men" with the War Production Board (WPG). They argued that allowing the small firms to reenter into the consumer market immediately was unfair and would take business away from the larger firms while they fulfilled their military contracts. In effect, big business demanded that if they had a twenty- percent share of the market before the war they should have a twenty- percent share during reconversion. The same firms that had engaged in the sit-down strike were now demanding that no reconversion take place until after the war was over.

Donald Nelson was the chairman of the WPG. In early 1943, the War Department attempted to have Nelson fired. Secretaries of War and Navy, Stimson and Knox respectively, along with their undersecretaries Patterson and Forrestal had scheduled a meeting with Roosevelt to demand Nelson's dismissal and to replace him with Bernard Baruch. Baruch was the choice of big business. His wartime plan rested on the assumption that industry itself should have the right to determine what controls were needed and to administer them as they saw fit. The ultimate end of such folly was that big business would end up with full control of the economy. The Baruch plan included special legislation to prevent the use of antitrust laws to penalize an overly-enthusiastic exercise of that power. In effect, it would grant big businesses powers over the economy that exceeded the government's power to regulate commerce.⁵⁴ By publicly firing Eberstadt, the War Department's proposed aide by to Baruch, Nelson avoided being dismissed. He later brought in Charles Wilson the president of GE, as co-chairman of the WPG.

At the center of the controversy were Donald Nelson and Charles Wilson, co-chairmen of the WPG. In the fall of 1943, Wilson made a speech warning against fascist thinking among the higher ranks of big business.⁵³ The War Department backed the ranks of the big businessmen. On July 7, Nelson received a letter from Admiral William Leahy as follows:

"We are disturbed over the existing lag in war production which, if it continues, may necessitate revision in strategic plans which could prolong the war.

In view of the major offensive operations under way on every front, it is essential at this time that there be no relaxation in war production and that deficits in deliveries be made up at the earliest possible date.

The issuance of orders at this time which will affect our ability to produce war materials is not consistent with the all out prosecution of the war."⁸⁷

In an unusual move, the letter was published on July 9. Of course, the letter was an appeal to the public and not to Nelson, as contracts were already being canceled by the War Department and others were not being renewed. Leahy was hoping to panic the public into opposition of the WPG's policies on reconversion.

By 1944, those that supported the fascist line of corporate rule had clearly gained the upper hand. In January 1944, Charles Wilson proposed the wedding of the military to corporate America. Wilson suggested that every large corporation appoint a liaison man with the armed forces with a commission of a colonel or above in the

Reserve. The liaison man would coordinate industrial production to meet the military's need. Experts from his proposed wedding follows below.

"First of all such a [preparedness] program must be the responsibility of the federal government. It must be initiated and administrated by the executive branch—by the President as Commander in Chief and by the War and Navy Departments. Of equal importance is the fact that this must be, once and for all, a continuing program and not the creature of an emergency. In fact one of its objects will be to eliminate emergencies so far as possible. The role of Congress is limited to voting the needed funds...

Industry's role in this program is to respond and cooperate.... in the execution of the part allotted to it; industry must not be hampered by political witch-hunts, or thrown to the fanatical isolationist fringe tagged with a merchants of death label."⁸⁸

Note how Wilson denigrates the role of Congress to merely providing the needed funds. Under such a system no congressional investigations would be possible. It would completely remove the checks and balances provided in the constitution. Fraud would become widespread under such a system since there would be no congressional investigations into \$800 toilet seats or any other items.

The war had been good for the largest corporations as previously shown by the increase in the large corporations' employment figures. Profits for these same corporations had skyrocketed to dizzy heights and the largest firms were of the mind to ensure that they continued to do so.

However, even more ominous is the fact that before Eisenhower's troops stormed the beaches of Omaha and Normandy, the war against fascism was lost on the home front. As Wilson's words embraced the very heart of fascism and the power that ruled Germany, the military-industrial alliance of Nazi Germany. In effect, Wilson's proposal was the same as Germany's Economic High Command that allowed Germany to wage total war.

Wilson's proposal formed the very basis of what so alarmed Eisenhower a decade later, the military-industrial complex. It would become the nerve center from which the Cold War could be waged. Wilson's proposal wanted to remove all oversight of corporations from Congress. Congress would be removed from approving new weapon systems, investigating the misappropriation of funds, and investigating profit mongering. Such words render the elegant debates of Hamilton, Madison, Jefferson and other founding fathers granting Congress the sole ability to wage war and appropriate funding mute.

There was also another crisis facing large corporations. As 1944 continued to pass it became clearer and clearer that the Axis powers were defeated and it would only be a matter of time before they surrendered. Orders for war munitions continued to decrease. Once the war was over there would be an enormous supply of government-built factories and manufacturing facilities up for grab. The same large corporations that had engaged in the sit-down strike and had frozen out smaller firms from engaging in defense production wanted to retain the ownership of these facilities. However, these facilities had been built solely with government funds because the large corporations had refused to invest in expanding their facilities for

the war effort. The value of the war surplus that would be up for grabs was immense, 60 billion dollars. In fact, the federal government at the end of the war owned ten percent of the industrial capacity.

The agenda of the large corporations was then to force the government to give up control of these plants or otherwise face a formidable competitor. Likewise, the corporations did not want these plants to fall into the hands of smaller firms. It would be a fire sale for large corporations, who had successfully rigged the bidding process to exclude the smaller firms. Competitive bids from firms other than those that had run the plants during the war were only rarely allowed. With competing firms successfully eliminated from the bidding process, the low-ball bids of the large corporations were accepted. The government received pennies on the dollar. In the case of government-built integrated steel plants, one company U.S. Steel got 71%. Only four corporations received the synthetic rubber and polymer plants. Eventually, two-thirds all government-built plants went to just 87 large corporations.²⁸

5: Corporate Traitors

The large corporations faced other problems with the end of the war. Many of these corporations attained their large size because cartel agreements with German firms gave them exclusive production rights within the United States while the German firms held the patents. Center to Truman's plan to remove Germany's ability to wage war and to break up I.G. Farben was the removal of patents from German hands. One executive of US Steel Corporation with extensive ties to Schmitz and Krupp attempted to reverse Truman's policy. The executive called for an immediate opening of the German Patent Office and for prohibiting inspections. The opening of the patent office, along with a ban on searches, would have been disastrous for the decartelization and de-Nazification programs.⁸⁶

The end of the war would also reveal the many crimes of a corporate America willingly supplying the Nazis with war munitions. The dealings between corporate America and the Nazis during the war occurred with the direct knowledge of the American corporate headquarters and often times at the direction from the head office. Forget the rubbish that these poor corporations were forced to cooperate with the Nazis. Generally, nothing could be further from the truth. Many of these corporations went to extraordinary measures to remain in control of their assets in Germany fully cooperating with the Nazis even if it was a violation of the law and all moral principles.

Once again, the media would play a central role in concealing from the American people the truth about corporate America. Perpetrating another red scare on the country would conceal the truth. The words of Charles Wilson during the Allis-Chalmers strike spoke of only two problems unions and communism. These two issues would frame the issues in the media into the next decade. Union members would be forced to sign loyalty oaths, as would government employees and even teachers. Russia was a new menace and there would be no reports in the media of Ford building trucks for the Nazis or of any other American corporation aiding the Nazis. .

Up until recently the media has led the American people to believe that only a handful of American corporations ever invested in Germany or dealt directly with the Nazis. But a recent article puts the number of American corporations involved with supplying the Nazis at more than 300.⁵⁵ However, even this article while particularly damaging for Chase Bank as well as to Ford and General Motors, is shamefully apologetic to corporate America and plainly inaccurate on other accounts. It shamefully tries to exonerate one of the most notorious fascists in America during the war, the du Ponts by suggesting they did not invest in Nazi Germany after the 1930s. The reality is that the du Ponts had several cartel agreements with the Nazis and were openly pro-fascist supporters in this country.

Another recent article coming from German investigators states that 26 of the top 100 firms in the U.S were guilty of serious war crimes. One report is particularly damaging for Ford and General Motors indicating that US lawyers now have direct evidence of the companies both knowingly using slave labor and having closely collaborated with the Nazis. The lawyers are currently considering filing a possible class action suit.⁵⁶ Additionally, this news wire substantiates that many of the links between corporate America and the Nazis began in the 1920s (as presented in an earlier chapter).

The first article mentioned above details the actions of John Foster Dulles and Sullivan & Cromwell, that helped conceal Nazi ownership of the U.S. subsidiary of Bosch. They concealed the real ownership by drafting a voting trust agreement making the Wallenbergs' Enskilda Bank a dummy owner. Here is another example of I.G. Farben's practice of *tarn*. The fraud worked throughout the war, but in 1948 Bosch's American subsidiary was forced onto the auction block. This is but one of many such frauds involving the actions of Sullivan & Cromwell, as well as both of the Dulles brothers.

These articles provide good examples of unlawful conduct on the part of the American corporations. The use of slave labor by Ford and General Motors and the seizure of Jewish accounts by the Paris branch of Chase Bank are typical of the crimes corporate America committed during the war. To understand fully how such crimes against humanity have gone unpunished for half a century, one needs to follow the money trail beginning with the Bank for International Settlements (BIS). Such a look at international financial intrigue paints a vivid picture of the dangers of the World Trade Organization and how it currently imperils freedom globally.

The world's central banks originally, including the Federal Reserve created the BIS in 1930. The BIS was originally inspired by Hjalmar Horce Greeley Schacht who later became the Nazi Minister of Economics and president of the Reichsbank. Schacht was raised in Brooklyn and retained powerful Wall Street connections. He foresaw the rise of Hitler and the advent of WWII. Even before Hitler rose to power, Schacht pushed for an institution that would retain communication and collusion with the world's financial leaders in the event of war. Thus, it was written into the BIS's charter that BIS would be immune from seizure even if its owners were at war.

One of the owners of BIS was the Morgan-affiliated First National Bank of New York. The Morgans had extensive connections with the BIS. The BIS established purpose upon its founding was to provide the Allies with reparations from WWI as part of the Young Plan. Owen Young was a Morgan banker. The Morgans were involved in the fascist plot against FDR in the 1930s. In addition, Wendell Willkie

was on the BIS board of directors and Willkie was the candidate of choice among the native fascists group to unseat Roosevelt.

Here is the crux of the power. Immune from seizure, the bank was free to act as it wished under whomever retained control of it. Citizens of other countries and indeed even the governments of other countries were powerless to oppose the bank or its actions. Instead, the bank was free to hold the world at the mercy of its knighted financial autocrats.

Granting such powers to any institution is foolhardy at best and a mistake that should never be repeated. However, after more than fifty years, the world has yet to learn. Currently the world's financial knights are once again reengineering the BIS in the form of the Multilateral Agreement on Investment (MAI), GATS and other free trade agreements. In effect, all of these so-called free trade agreements would override the Bill of Rights and hold a country responsible for any losses a corporation would receive by any legal action initiated by the country or its citizens. Further, these trade agreements prevent a country from withdrawing from it by assessing penalties for lost income for up to twenty years after a nation withdrew. Again, the media is playing the role of an obedient lap dog for its corporate masters. The media has done such a good job in killing the story on MAI and its ramifications that most Americans have not heard of it. The reader is urged to become informed of the negative consequences of the MAI and the other free trade agreements and oppose them before another fascist institution can unleash its horrors on an unsuspecting world.

The danger of NAFTA and other so-called free trade agreements can best be conveyed by the example of the Metalclad suit against Mexico. Metalclad, a U.S. waste disposal company had bought a closed dump site in the north-central state of San Luis Potos that had been plagued in the past with problems. The purchase included an agreement for the cleanup of the past problems and leaks. The site sat atop an underground aquifer that provided water for a good deal of this arid region. The governor of San Luis Potos had an environmental audit conducted on the site. The audit concluded that the site would contaminate the underground water supply and, therefore, refused to let Metalclad reopen the site.⁵²

Metalclad then filed suit against Mexico for \$90 million dollars under Chapter 11 of NAFTA. The tribunal set up under NAFTA awarded Metalclad \$16.7 million dollars. The crux of the ruling is that under these free trade agreements, the cost of environmental regulations are shifted from the corporations to the governments and to bypass the legal system in the signature countries. In other words, the cost of environmental regulations and clean up was socialized, freeing corporations from their costs. These free trade agreements are unconstitutional as they set up a tribunal of corporations as the final arbitrator in any dispute and fail to recognize the court system in any of the signature countries.

By the outbreak of war, the BIS was under the control of Hitler. Directors of the BIS included: Thomas McKittrick, an associate of the Morgans; Herman Schmitz, head of I.G. Farben; Kurt von Schroder, head of the J. H. Stein Bank of Cologne and leading financier of the Gestapo; Walther Funk, president of the Riechsbank; and Emil Puhl, vice president of the Riechsbank. In May 1946, at the Nuremberg Trials, Walter Funk testified that Puhl had been offered a major post at Chase in New York shortly before Pearl Harbor. Such an offer by Chase to a leading Nazi banker reveals

the callous disregard of any moral principles by Chase. Surely at such a late date with Europe already embroiled in war Chase could not be oblivious to Nazi atrocities and aggression.

The first president of the BIS was Gates McGarragh formerly of Chase National Bank. During the first two years after Hitler's assumption to power, McGarragh was instrumental in financing the Nazis through the BIS. In 1940, McKittrick held a meeting at the Riechsbank with Kurt von Schroder and the Gestapo discussing means to continue doing business if war broke out. On February 5, 1942, two months after the bombing of Pearl Harbor, the Riechsbank and the German and Italian governments approved orders that permitted McKittrick to remain in charge of the BIS. One of the documents of authorization simply stated, "McKittrick's opinions are safely known by us."⁵⁷ In response, McKittrick gratefully arranged a loan of several million Swiss Francs to the Nazi puppet governments of Poland and Hungary. On September 7, 1942, McKittrick issued the first annual report after Pearl Harbor read it to an empty room. In doing so, he could report to Washington that no Nazi directors were present. The report was purely Nazi propaganda assuming an immediate peace in favor of Germany with a sizable distribution of American gold to stabilize the German Mark. In the spring of 1943, McKittrick traveled to Berlin in violation of U.S. law after meeting with Leon Fraser of the First National Bank of New York and the heads of the Federal Reserve. His mission was to provide Emil Puhl with secret intelligence on financial problems and high-level attitudes in the United States.⁵⁷

On March 26, 1943, liberal California Congressman Jerry Voorhis entered a resolution in the House of Representatives calling for an investigation of the BIS. Congress failed to consider the matter. Voorhis was a liberal Californian representative and supporter of the New Deal and a relentless opponent of fascism. In 1945, Voorhis attacked the policy of placing men who had been officers of American companies tied to I.G. Farben in the Office of military Government (OMG). OMG was tasked with the destruction of I.G. Farben. One such person assigned to OMG was Colonel Frederick Pope. Before the war Pope had been a director or top official of more than one of I.G. Farben's American affiliates.⁵⁰

Obviously, if either the BIS or I.G. Farben were opened to investigations in Congress, the risk was that many American corporations would be exposed to trading with the Nazis. Those supportive of the Nazis had but one choice— Voorhis had to be eliminated. The cabal of Nazi supporters selected Richard Nixon to run against Voorhis in the 1946 election.

At the time Nixon was an unknown outside of California and only a bit player within California. Yet Nixon received financial support from the Wall Street firm Sullivan and Cromwell.⁶⁵ With a large financial backing Nixon easily defeated the Congressmen branding him a communist. Nixon later offered the following to a Voorhis supporter.

"Of course I knew Jerry Voorhis wasn't a communist, but I had to win. That's the thing you don't understand. The important thing is to win."⁵¹

The early financial backing of Nixon and Nixon's cover-up of Nazi war criminals will be detailed further in a following chapter. In January of the following year,

Washington Congressman John Coffee introduced a resolution similar to Voorhis's resolution. Despite the continued protests calling for the dissolution of the BIS, it survived. As for McKittrick, he was amply rewarded for his treasonous behavior following the war with an appointment as vice president of Chase National Bank.

Two of the largest U.S. banks had extensive dealings with Nazi Germany, the Rockefeller- owned Chase Bank and the Morgan-controlled National City Bank of New York. Both banks handled accounts for many of the American corporations that traded with Nazi Germany during the war such as Standard Oil, Sterling Products, General Aniline & Film, and ITT.

In charge of European affairs for Chase was Joseph Larkin, a member of the Knights of Malta and a fascist sympathizer. (An abnormal number of Nazi and their supporters were members of the Knights of Malta.) Larkin, like McKittrick has a long history of aiding the Nazis. Perhaps the first example of Larkin aiding the fascist was in 1936, when he refused a \$4 million account for the Loyalist of Spain. When a similar account was opened in the Paris branch, he had the Paris branch withdraw the deposit. However, Larkin gladly accepted accounts by Franco and the Reichsbank.

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With the approach of war, the ties between the Rockefellers and the Nazi government solidified even more. In 1936, the Schroder Bank of New York entered into a partnership with the Rockefellers forming the Schroder, Rockefeller and Company Investment Bank. *Time* magazine described the partnership as the economic booster of the Rome-Berlin Axis. Both Allen and John Foster Dulles were lawyers for the resulting firm. Allen Dulles was also on the board of Schroder. Six months after the start of the war in Europe, Larkin secured \$25 million dollars for the use of the Nazi government. Accompanying the money was a detailed account of the assets and backgrounds of ten thousand Nazi sympathizers in the United States. In essence, the Nazi government was offering the sympathizers a chance to buy marks with dollars at a discounted rate through the Chase Bank. This scheme was only open to those willing to return to Germany, a rush on the German mark resulted.

Chase's support of the Nazis went even further — to outright defiance of the U.S. government and treason in the fullest extent of the word. In May 1940, New York diamond merchant Leonard Smit began smuggling industrial-grade diamonds to Nazi Germany through Panama. Roosevelt had issued a freeze on all monies sent to Europe. A few days later at Smit's request, Chase unblocked his account and allowed the funds to flow to Panama and then on to Nazi Germany.

In another instance on June 17, 1940, as France was collapsing the head of the Treasury Department, Morgenthau issued an order with FDR's approval to block the French accounts in this country to prevent the Nazis from looting those funds. Within hours, Chase officials unblocked the accounts and the funds went to South America and then to Nazi Germany.

On June 23, 1941, the FBI reported to Morgenthau that its monitoring of funds through Chase banks showed several payments to American oil companies from the Nazis. There was overwhelming evidence of Standard Oil receiving money from the Nazi government. The pro-Nazi publications from The German-American Commerce

Association disclosed connections between Chase Bank, Emil Puhl and the Riechsbank throughout 1940. Additionally, the publications revealed that the Riechsbank maintained accounts with both Chase and National City banks.

Larkin went to extreme efforts to ensure that the Paris branch stayed open even after the bombing of Pearl Harbor. Throughout the war, Larkin allowed known Nazi collaborator Carlos Niedermann to manage the Paris branch. By May 1942, Harry Dexter White had uncovered evidence that Niedermann was enforcing Nazi restrictions on the withdraw of Jewish funds.

White was arguably one of the government's most important post-war economists. He was the architect of the International Monetary Fund (IMF). However, due to his liberal economic policies as well as his relentless pursuit of the financial dealings of large corporations with the Nazis, he had to be removed. By 1948, White was unjustly branded as an agent of the Soviet Union. One of his chief accusers was Whittaker Chambers, who may have been a Nazi agent. Even with the recently released Venona tapes, no conclusive evidence exists of White being a Soviet agent as claimed in several books. White died of a heart attack three days after testifying before the HUAC committee.⁸⁹

Additional evidence shows that Larkin was directing the actions of the Paris branch at least six months after the bombing of Pearl Harbor. In fact, the Paris branch had the American accounts blocked while maintaining Nazi accounts. A Treasury report dated December 20, 1944 revealed that Niedermann was a Nazi collaborator and that the fact was known by Larkin. The report further revealed that Larkin was aware of the Nazis plan to use these accounts following the war as an instrument of German policy in the United States.

With Larkin's full knowledge, the Paris branch of Chase handled the account of Otto Abetz, the Nazi ambassador to Paris. Abetz's account was used as a funnel to pour vast amounts of money into several French companies that were collaborating with the Nazis. The money in some cases was used to support the torture of the French people. Constant communications were maintained between the Paris branch and the New York office. The following quote from a letter from Albert Bertrand of the Chase Vichy branch to Larkin in 1942 attests to the communication and shameless collaboration between Chase and the Nazis.⁵⁸

"The present basis of our relationship with the authorities in Germany is as satisfactory as the *modus vivendi* worked out with the German authorities by the Morgans. We anxiously sought and actually obtained substantial deposit of German funds...which funds were invested by Chase in French treasury banks to produce additional income."⁵⁹

After the war, Morgenthau's investigators in Paris found further shocking evidence of Chase's collaborations with the Nazis. They found that at the time of the fall of Paris in June 1940, S.P. Bailey, and an U.S. citizen and manager of the Paris office offered to immediately liquidate the branch in a patriotic gesture to Larkin. Larkin promptly fired Mr. Bailey and appointed a known Nazi collaborator. In 1946, Larkin appointed the collaborationist Albert Bertrand to the board of Chase in Paris.

In addition to the already mentioned dealings of Standard Oil with the Nazis Major Charles Burrows of Military Intelligence reported to the War Department on

July 15, 1941 that Standard Oil was shipping oil from Aruba in the Dutch West Indies to the Canary Islands. Part of his report follows.

"Standard... is diverting about 20 percent of the fuel oil to the present German Government. About six ships operating on this route are reputed to be manned mainly by Nazi officers. Seamen have reported to the informant that they have seen submarines in the immediate vicinity of the Canary Islands and have learned that the submarines are refueling there. The Informant also stated that Standard Oil Company has not lost any ships to date by torpedoing as have other American companies whose ships operate to other ports."⁶⁰

By 1941, it was well known that Standard Oil was supplying the Nazis with vital fuel. The British blockade ran the entire length of North and South America, stopping ships bound for Germany wherever possible. To elude the British blockade, Farish sent the fuel to Russia and then transported it across Asia via the Trans-Siberian Railroad to Hitler's waiting Panzers. Another route Farish devised to elude the blockade was to ship the oil to Vichy North Africa once Hitler invaded Russia.

William La Varne, a dedicated employee of the Department of Commerce, uncovered the details of Standard Oil's dealings with the Nazi airline, LATI. LATI was not subject to boarding searches by the British blockade and was used to ferry spies into the Americas, as well as to transport large quantities of propaganda and drugs into Latin America— all addressed to Sterling Products. Only Standard Oil could make these flights possible, as the trip from Europe to South America required refueling unless the airline had the high-octane fuel controlled by Standard Oil. To supply the airline, Farish changed the registration of many of his ships from German to Panamanian. Under Secretary of the Navy and vice president of General Aniline & Film (another company with extensive dealing with the Nazis), James Forestal promptly granted them immunity.

Summer Welles, a State Department employee presented a detailed report of refueling stations for Nazi vessels in South and Central America on March 31, 1941. Chief among the suppliers was Standard Oil of New Jersey and California. On May 5, 1941, the U.S. Legation in Managua, Nicaragua, that reported Standard Oil subsidiaries were distributing Nazi propaganda. Further investigations by John Muccio of the U.S. Consulate revealed that Standard Oil was distributing Nazi propaganda around the world. ⁶¹ Such were the dealings of Standard Oil at a time when Nelson Rockefeller was at his post of Coordinator of Inter-American Affairs, an intelligence agency with the mission to stop the Nazi influence in South America.

By 1944, America was seriously short on oil. The upcoming D-Day invasion would require an even greater amount and a stable supply. Lack of oil would cancel the planned invasion or imperil the troops ashore if it was not forthcoming. At the time, it cost ten cents a barrel to bring the oil up and another fifteen cents for royalties to the Sheikh of Bahrain or 20 cents for drilling in Arabia and another twenty-one cents for the royalties to Ibn Saud. However, prior to the invasion, W.S.S. Rodgers of Texas Company and Henry Collier of Standard Oil of California informed Ickes that the price for the government would be \$1.05 a barrel. This was almost double the current price. The offer was take it or leave it. Ickes was forced to accept.

⁶² The threat of an interruption of supply if the U.S. government should intervene was explicit. Even more grievous was the fact that Rodgers and Collier paid no income tax on their ill-gotten profits because they had registered their company in the Bahamas. Their profit of \$120 million dollars was made on a \$1 million dollar investment.

Such behavior is not only criminal; it is treasonous. Standard put its own self-interest ahead of the country's interest. It willingly to put the lives of GIs in danger and even ran the risk of a defeat in Europe. In effect, Standard Oil blackmailed FDR's administration for private gains. No charges of war profiteering were ever filed. Like Seldes said, the big boys are immune from prosecution.

The large faction of anti-Semitism and Nazi sympathizers within the State Department made such deals possible. One of the Nazi sympathizers with a large degree of influence in the State Department was William Bullitt. He conducted a personal vendetta against the previously mentioned Summer Welles. Welles was the most powerful force within the department against fascism and was unrelenting in his pursuit of Nazis. Welles, however, had one weakness that Bullitt would exploit; he was bisexual. Bullitt conspired with Hoover in 1940 to investigate Welles. In September, Hoover hired two Pullman porters to flirt with Welles once he was drunk aboard a train back to Washington after attending the funeral of William Bankhead. Hoover's agents then noted his drunken conversations and sexual acts. It would take until 1943 before FDR would call for his resignation under pressure from Bullitt. Welles's dismissal allowed the Nazi sympathizers full reign in the State Department and derailed his promising career. Once again, a staunch opponent of fascism was removed from power. However, FDR was so outraged at Bullitt that his influence was rendered impotent.

Early in 1942, the Standard Oil representative in Berlin, Karl Lindermann, held a series of urgent meetings with the two directors of American ITT in Germany, Walter Schellenberg and Baron Kurt von Schroder. Schellenberg was also the head of the Gestapo's counterintelligence and von Schroder was a director of the BIS. As a result of these meetings, Gerhardt Westrick, the CEO of ITT in Nazi Germany flew to Madrid to meet with Sosthenes Behn the founder of ITT. The meeting centered on how links with the Gestapo and ITT could be improved and how ITT could improve the entire Nazi telephone system and a host of war munitions. Westrick was also an associate of John Foster Dulles. He not only represented ITT but also served as an agent for Ford, GM, Standard Oil, the Texas Company, Sterling Products and the Davis Oil Company, all of which were guilty of trading with the Nazis.

The fascist government aided Behn because of his system of assuring politicians "promising plums" on his boards of directors. One such example was his Spanish chairman, the Duke of Alba, a major supporter of Franco and Hitler. Behn was closely connected with the Circle of Friends of the Gestapo through Henry Mann of the National City Bank. Behn increased his donations to the Circle of Friends after Pearl Harbor. Besides owning ITT Behn acquired a 28-percent share of Focke-Wulf company. With the aid of ITT, Focke-Wulf was able to improve the accuracy of the German bomber squadrons and later had a hand in the V2 that menaced England.

After the bombing of Pearl Harbor Behn, entered into an agreement with the Nazi government, which was essentially a partnership of an American corporation with the Nazis. The agreement prohibited the Nazis from acquiring the shares of ITT, but made the Nazis administrators of those shares. Behn and his directors made

repeated requests for licenses to allow his companies in neutral countries to trade with the Nazis. Morgenthau refused all attempts, but in open defiance to the U.S. government Behn proceeded anyway.

Besides providing as many as 50,000 fuses a month for artillery shells and bombs for Nazi Germany, Behn operated a worldwide communications network that continued to serve as a conduit for Nazi propaganda throughout the war. ITT's operations in South America were infested with Nazis, who oftentimes were in charge. However, perhaps the most grievous act of ITT during the war was in providing with Nazis with highly sophisticated communications equipment. This equipment allowed the Nazis to break the U.S. diplomatic code. In 1945, a special Senate committee on international communications was set up with Burton Wheeler as chairman. In the appendix to the report, an extensive dossier revealed the co-ownership of RCA and ITT with Germany and Japan. No one noted the significance of the report. As always, the big boys supporting Nazis were immune from prosecution. In fact, shortly after the war Behn receive millions in payment for his war-damaged plants in Nazi Germany—the very same plants that manufactured artillery shells that rained down on the GIs at Normandy and throughout the war.⁶³

One cannot discuss Nazi Germany without mentioning I.G. Farben, the giant chemical firm responsible for the manufacture of Zyklon gas used in the concentration camps. In 1929, Hermann Schmitz, and joint chairman of I.G. Farben along with Max Ilgner, Walter Teagle, Edsel Ford and Charles Mitchell of National City Bank set up the American Farben organization. In 1931, Herbert Hoover hosted Schmitz in the White House sharing his view that Russia must be crushed. Hoover had lost his extensive oil holdings in the Russian revolution. Schmitz was able to sell \$13 million dollars of debentures through National City Bank in one morning, a large feat in the middle of the depression.

In 1932, Schmitz joined forces with Kurt von Schroder of the BIS. Schroder was a fanatical Nazi and director of the private bank J.H. Stein. Schroder was also an SS man linked closely with Wintrop Aldrich of Chase Bank, Walter Teagle of Standard Oil and Behn of ITT. Schroder was also the person who set up the meeting between Hitler and von Papen that led to Hitler's appointment as chancellor. Schroder was also instrumental in setting up the Circle of Friends of the Economy, a fund for the Gestapo under Himmler's control. Representatives of ITT and Standard Oil were also members.

American I.G. owned General Aniline & Film and Ozalid a blue print firm. General Aniline & Film supplied the army with the khaki dye it used and supplied the navy with the blue dye it used. This gave Schmitz's salesmen the perfect cover for spying on U.S. military bases. Also connected through General Aniline were Agfa and Ansco, a huge film corporation. This later firm provided the army and navy with their private training films and photographs of secret installations. Every blueprint from Ozalid was sent to Berlin. In 1939, with war raging in Europe all references to I.G. were dropped and the company was transposed into I.G. Chemie, a Swiss corporation controlled by Schmitz's brother-in-law with the aid of the National City Bank of New York and Chase Bank. The board of the new corporation still included William Weiss of Sterling Products, Edsel Ford and in the place of Teagle, James Forestal, who was soon to become the Undersecretary of the Navy. Another board member was former Attorney General, Homer Cummings, and leading defense lawyer for the newly

transformed corporation. Cummings supplied Thomsen, the Nazi government's *Chargé d'Affaires* with Roosevelt's plans for Germany. In a telegraph marked "Top Secret" to Germany from Thomsen, Cummings had revealed the plans of FDR to deal with Germany. Eventually the firm was placed under government control for the duration of the war. General Aniline & Film was placed under the directorship of Leo Crowley a friend of big business and big money.

Norman Littell, an antitrust lawyer in the Attorney General's office, pursued Sterling Products relentlessly. It particularly galled him that Sterling withheld the Bayer patent for atabrine, a quinine substitute. Thousands of GIs died needlessly from malaria for the lack of quinine or atabrine. Quinine became especially scarce after the Japanese seizure of the Dutch East Indies. However, atabrine was freely available to those on the list of Proclaimed Customers in South America but Crowley refuse to release it for use by American soldiers.

Like many strident anti-Nazis, Littell's enemies eventually forced FDR to dismiss him. However, just prior to Roosevelt's death he asked to meet with Littell in the Oval Office. FDR told Littell that he would like to see Biddle impeached for treason but in his present weakened physical condition, the task would be too difficult. In 1945, Littell found support for an investigation of Sterling Drug in Congress. Al Smith of Wisconsin and Jerry Voorhis of California entered Littell's charges into the Congressional Record and demanded a full-scale investigation. The investigation never took place. Within a few days of the resolution, Biddle quietly resigned and ironically took the post of prosecutor at Nuremberg.⁶⁴

Thus, Littell faced the same fate as many of the other anti-Nazis within the Roosevelt administration who were forced to resign with careers ending in a shipwreck due to pressure from unseen forces. The process of purging the stringent anti-fascists from government continued into the 1950s, climaxing perhaps with the trial of Alger Hiss.

Yet most of the pro-Nazis successfully managed to rehabilitate themselves thanks to the same unseen forces with more power than the President. As already noted in this chapter, many of the pro-Nazi bankers received choice promotions following the end of the war. Many pro-Nazi Congressmen remained in office for years after the war. Even the pro-Nazi publisher Dewitt Wallace was rewarded with an overnight stay in the Lincoln Bedroom during Nixon's administration for his pro Nixon slant in the Reader's Digest as well as his large campaign donations. (Note the Republican's silence of this during Clinton's terms.) Wallace personally gave Nixon more than a hundred thousand dollars. Meanwhile, Wallace's rag managed to contribute even more by smuggling the money in through the Bahamas.⁶⁶

Not a single American corporation or American businessman guilty of supplying Hitler's war machine during the war has ever seen trial in over fifty years since the end of the war.

6: Nativist Adopts Fascism

Besides a well-funded propaganda campaign by the pro-fascist forces within the United States and the decidedly pro-Nazi slant of many of the nation's leading newspaper chains, the lack of education was a contributing factor. During the 1930s, most Americans lacked a high school education. Even the typical GI was equipped with only an eighth-grade education, thereby justifying the need for the previously mentioned Army Orientation Program. The tables below from a 1964 study details the association of racism with education and religion.²⁹

Education	Percentage Prejudiced	Income	Percentage Prejudiced		
8th Grade	60	Under \$ 5,000	53		
High School	50	\$5,000-9,999	44		
Some College	32	\$10,000-14,999	44		
College Graduate	27	\$15,000 and over	40		
Religion	Percentage Prejudiced	Religious Commitment	Percentage Prejudiced	Age	Percentage Prejudiced
Catholic	39	Low	38	Under 35	44
Liberal Protestant	46	Moderate	38	35-54	45
Fundamentalist	53	High	62	54 and over	55

Other polls have shown that anti-Semitic and intolerance mirrors the results in the table above. Note that the modest gains made by the civil rights movement up until the time of the study reduced the level of prejudice. This is readily apparent by looking at the level of prejudice by age. We see that lower income earners were more likely to hold prejudicial view, a view consistent with the profile given earlier for the typical member of the Black Legion. The typical Black Legion member was poorly educated and came from the hill country of the South. Likewise, the Black Legion was composed mainly of members with a high level of commitment to their fundamentalist religion.

The three largest effects on the rising level of prejudice were lower education levels, the amount of religious commitment and the type of religion matching the profile of the Black Legion members. Not only does the religious group effect affect the level of prejudice, but also with a rising level of commitment the level of prejudice increases implying that religion itself was inherently racist. Considering the close relationship between the Klan and religion presented in an earlier chapter this should not be surprising. By looking at the level of prejudice, one can see that the

fundamentalists exhibit the highest degree of prejudice in line with the heavy concentration of such religions in the South. The reader should not be surprised by such an implication; churches and religion were used as agents to enforce segregation in the South, along with the rise of the Identity religion at the hands of the pro-Nazi preachers Gerald Smith and others.

The rise of racism in the 1980s occurred after the rise of fundamentalism in the 1970s. An abundant supply of evidence exists to solidify the rising levels of racism in the 1980s and the increased numbers of fundamentalists. One such piece of evidence was the ban on interracial dating at the Bob Jones University, an issue that arose in the 2000 primary election. It is no accident that the right wing is engaged in frantic efforts to do away with Affirmative Action and efforts to pass hate crime legislation.

Even as we entered the 21st Century, evidence still abounds of the racism in religion. Look at the ministries of hate by such people as Pat Robertson or Jerry Falwell. Another indicator is the recent Baptists' position adopted at their national convention of converting and saving Jews. It is not implied that the vast number of churchgoers are bigots, but rather the bigotry exists in the leaders and fanatical followers of what has become known as the religious right.

This group of fundamentalists has carried out a twenty-year campaign of terror against abortion clinics in a low intensity urban warfare, bombing clinics and murdering staff members. If this twenty-year campaign of terror were compressed into one night, it would be no different than the Crystal Night terrorization of the Jews at the hands of the Nazis— and the voters would be demanding justice. The use of such low-intensity urban warfare spread over years has lulled Americans into a false sense of the inherent danger posed by these groups. A great many people have settled into a dangerous state of accepting the violence and actions of these terrorists, shrugging off the news of another abortion clinic bombing.

This acceptance of the violence directed toward abortion clinics was readily apparent after the destruction of the World Trade Centers on September 11, 2001. In the aftermath of the attacks on the Trade Center and the Pentagon, letters containing anthrax spores were delivered to several media sources and liberal Congressmen. However, abortion clinics and Planned Parenthood centers received a deluge of such threatening letters. Although, none proved to contain anthrax spores, the FBI showed little interest in investigating the perpetrators. In fact, abortion centers have been receiving such threats through the mail for several years with no response from the FBI.

Not even in the media is there the same sense of outraged being vented as that, which was vented over the bombings connected with the Weathermen in the 1960s and 1970s. However, a single action by Earth Liberation Front (ELF) will expend volumes of ink in the press. The media is guilty of conditioning the American public to believe that the only threat is from the left, yet Oklahoma City stands as a testament that the real threat is from the right.

As a group, fundamentalists exhibit all of the major traits of fascism, anti-liberalism, anti-socialism, anti-communism, anti-labor, extremely nationalistic, and the ultimate statist. To assuage any further doubts, following is a quote by a fundamentalist minister visiting the White House after returning from Guatemala in the 1980s.

"The Army doesn't massacre the Indians. It massacres demons, and the Indians are demon possessed; they are communist. We hold Brother Efrain Rios Montt like the King of David of the Old Testament. He is the king of the New Testament." ³¹

The quote above is a mirror of the Nazi's war on the Jews. The first step in the Nazi's final solution was to first demonize the Jews and then to openly attack Jewish businesses, homes and synagogues. This was followed by seizure of property. Only then were the concentration camps created. It is precisely this process that makes such statements as the quote above so dangerous. Racism is a learned trait; its early steps serve to desensitize society. Moreover, left unchecked once the process of desensitizing is over, open attacks on the minority groups proceed, followed by genocide as the final result. If there are any doubts of what would happen if the religious right ever came to power in this country reread the quote above one more time.

The previous example of the conversion of the Black Legion from an essentially nativist group into a fascist group is equally valid for what passes today as the religious right. In fact, the association of various nativist religious groups with the right wing of American politics goes back to the founding of the republic. This should not be surprising upon a little reflection. Liberalism in this country has always been associated with progressiveness and change, while conservatism has always been associated with maintaining the status quo. There are no other groups that are more statist than the various fundamental religious groups. At the first sign of change, they invoke a bloody crusade against what they perceive to be an onslaught of godless behavior and the work of the devil.

The history of the United States is replete with examples of nativist religious groups aligning themselves with the right wing political spectrum. Perhaps the best example would be the anti-Catholic movement starting in about 1820 and extending through the 1850s ending with the Know-Nothings. The various factions of this anti-Catholic movement aligned itself with the conservative Whigs before eventually forming their own party. In essence, it was a union of convenience between the conservative elite and the bigoted, as well as a fear that the Catholic immigrants were aligning themselves with the liberal Democrats of the time. Nor was the anti-Catholic movement simply a battle at the ballot box. At various times violence broke out, such as the riot in 1844 in Philadelphia in where a Catholic Church was burnt. Again, the members of the anti-Catholic movement during this time came from the lower classes. ³² Their effect upon elections and various legislation is simply beyond the scope of this book.

As testimony to the zeal of religious bigotry in the United States, the Know-Nothings were the largest third party ever assembled. They succeeded in electing numerous officials to Washington as well as to the state Houses. The demise of the Know-Nothings only came about through their success as the Republican Party absorbed the Know-Nothings. The anti-Catholic movement continued after the Know-Nothings's disbandment continuing right into the 20th Century and the election of JFK. In fact, the cause of the Civil War was blamed on the Catholics by many members of the Republican Party and far right groups into the 1880s. Even the assassination of Lincoln was described as a Catholic plot by some.

The present day infiltration of the Republican Party by the religious right is

nothing more than a repeat performance and a dangerous one at that. The past history is littered with examples of religious bigotry being used as an agent of repression in this country. With the Republicans focused on destroying the social welfare and safety net as well as allowing churches to dispense federal aid, the future looks extremely bleak if the country ever enters another extended economic downturn as it did in the 1980s. In fact, George W. Bush has allowed Texas to support faith-based treatment centers for drug addiction, childcare and welfare services. Such connections between religion and government are strictly forbidden by the Constitution. However, in his efforts to pander to the religious right Bush, has taken it one step further; he has exempted such faith based services from all regulation. They are free to operate anyway they choose.⁴⁹ They are free to operate in unsafe buildings, free from hiring qualified staff and free to abuse the rights of those whom they pretend to help.

Even more ominous was the secret deal cut between the Salvation Army and the George W. Bush administration in 2001. In that deal, the Salvation Army agreed to provide up to \$110,000 a month to lobby for Bush's faith-based initiative. In exchange, the Bush administration agreed to exempt the Salvation Army from all federal and state anti-discrimination laws on the hiring of gays.⁹⁰ Such secret negotiations are shameful enough. However, the Salvation Army is a member of a larger group of fundamentalists seeking to undermine the rights of gays. The Salvation Army's web site is hosted by the Christian Web portal, Christianity.com. This web portal host other such anti-gay sites such as Exodus International and Pat Robertson's Christian Broadcast Network. Nor does this web portal simply serve as a web host but there is in fact a commingling between the Christianity.com partners.⁹¹ Although, the media did report the secret negotiations, the media quickly dropped the story or relegated it to the back pages. No mention was made in the news of the Salvation Army alliance with the antigay Christianity.com.

More disturbing is the fact that Bush has chosen two men connected with the CIA's Manhattan Institute, John J. DiIulio Jr. and Stephen Goldsmith. Such actions can only further the connection between fundamentalists and hard right ministries and the CIA. These two are also connected with Charles Murray, author of the racist *The Bell Curve*. Additionally, Murray was a consultant on Tommy Thompson's Wisconsin Welfare Reform Program.⁹²

The mixing of religion with government as Bush proposes has never succeeded without catastrophe consequences as the following quotes serve to remind us.

"Thus inwardly armed with confidence in God and the unshakable stupidity of the voting citizenry, the politicians can begin the fight for the 'remaking' of the Reich as they call it." -Adolf Hitler, *Mein Kampf* Vol. 2 Chapter 1

Secular schools can never be tolerated because such schools have no religious instruction, and a general moral instruction without a religious foundation is built on air; consequently, all character training and religion must be derived from faith . . . we need believing people." [Adolf Hitler, April 26, 1933, from a speech made during negotiations leading to the Nazi-Vatican Concordant of 1933]

The Know-Nothings were not the first group of religious bigotry to penetrate American politics. Perhaps the first was the Illuminati in the 1790s. This myth of a

secret group originating in Germany with the goal of the destruction of all religion has been disproved many times in the past. Yet, it is still popular and making somewhat of a comeback in right wing circles today particularly among the Identity religion and the hard right groups that have adopted the Identity religion. Another group that has been the victim of religious bigotry throughout the history of this country is the Masons.

Anti-Semitic bigotry only began in earnest in the latter part of the 1800s as more and more Jewish immigrants from Eastern Europe entered the country. This roughly coincides with the beginnings of the Identity religion in the United States—a religion based solely on racism that would emerge from the ministries of hate of Gerald Smith and Gerald Swift in the 1930s. These two ministers of hate and Father Coughlin preached of the dangers of "International Bankers" a code word for Jews.

Both Smith and Swift were fundamental in the development of what has become the Identity religion. Smith was both a member of the Silver Shirts and closely associated with Huey Long. It is not surprising then that the Identity religion espouses the traits of fascism today. The fascist nature of those who follow the Identity religion can be seen clearly in the right-wing extremist groups that have adopted it, such as the Posse Comitatus, the Aryan Nations and others.

More interesting is how the more mainstream elements of the religious right became indoctrinated with the fascist agenda and adopted a wildly pro-business anti-union view. As previously mentioned in this chapter, the fundamentalists in the past were aligned with the right and were statist. In the past, the fundamentalists were aligned sometimes with and at other times against big business. As groups, fundamentalists and businesses are statist by nature; it's only natural for the two to align themselves together more often than to oppose one another.

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Other writers have attributed this close association to two factors: the rabid fear of the red atheist and large financial donations. The red hysteria following WWI was whipped into a frenzy by using the fundamentalists' fear of the red atheist. Unions at the time were portrayed as collectivist, socialist and finally communist in nature. Likewise, demagogues labeled unions as foreign and un-American. Moreover, each discovery of reds within the early labor movement following WWI only fanned the flames that much more. The Palmer Raids arrested more than 6,000 individuals, but in the end deported fewer than 600, as the evidence was simply not substantial enough to warrant deportation or any other charges. During the 1920s, the IWW became more associated with socialism and communism than with union activities.

During the late 1930s, the nativist and fundamentalist religious groups adopted the fascist ideology. Prior to adopting fascism, the ideology of these groups centered on bigotry and isolationism. The seed for racism and bigotry has always been a hallmark of nativist groups in the United States. Between the wars, the two largest nativist groups were the Klan and the prohibitionists. The Klan and its relationship to both racism and religion have already been covered in earlier chapters. Moreover, there was a subtle element of anti-Catholic bigotry in the prohibition movement.

However, after the war, the nativist fundamentalist groups all took on a global view with many openly calling for a new war with the USSR. Besides a global view,

these same fundamentalist groups became fanatically anti-union and anti-liberal with a pro-corporation view. Most writers simply subscribe this conversion to large financial donations from corporations and a rabid fear of atheistic communism.

Although large cash donations from corporations and the rabid fear of atheistic communism certainly were large factors in this conversion, several other factors were equally important. The abandonment of isolationism in favor of direct confrontation of communism serves as sort of a guidepost marking the division between a traditionally fundamental group and one that exposes the fascist ideology. Even during the Red Scare of 1919, the fundamentalist groups (although rabidly opposed to communism) failed to call for a direct confrontation. Instead, they believed in the fortress of America as a bulkhead against the atheistic red horde.

In studying the adoption of fascism by the fundamentalist groups, the importance of the ministers of hate during the 1930s cannot be underestimated. The influence of Gerald Winrod and Gerald Smith is still readily apparent in the religious right. Many credit the present fundamentalist movement to the work of Billy Hargis. Indeed, Hargis' Christian Crusade of the 1950s and early 1960s has had an enormous impact on shaping the fundamentalist or religious right movement. Hargis' career in many ways served as a bridge between fascism and today's fundamentalist groups. Moreover, a quick look at Hargis's career clearly establishes the link between fascism and fundamentalism.

Politically, Hargis is best known for his rabid anticommunist views. However, his career is punctuated with links to fascist groups from the 1930s and 1940s. In 1956, Hargis distributed two pamphlets, one entitled *Our 1956 Political Crisis* and the other *Stevenson and Kefauver*. Both were keyed to the election; the latter one attempted to label Stevenson and Kefauver as communists.

In the October 1959 *Christian Crusade*, Hargis states unequivocally that he called upon Winrod for help in starting his radio program. In the December 1956 issue of *Christian Crusade*, he informs his reader of a meeting he had with the publisher of the notoriously fascist *American Mercury*. The *Mercury* was financed in a large part by the founder of the Pioneer Fund, Wickliffe Draper. Draper was an extreme racist. In 1967 the Draper family became the largest shareholder in Rockwell International, a prime defense contractor. Like Draper, Hargis was a racist although he loudly denounced those who labeled him as such as liars.

However, Hargis racist views was readily apparent at his 1962 Anti-Communist Leadership School. One of the invited speakers, R Carter Pittman stated that the chief difference between Negroes in American and in the Congo is that "in the Congo they eat more white people."¹⁰⁴

Moreover, Hargis described the early civil rights movement of the 1950s as follows "segregation and racism is an artificial one instigated by the Communist." Hargis used his Christian Crusade to make out a packet of information on the Civil Rights Act of 1964. The packet was described to contain: 1. The cruel and naked facts concerning this proposal, 2. The similarity of the Bill to the Communist Party Platform of 1928, 3. How the Bill fulfills many of the demands of Karl Marx's *Communist Manifesto*, 4. The pro-communist records of the authors and supporters of this Bill.¹⁰⁵ During the Little Rock school desegregation, Hargis distributed a pamphlet written by the fascist Joe Kamp. Hargis was also a member of the racist Liberty Lobby and several other right wing extremist groups. In 1961, Hargis bought

the files of Allen Zoll. Zoll had been an associated of Gerald Smith and had founded the American Patriots Inc, a fascist group that was on the Attorney General's watch list.⁹³

The lingering influences of Winrod and Smith are readily apparent in Hargis's career. Both Winrod and Smith cast a long shadow of influence over the fundamentalist movement. Both were close associates of Harvey Springer of Englewood, Colorado. Springer was far from being just a poor country preacher; he was one of the more influential voices in the fundamentalist movement. He was one of the founding members of the International Council of Christian Churches (ICCC) and served on its executive committee until his death. The ICCC opposed the liberal World Council of Churches, deriding it as communist infiltrated. Another associated of both Smith and Winrod was Kenneth Goff, head of the National Organization of Christian Youth. Winrod was connected to several other fundamentalists that were openly fascist such as Riley, the founder of Northwestern And covered in an earlier chapter. Winrod was also closely associated with Harry Hodge a leading member of the fascist Christian American Association. Hodge used his friendship with Martin Dies to intercede on the behalf of Winrod to prevent the Dies Committee from investigating Winrod.⁹⁴

There were many other fundamentalist ministers putting forth the Nazi line throughout the 1940s. For example, William D Herrstrom of Minneapolis and publisher of *Bible News Flashes* was extremely anti-Semitic, anti-British and pro-fascist. Following the war, Herrstrom became one of the first Holocaust deniers. Other fundamentalists preaching the Nazi ideology in the 1930s and 1940s included: Harry Grube of Mobile, Alabama, R.M. Parr of Detroit, Michigan, Glen Smith of Palmer Lake, Colorado, S.J. Gear of Denver Colorado, C.K. Peterson of Phoenix, Arizona, and W.C. Love of Hazel Park, Michigan.

While several of the leading theologians of the fundamentalist movement in the 1930s and 1940s were true fascists, many others were embedded with the seed of fascism, anti-Semitism. However, there are additional factors for the adoption of fascism by the fundamental movement.

Fear of atheistic communism as typified by the Red Scare.

Large financial donations by business leaders.

Founding of religious groups by fascists, for example, the American Bible Association.

The founding of religious groups by business leaders, for example, the Church League.

A lust for power from within.

The CIA/FBI use of religious groups.

Note that the sixth factor is mostly applicable to the period following WWII and will be covered in later chapters although the association of some of the religious groups with Hoover and the FBI has already been alluded to. The first factor has already been fully covered both in this chapter and previous chapters. The purge of liberal and leftist leaders in the 1920s had one additional factor that must be considered. It dissolved any liberal influence that may have been present leaving these groups in the hands of the hard right wing extremists. Depleted of any

moderating forces these fundamental groups were more susceptible to fascist ideology.

The past is littered with various examples of business leaders making large financial donations to various church groups. Perhaps one of the largest contemporary donors to various right-wing religious groups is Bunker Hunt. Additionally, the Coors family figures prominently in donations to various conservative religious organizations. Numerous examples in the past could be cited as well. The following example will suffice concerning these grants and the agenda that comes attached. The example is the fifty thousand dollar grant made to Howard Kershner's Christian Freedom Foundation in 1950 by Howard Pew, the Sun Oil Executive. The Christian Foundation's consulting economist was none other than Percy Greaves. Greaves was a researcher for New Jersey Representative Fred Harley of Taft-Hartley fame and later became a board member of the Liberty Lobby. Kershner's foundation's primary aim in the 1950s was to indoctrinate clergy with anti-Communist and libertarian viewpoints.³⁴ Radical libertarian views are essentially nothing more than Social Darwinism, the very philosophy that Hitler subscribed to.

Another example of corporate sponsorship of religion would be the case of Harding College in Searcy, Arkansas. After returning from China, Dr. Benson assumed the presidency of Harding. Harding is operated by the Church of Christ, which opposes most modern doctrine including Darwin's theory of evolution. Benson began writing and speaking about fundamentalism attracting an ever-wider audience.

It wasn't until after the war when Benson began promoting the free enterprise agenda of du Ponts that he hit the big time. His main theme was that the free enterprise system would be lost unless corporate America could succeed in propagandizing citizens on the fundamentals of our way of life. Benson hit pay dirt the day Alfred Sloan, president of General Motors, heard one of his fundamentalist anti-labor diatribes. Sloan decided to bankroll Benson that day. In 1949, Sloan bequeathed a gift of \$300,000 to Harding. Shortly thereafter, other industrialists followed suit with more money. Among them were Charles Hook chairman of Acme Steel, and the Falk Foundation. By 1961, Harding's endowment fund totaled \$6 million with virtually all coming from corporate donors. Benson opposed all welfare legislation, was virulently anti-union and attacked anything he thought smelled of socialism, which he equated with liberalism. After the grant from Sloan, Benson established the propaganda affiliate of Harding known as the National Education Program.⁴⁰ Its sole purpose was to produce propaganda films supporting his fascist views. The largest consumers of these films came from industrial giants such as GE, U.S. Steel, Olin Mathieson Chemical Company and Lone Star Cement.³³ GE has made extensive use of these films, showing them to their employees and promoting them throughout corporate America.

No better example exists of fascists founding religious groups than the example of the American Bible Association given in the opening parts of this chapter. Nor is this the only example from the previous chapter, Christian America was shown to have been founded by fascists surrounding the Kirby family of Texas and was responsible for the passage of the anti-union right to work laws in the Midwest and South. Other examples would be Father Coughlin, Gerald Smith, and Gerald Swift, the ministers of hate during the 1930s and the pro-fascist groups that each had

founded such as the Crusaders. The Identity religion as it has evolved since the 1930s has roots grounded in fascism.

Businessmen founded other religious groups, such as the Church League formed in 1937. The Church League was co-founded by the following three individuals: G.W. Robnett, better known as an ultra rightist; F.L. Loesch, chairman of the Chicago Crime Commission and Henry P. Crowell, chairman of the board at Quaker Oats. The Church League was based in Wheaton, Illinois. For two decades, the operating director was G.W. Robnett, an advertising man whose Institute for Special Research compiled files on suspected communists and sympathizers. The other two founders feared Roosevelt's court packing and anything else related to the New Deal.³⁵ The Church League's financial supporters included the Hearst Foundation, the Coors Foundation, Howard Phillips and General Robert Woods.

Finally, there is the group of religious leaders that lusted for power. Religion in this country has always been a big business in itself. The extent of the wealth of churches or religion has been a nasty little secret of which few people are aware. Churches are the largest landowners after the government in this country. The extent of their wealth is mind boggling. In 1928, the contributions to just twenty-five denominations exceeded \$400 million. In addition to this income, churches drew and additional \$132 million from permanent funds and legacies. The table below reveals a portion of that wealth— and hence the power that goes along with money.³⁹

Denomination	Valuation in 1926
Baptist	\$469,835,000
Congregational	\$164,212,000
Methodist	\$654,736,000
Presbyterian	\$443,572,000
Episcopal	\$314,596,000

A quick look at the table puts the total value of those denominations at roughly two billion dollars. Obviously, the value of the dollar in 1926 bought considerably more in 1926 than what it does today. To put the figures from the table in perspective, the 1926 federal budget was only \$2.9 billion.

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With such wealth comes power and a lust for more power. Perhaps the best example of a lust for power today from a largely religious group is the Council for National Policy (CNP), a shadowy secretive group of right-wing extremists hell bent on gaining control of the country and imposing a theocracy. Another good example would be that of Pat Robertson immanently tied to the CNP. Robertson sold part of his broadcasting empire, The Family Channel, to Rupert Murdoch for \$1.9 billion dollars. In his quest for power Robertson ran for president in the Republican primaries of 1988 and has vowed to control the Republican presidential nominee in 2000. He has used his ministry of hate and his broadcasting empire to advance his views and the views of the Council for National Policy.

Robertson's counterpart from the 1940s can best be typified by Carl McIntire. McIntire was expelled from the Presbyterian Church for his opposition to liberalizing trends in 1936. In 1941, he formed the American Council of Churches to unite various fundamentalists to oppose any liberalization in both religion and politics. His views were essentially those expressed in the present day by the religious right, extremely anti-communism, anti-socialism, anti-liberalism, anti-Catholic, anti-union, anti-Semitic, racist and pro-business. By the mid-1960s, McIntire was surpassed by other leaders in the religious right. However, during the 1940s and 1950s, McIntire helped to shape and mold the religious right into the form it has now evolved into.

McIntire began petitioning the Federal Communications Commission in 1941 to divide the radio airtime allotted for Protestants between the fundamentalists and the mainline Federal Council of Churches.³⁷ Although, he was soon surpassed by the broader National Association of Evangelicals, McIntire played a pivotal role in obtaining and exploiting airtime. McIntire's 20th Century Reformation Hour aired for years before being surpassed by the new fundamentalists of the 60s. Perhaps McIntire's greatest hour came in the early 1950s with his close association with McCarthy and Hoover of the FBI. However, McIntire's more lasting impact was that in furthering the careers of three other fundamentalists, Billy James Hargis, Dr Fred Schwartz and Major Edgar Bundy.³⁸

Although this chapter and the preceding chapters have shown that the fascist influence was pervasive in the fundamentalist religious movement, the fascist influence extended into the halls of Congress and even into elements of the U.S. Military. It should however, be readily apparent that the leaders of corporate America headed the fascist movement within the United States.

The two preceding chapters revealed that economic sabotage and the creation of civil unrest were integral parts of the Nazi battle plan from the earliest days, neither of which would have been successful without the willing participation of corporate America. It was the leaders of corporate America who willingly entered into the cartel agreements with I.G. Farben that hindered the early war effort. Likewise, it was the leaders of corporate America that funded many of the pro-fascist groups prevalent in the 1930s.

It was these same American corporations that built much of the Third Reich's war machine. GM and Ford built nearly 90 percent of all the three-ton vehicles and nearly 70 percent of all medium and heavy-duty trucks for the Reich.⁹⁷ GM also built thousands of bombers for the Luftwaffe. When American forces liberated the Ford plants in Cologne and Berlin, they found destitute foreign workers confined behind barbed wire. Records show that nearly half the labor force of Ford's Cologne plant was slave labor. Shamelessly after the war, both GM and Ford demanded reparations for damages from allied bombing to their plants. In 1967, GM received \$33 million for damages sustained to its Russelsheim plant.

However, unlike the corporations, those forced into slave labor for Ford have yet to be compensated. The issue will be left to die quietly as the victims of slave labor pass away— as most are now in their 80s. The corporations will continue to hide behind the false claim that they lacked control over their investments in Germany. Such claims are frauds. Almost all American corporations went to great lengths to remain in control of their facilities in Germany. Both Edsel Ford and Robert Sorenson, a high-ranking official at Dearborn served as directors of Ford Werke A.G.

throughout the war years.⁹⁸ Furthermore, Edsel Ford sent direct orders to France that Ford was to build trucks for the Nazis once war broke out.

The same is true of almost all other American corporations that had investments in Germany. Many took extraordinary means to remain in control, oftentimes through shell corporations in Switzerland. These same corporations sought the help of the Dulles brothers in concealing their treacherous dealings from our own government. With the first step toward remaining in control or in concealing their dealings with the Nazis, these corporations became traitors to their country, war criminals and morally responsible for the resulting Holocaust and the deaths of thousands of GIs.

Thus far, this book has presented an abundance of evidence of treasonous behavior on the part of corporate America. With the clouds of war looming on the horizon, corporate America sought to delay the day of reckoning by delaying war production in the great sit down strike of 1941. Following the attack on Pearl Harbor, the native fascist did not fold their tent and go home. Corporate America still sought out means to delay production of war munitions. The large firms essentially eliminated any small or midsize firms from the production of munitions. Likewise, they failed to use their production facilities to full advantage, shutting down weekends and only running skeleton crews on the second and graveyard shifts. Many jobs went unfilled not because of the lack of qualified workers, but because of corporate policy. One such policy was barring the hiring of Blacks until Roosevelt ordered firms with defense contracts to hire Blacks.

At the darkest hour during the war, 1942, the native fascist unleashed a full-scale assault on the homeland. One of the country's most notorious families had dressed fascism up with a smiley face and labeled it with the electioneering jingle of free enterprise. By 1943, the fortunes of war had shifted; the defeat of Nazi Germany was only a matter of time. Facing exposure with the defeat of Nazi Germany, corporate America and the native fascist once again switched tactics. A blizzard of peace proposals were put forth. Common to all such proposals was the fact the Nazis would be left in power, only Hitler would be displaced. Also starting at this time, the native fascist began a campaign to remove those who were adamantly opposed to fascism.

By 1944, the same papers that were pro-fascist before Pearl Harbor unleashed a media blitz for an early or easy peace with Germany. The papers were full of articles and editorials proposing peace terms and leaving the Nazis in control. To further obscure their past support for the Nazis, native fascists increased attacks on communism. Many of those dedicated to the war against fascism were labeled communist and removed from their positions. By the end of the war, the anticommunist sentiment was once again reaching fevered proportions. Perhaps the perfect example to illustrate this point is the defeat of Jerry Voorhis by Richard Nixon.

However, Roosevelt remained adamant. There would be no easy peace with the Nazis. The only acceptable peace was unconditional surrender. Likewise, FDR was firm in his pledge to bring all who supported the Nazi cause to justice. In this regard Roosevelt had allowed the British Intelligence to secretly spy on Americans. The information gained was not admissible in courts, but the British could use it to stop shipments of war munitions and money flowing to the Nazis.

In the operation headed by master British spy INTREPID, Bill Stephenson uncovered damning evidence from the very first day of operation of American fascists aiding the Nazi cause. One of the first organizations penetrated by the British spies was the American First organization. The British infiltrators learned that American First had received direct funding from Ulrich von Gienanth of the German Embassy and Gunther Hansen-Sturm. The latter had paid Congressman Hamilton Fish a check, of which Stephenson had managed to get a copy. At an American First rally, Stephenson then arranged for a group of anti-fascist infiltrators to hand Fish a card with the words, "Der Fuehrer thanks you for your loyalty" as cameras captured the moment.⁹⁶

The British agents soon had a wealth of information of those supplying the Nazis. Besides unearthing the many tentacles of I.G. Farben, British agents had information implicating Chase National Bank of New York of dealing and trading with the Nazis. Stephenson had gained information that Dr. Kurt Heinrich Rieth was staying in New York's Waldorf Astoria hotel to negotiate the sale of Standard Oil's Hungarian oil subsidy to the Nazis. Rieth's father was Standard Oil's representative in Antwerp. Stephenson leaked the information to the press and soon Rieth was deported for falsifying his visa. Stephenson's group also linked William Rhodes Davis to supplying the Nazis with the oil. There is some speculation that the British agents may have poisoned Davis. Davis died of a poison incident. Stephenson's group is known to have murdered some key Nazi supporters in the U.S. when the threat they posed was critical to Britain.

In 1941, Stephenson expanded his special operations, section with a particular emphasis on South America. Shortly thereafter, they uncovered a plot to establish a fascist regime in Uruguay led by Arnulf Fuhrmann. In May 1941, a similar plot in Bolivia was uncovered. Both plots were foiled.

In short, Stephenson's group had uncovered volumes of information on those trading with the Nazis. Many prominent Americans within the government and industry were implicated. None of the information gained would be admissible in court. However, Roosevelt planned to release the information following the war. The resulting outrage would then be used to pressure Congress for a full investigation.

In a cruel twist of fate, Roosevelt would die a month before Nazi Germany surrendered. Tragically, this plan died with him. None of the information was ever leaked to the press. There would be no public outrage. The public would remain in the dark about corporate America's treason. There would be no trials of businessmen for trading with the Nazis. On May 8, 1945, in a bulletin broadcast to the Nation President Truman announced to the nation the unconditional surrender of Germany.

"This is a solemn but a glorious hour. General Eisenhower informs me that the forces of Germany have surrendered to the United Nations. The flags of freedom fly over all Europe.

For this victory, we join in offering our thanks to the Providence which has guided and sustained us through the dark days of adversity.

Our rejoicing is sobered and subdued by a supreme consciousness of the terrible price we have paid to rid the world of Hitler and his evil band. Let us not forget, my fellow Americans, the sorrow and the heartbreak which today abide in the homes of so many of our neighbors-neighbors whose most priceless possession has been

rendered as a sacrifice to redeem our liberty.

We can repay the debt which we owe to our God, to our dead, and to our children only by work-by ceaseless devotion to the responsibilities which lie ahead of us.

If I could give you a single watchword for the coming months, that word is—work, work, work.

We must work to finish the war. Our victory is but half won. The West is free, but the East is still in bondage to the treacherous tyranny of the Japanese. When the last Japanese division has surrendered unconditionally, then only will our fighting job be done.

We must work to bind up the wounds of a suffering world—to build an abiding peace, a peace rooted in justice and in law. We can build such a peace only by hard, toilsome, painstaking work—by understanding and working with our Allies in peace as we have in war.

The job ahead is no less important, no less urgent, no less difficult than the task which now happily is done.

I call upon every American to stick to his post until the last battle is won. Until that day, let no man abandon his post or slacken his efforts."⁹⁵

People filled Times Square despite the pleas of Truman with news that the Nazi menace had been eliminated in Europe. It would be another four months before the Pacific would be liberated. Ticker tape parades for the returning GIs would fill the streets.

Although the Allied forces were victorious on the battlefields of Europe and the South Pacific, tragically, the war against fascism was lost on the home front. In the 1946 election, the Republicans gained control of both chambers of congress. True to their pro-big business agenda and their past support of fascists over 200 anti-union bills would flood congress. The rehabilitated Fred Hartley, who had supported Japan and Germany up until the moment Pearl Harbor was bombed, would co-author the anti-union Taft-Hartley act. The fascist group Christian America would successfully lobby several Southern and Midwestern states to pass anti-union right to work laws. One could argue that such measures were not full-blown fascism but that is the danger of creeping fascism. Such steps as the anti-union measures were only the first steps on a slippery slope towards fascism. However, anytime the government enacts a law placing the rights of corporations or the elite ahead of the people it is an act of fascism or more properly another step towards fascism.

Fascism is an inherent problem of any economy based on capitalism. Its insidious as corporations grow and become more powerful, more and more laws are passed favoring large corporations and the rights of the people are damned. Fascism has never appeared first in its full-blown totalitarian state. It took Hitler six years to consolidate his power into a fully fascist state. Fascism always assumes power in gradual steps. It destroys our rights one at a time until suddenly it blossoms into full-blown fascism, a totalitarian society controlled by the corporate elite.

Thousands of war criminals and pro-fascist were allowed to emigrate to the U.S. despite Truman's ban. The CIA's reliance on Nazi war criminals, along with the native fascist's hatred of communism and anything liberal, would propel the world towards the brink of a nuclear holocaust. For the fascist leaders of corporate America, the

resulting Cold War would serve to cover their past dealings with the Nazis. For the Nazis collaborators, it was much more than just a chance to save their miserable hides. If they could induce a war between the two super powers, the U.S. and USSR, the Nazis could then have a chance to reestablish a Nazi state in Germany.

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CHAPITRE 7

A Pledge Betrayed

1: What went wrong at Aachen?

Dawn on October 21, 1944 was cool and crisp as the last traces of summer gave way to autumn. The forests around Aachen, Germany were a profusion of autumn colors.

At noon, Colonel Gerhard Wilck surrendered what remained of the town to the American First Army. It was the first major city of Germany to be captured. Of its 160,000 inhabitants only five thousand remained. The rest were either dead or had been forced by the Nazis to evacuate the city.

The American forces hoped to use Aachen as a model for its 4-Ds program, demilitarization, denazification, decartelization and democratization.

On November 10, the *Stars and Stripes* reflected the upbeat outlook of US forces in the following editorial.

"The Americans have come to Germany not to pat childslayers on the head or to feed SS scoundrels with Spam. The Americans have come to this land of gangsters in order to bring villains to justice.

It is not only American divisions that have entered Germany. Justice has entered Germany and not a single German will venture to cry welcome. For justice carries a sword."⁸

The town's records had been destroyed. Nevertheless, a temporary German administration had to be organized. Because of this lack of records, it seemed only nature for FIG2, the Military Government detachment, to ask the advice of an upstanding citizen of the community. Hence, they sought out the advice of the local Catholic bishop, Johann van der Velte who had remained behind. The bishop recommended a devout Catholic and upstanding citizen, Franz Oppenhoff. According to the bishop, Oppenhoff had never joined the Nazi Party. He further informed the Military Government detachment that party membership was an irrelevant encumbrance.

The Americans found Oppenhoff to be clean, intelligent, well dressed and apparently respectable. Oppenhoff accepted the subsequent American offer to manage the city. At first, the Americans did not question Oppenhoff's authoritarian and anti-democratic views. Nor did they question the fact that he and his fellow businessmen had prospered during the Nazis reign.

At the local coalmines, Herr Aschke was placed in charge. Again, Aschke seemed competent. No Americans in the occupation forces bothered to question Aschke about his use of slave labor under the Nazis or had even bothered to ask if he had been a Nazi. A few eyebrows were raised when Aschke cut wages in an effort to produce more coal. However, winter was coming and the coal was desperately needed so the American forces allowed Aschke to continue as manager.

Aschke, however, had been a rabid Nazi.

Oppenhoff and his leading assistants had been former officials at the Veltrup Armaments Works and were suspected of making substantial contributions to the Nazis by local inhabitants. Oppenhoff appointed 22 Nazis to 72 essential positions in the city. In total, the mayor had assembled 750 bureaucrats to administer the city or one for every fifteen inhabitants. The mayor's bureaucrats were exempt from the otherwise compulsory work of clearing debris and harvesting local crops.

It was a full two months after the capture of Aachen before Saul Padover, a member of the SHAEF Psychological Warfare Division, arrived in town. He heard that the local trade unionists were extremely critical of the appointments of Oppenhoff and Aschke.

He reported back to SHAEF that the U. S. Military Government officers assigned to Aachen were politically ignorant and morally indifferent towards the Nazis. They had made a thorough political mess by the appointments of Oppenhoff and Aschke who were as compact a clique of ultra-reactionaries and fascists as could

be found anywhere in Germany.¹ Padover's report caused reverberations throughout the allied occupation forces.

What had went terribly wrong? What was the war of liberation for if the occupation forces placed the Nazis they had vowed to eliminate right back into positions of power?

There were no easy answers. The Military Government had been briefed to appoint a mayor and then leave everything to the Germans. The officers of the Military Government had relied on technical competency, respectability and the ability to speak English in choosing their appointments. In addition, they had brought with them their own prejudices which included not choosing socialists, communists, union leaders or men that were less well dressed. It never occurred to the occupation forces that those that had opposed the Nazis would most likely be homeless and dressed in rags after being sent to the concentration camps. . Relying on Bishop van der Velte was another mistake. A mistake that would be repeated across Germany, as the Catholic bishops and priests were supportive of the Nazis. The general values that every American soldier carried with him were contributing factors in the failure of the 4D's program.

On November 11, 1944 the Joint Chiefs of Staffs in Washington issued the following directive.

The entire Nazi leadership will be removed from posts of authority and no member of the German General Staff or Nazi hierarchy should occupy any important governmental or civil position. You will not appoint the employment of active Nazis or ardent sympathizers, and no exception will be made to this policy on grounds of administrative convenience or expediency. You will remove and exclude from office any persons who act, or whom you deem likely to act contrary to Allied interests and principles.²

The order was followed a month later by another directive which forbade the use of dissolved Nazi organizations for relief and later broaden to include additional categories of officials, who would be subject to automatic arrest. Every school, university, courthouse and newspapers was to be closed. The British were horrified at the American policies.

Con O'Neil of the United Nations War crimes Commission commented: "Is it really necessary that we seize monuments...It is a disastrous policy to lead to total chaos. It means we do what we can, but accept no responsibility for the results, it is merely a clumsy attempt to escape criticism although we cannot escape control."³ These sharp differences were to get worse. In February, a directive was issued allowing Nazis to be retained if military necessity so required. The justification for the new directive was that the allied army depended upon civilian water and electrical supplies. However, the astute reader should note that it was not until a month later before the allies breached the Rhine. Only a small sliver of Nazi Germany lay to the east of the Rhine. Colonel Bernard Bernstein immediately objected, claiming that too many detachments were taking advantage of the exception clause. He blamed the British for weakening the directives.

In March, the Twelfth Army, under Bernstein's influence issued its own directive overriding the exceptions. Additionally, the new directive banned the

employment of Nazi sympathizers. A sympathizer was defined as any who had profited under the Nazis. On March 23, the Twelfth Army's directive was modified by a directive from the White House that allowed the employment of "nominal" Nazis. Once again, Bernstein blamed the British for softening the denazification program.

When Aachen was handed over to the British, the chief of SHAEF's G5, Brigadier General Frank McSherry suggested to the British commanding officer that he should remove Ashke from managing the mines. The miners had proven Aschke to be a fanatical Nazi supporter. The British refused, believing the coal was more important. It wasn't until January 1946 that the British removed Oppenhoff for being a member of the VDA (League of Germans in Foreign Countries.) The VDA was an organization that funded fifth column groups such as the American Bund.⁵

The mistakes made at Aachen would be repeated throughout Germany as the allied forces advanced. There were no less than four directives on the employment of Nazis and over forty subsidiary regulations. Such a bureaucratic maze was a perfect prescription for chaos and the complete failure of the denazification program.

The failure left behind in Aachen stands in stark contrast to the liberation of Nordhausen and the success of the American T Force. The T Force was known by the distinctive red T on their helmets and was part of Operation Paperclip. They had priority classification and the authority to commandeer any needed equipment, even including entire military units if needed.

Nordhausen was a small town in the Harz Mountains and the site of the V2 program after Peenemunde came under Allied bombing in 1943. To insure against future bombing the Nazis had imported thousands of concentration camp inmates to dig out a vast underground network of tunnels. On April 11 Patton's Third Army liberated Nordhausen. There were twenty-three thousand survivors in the associated Dora concentration camp. There were three thousand bodies rotting and unburied. Over thirty thousand others had already perished of disease, brutality or starvation.

1

Within hours of liberation, the T Force accompanying the Third Army had commandeered the healthier inmates to clear a mile of the main tunnel that had been damaged in recent bombings. Meanwhile, a fleet of trucks had been requisitioned some from as far away as Cherbourg, France. A US combat engineer group rapidly rebuilt a damaged bridge. Within eight days four hundred tons of equipment was moved to Antwerp for shipment to New Orleans.

Sadly, there were no war crimes unit attached to the Third Army, though, it was well known before liberation that Nordhausen depended upon slave labor from the nearby Dora concentration camp. No one gave a damn about the SS guards and officers from Dora. None were arrested. They were simply left to walk away. No effort was made to arrest them. It was several years before just thirty-nine of them were tracked down and brought to trial.⁴

The lack of arrests at Dora of the SS guards did not reflect public opinion. The responses in a 1943 British poll are given below.

"At the end of the war what do you think should be done with the Axis leaders?"

Let them go, ignore them	.
They won't be found	.
Leave them to their own peoples	.
They should be put on trial	8
Exile, them, imprison them, put them in solitary confinement	1
Hand them over to the Jews, the Poles and others who have suffered	.
Shoot them	0
Nothing is horrible enough torture them	5
Misc, no opinion	(

American opinion was much the same as the British. At one point in the negotiations over war crimes among the Big Three, Churchill supported summary executions. Stalin objected and insisted upon trials. Later, when Patton's forces liberated Dachau, some elements of his force became so outraged over what they had saw they started to execute SS guards before by the commanding officer stopped the executions. An investigation followed and when confronted by investigators, Patton did the right thing and stood by his men. He tore up the investigation ending it for all time. Patton was not concerned with a few dead Nazi SS guards executed by his troops.

The tragic mistakes made at Aachen and Dora were repeated across Germany as the allied armies advanced. Although there is a plethora of reasons for the failure of the 4-Ds program, the root cause was simple sabotage from within the program. The liberation of Germany would expose many powerful industrialists both in America and in England as collaborators with the Nazis. They had to be protected.

In the final year of the war, the United States and London put together an ultra secret organization—TICOM—that planted the first seed of the Cold War. This organization was so secret that in 1992 the National Security Administration extended the classification of all its missions and operation until 2012. The classification is higher than the top-secret bracket. Thus, only a handful of people are allowed access to the files. The British government is equally secretive. Colonel George Bucher the director of US Signal Intelligence conceived the group in the summer of 1944. TICOM (Target Intelligence Commission) was to capture all code making equipment and code breaking equipment they could find. To this end, it seems from what is known that they did operate behind enemy lines at times but for the most part followed advancing armies like the T Force.

Not only were they looking for the new German FISH code making equipment they were also looking for any Russian code equipment the Germans may have captured. The FISH was an advance cipher machine used to replace the older Enigma machines. The Germans referred to it as swordfish and used it only for the highest level messages.

Like the T Force, TICOM quickly snatched up any people, papers or equipment and returned it to the safety of rear guard areas for shipment back to the United

States. From what information there is TICOM was equally successful as the T Force. They did capture a FISH coding machine and a machine capable of deciphering the highest level Russian code. The importance of cipher machines and other coding equipment in war cannot be underestimated. It was the British ability to read Enigma transmissions that forced the Nazis to withdraw their wolf packs from the North Atlantic or risk losing their entire fleet of U-boats.

Due to all documents from TICOM being still classified its is unknown if the Nazi code breakers were given asylum in England or the United States or if any war criminals were given new identities. What is known is that Dr Erich Huettenhain was brought to the United States.

One benefit from the TICOM operations was the United States was able to read the messages of the Soviet police, military, KGB and diplomats. Thus, we knew without a doubt the condition of the Soviet Union. However, that period was relatively brief and lasted only until 1948 when the Russians discovered their code had been compromised.¹¹²

There is however, a very sinister side to the story of the T Forces and TICOM. Both those groups counted on capturing the equipment intact. In many cases the American army raced ahead to capture the site before the Russian forces got there. Some of the equipment was captured by luck as it was being moved. Other equipment was captured in place and unharmed by the bombing campaign. It leaves open the question of why weren't these sites bombed. Was these later sites deliberately omitted from the bombing campaign so the equipment could be captured intact even if it meant a greater loss of GIs?

The world stood aghast in the spring of 1941 at the new terror and horror unleashed by the Nazis against Yugoslavia. Hitler was enraged that the people of Yugoslavia had overthrown his quisling government and had issued Military Directive 25 for an immediate invasion. Belgrade had been reduced to rubble by the Nazi dive-bombers and anything left moving was subject to strafing. The Yugoslavian government in exile immediately petitioned the United Nations War Crimes Commission (note this refers to the commission established during the war of nations united against the Nazis and is not to be confused with the present United Nations) to include the bombing of civilian centers as a war crime to no avail. The war crimes commission was mute on ruling the bombing of civilian centers as a war crime. The allies would soon use similar tactics in even more destructive raids aimed at civilian centers.

By the war's end, most of Europe had been reduced to rubble. This wholesale destruction came not at the hands of the Nazi but at the hands of the allied air command. Yes, the Nazi war machine had been destroyed on the battlefield but at what cost? In Germany it was estimated that as much as 80% of all housing units had been destroyed. The major city of Dresden was simply erased in a massive firestorm by the bombing campaign. Estimates of civilian deaths in Dresden are generally accepted at approximately 70,000. However, some suggest that the estimate is as high as 500,000.

However, the effect of the air campaign against industrial centers and munitions makers was quite different. The Nazi war machine was producing more planes, tanks, trucks, etc at the end of the war than in 1941. Overall, production of munitions at the

end of the war was estimated to be at roughly 80% of capacity.¹⁴² In short, the allied bombing campaign had been a failure.

Typical of the lack of damage to American connected factories was the Ford and I.G. Farben plants in Cologne. Cologne had been targeted in massive air raids during the war. In March 1845, the advancing allied forces liberated Cologne and initially estimated the damage to factories at ninety percent. While the British Ministry of Economic Warfare designated the plant as a Target Category 1 ("major plants in industries of major importance"), no raid targeted the plant for eighteen months. On October 15 and 18, 1944, the U.S. air force specifically targeted the Ford plant in precision daylight bombing raids. Amazingly the plant was untouched by the American bombing raids. No further bombings were scheduled, although aerial reconnaissance only days later verified the raids were unsuccessful. Throughout the allied bombing campaign the only damage the massive Ford complex received was the destruction of a barracks for slave labor during a nighttime aerial bombing raid by the British.¹⁴³

A more thorough investigation of factories was made later in March. The American liberators were stunned the Ford plant was nearly intact. The only damage the plant received was from artillery shells during the pointless last stand by the Nazis. The plant was not in operation as much of the equipment had been removed and shipped across the Rhine to hidden locations. The able wartime director of Ford Werks, Robert Hans Schmidt suggested to the allies that he could produce 500 trucks in a short time if he was allowed to conserve material, which was available. On 8 May 1945, the day of Germany's unconditional surrender, an American documentary team set up its cameras to record the sight of the first postwar truck coming off the Ford Werke assembly line.¹⁴⁴

The investigation of Ford Werke would not begin until June a month after Germany's surrender and just before the Cologne area was passed over to British control. The investigation was headed by Henry Schneider. On September 5, 1945 Schneider presented his report entitled Report on Ford Werke Aktiengesellschaft to General Clay. Schneider's team did not learn about a further set of meaningful documents kept by Johannes Krohn, the Reichskommissar for the Treatment of Enemy Property. Nevertheless, the conclusions they made proved highly reliable. An excerpt from the report follows:

"The Reich used German Ford and its cooperative parent in Dearborn as a direct means of stockpiling the raw materials needed for war." "Even prior to the War, German Ford arranged to produce for the Reich vehicles of a strictly military nature This was done with the knowledge and approval of Dearborn.

- "When war came German Ford stepped into the position of a major supplier of vehicles for the Wehrmacht." In addition "as much as 7 or 8% of total output during the war years consisted of more specialized war material."

- "As was common in other German enterprises Ford increasingly resorted to use of prisoners of war and other slave labor" who had to live "behind barbed wire." "The foreigners employed rose to over 40% of its labor supply in 1944. The usual Nazi discriminations in wages and working conditions were practiced." ¹⁴⁵

From the excerpt above not only did Ford willingly build trucks for the Nazis they also helped the Nazis stockpile materials for the war with the complete knowledge of the Dearborn headquarters.

Exhibit one of the report was a memorandum from Heinrich Albert, a Ford Werke director second only to Schmidt dated 25 November 1941, concerning the question "as to whether a complete Germanization would be necessary or advisable." In the memorandum Albert argued against those who might wish to see "enemy property" expropriated by the Nazi state. Ford Werke, he claimed, was a fully German company that also enjoyed the privileges of membership in a global corporation. The benefits to Germany were obvious in the country's current accounts, which profited by Ford Werke's exports. The memorandum was submitted to Orvis Schmidt, a Treasury director. Orvis Schmidt returned later in June 1945 to Washington to testify on German penetration into the industry and finance of foreign countries before the Kilgore Committee. Schmidt stressed the extent of the investments by American firms in various types of German industries and of the types of American concerns which are known to have had substantial interests in German industry.¹⁴⁶

Despite the report on Ford Werke and the Senate investigations, no charges would ever be filed against Ford for trading with the enemy. Ford Werke was now rehabilitated; it was producing trucks for the revival of the German economy as a bulkhead against communism. The deaths of thousands of GIs on the battlefields of Europe were in vain. Betrayed by an elite cadre of their own countrymen, the war against fascism was lost. Under a cloak of free enterprise and anti-communism American fascist were now taking control.

Throughout Europe and in Germany in particular, the scene was much the same. Large industrial plants stood unscathed amid a field of rubble especially those plants that had connections to American firms as the Ford and I.G. Farben plants at Cologne. In fact, the I.G. Farben building in Berlin was untouched and used by the allies as a command center. It stood in stark contrast to the rest of the city, which lay in ruins. In order to understand such a discrepancy a brief look at how the allies chose bombing targets is needed.

During WWII there were no laser-guided bombs that could be dropped through exhaust vents. Precision bombing was still in its infancy. Indeed, the RAF abandoned any attempt at precision bombing when they switched to nighttime bombing because of heavy losses in the day. Weather also presented a problem.

The definition of precision bombing used by the U.S. air force during WWII reveals how crude precision bombing was then. The U.S. adopted the standard of seventy percent of the bombs falling within a thousand-foot circle as precision bombing. The U.S. was only to achieve this crude standard during a single week throughout the war. Oftentimes weather conditions or the requirement to fly in formation prevented the bombs from some aircraft ever reaching the intended target. The definition of precision bombing used during WWII and the way it was implemented in massive bombing raids is more akin to what is termed saturation or carpet bombing today.

2

During WWII there was no formal U.S. air force. The Air Force as a separate branch of the U.S. military command was not established until after the war. The term is used here to describe American air power under the Army's command. At the cabinet level, the air force was under the control of Secretary of War Stimson. This Skull and Bones member advocated an "easy peace" with Germany at the end of the war. Roosevelt allowed Stimson to choose his own staff. He chose John McCloy to act as assistant Secretary in charge of intelligence, civilian affairs and general troubleshooter. Stimson placed Robert Lovett as assistant secretary of war for air. Both McCloy and Lovett had Wall Street backgrounds. McCloy had been a former Wall Street lawyer and Lovett a partner and close friend of Prescott Bush at Brown Brothers and Harriman. It was Prescott that selected Lovett for membership in the Skull and Bones. Lovett was a fervent advocate of terror bombing of population centers all of his life, including during the Vietnam War. McCloy had an essential role in selecting targets for non-destruction, which meant other targets were selected for destruction.¹¹³

Another individual involved in the Air Force command and target selection was Trubee Davison, who also had close contacts on Wall Street. Davison had been the assistant secretary of war for air between the wars. However, Davison's first association with the air force was during his years at Yale during WWI. At Yale, Trubee formed the special Yale Unit of the Naval Reserve Flying Corps. The unit was closely associated with the Skull and Bones. The Yale unit was often referred to snidely as the millionaire squadron. While training in Florida the pilots often times where wheeled to their planes in wheel chairs pushed by Black porters. Two other members of the Yale unit were Robert Lovett and Artemus Gates.

At that time the United States was not yet at war so the unit served under British command. Robert Lovett commanded the Yale unit. Trubee's father Henry Davison, a senior partner at J.P. Morgan and Co lavishly financed the unit. The unit distinguished itself during WWI.

During WWII Trubee served directly under Lovett. From June 1941 until December 1941 Trubee was deputy chief of staff in the air force combat command holding the rank of colonel. From December 1941 until his discharge in 1946 Trubee was assistant chief of staff at A-1. He was discharged as a brigadier general.

It is fitting here to take a close look at the members of the Yale Unit and the conduction of the air war during WWII. Robert Lovett as noted was assistant secretary of war for air. Directly under him was Trubee Davison. Additionally Artemus Gates served as Assistant Secretary of the Navy for air during WWII. Thus during WWII the use of air power was directed largely by members of the Yale Unit.

A more interesting aspect of this league is their close family ties to Wall Street and the rich elite. Robert Lovett married Adele Quarterly Brown. The Miss Brown was the daughter of James Brown, a partner of Brown Brothers and Harriman and grandson of the founder. Artemus Gates married Trubee's sister.

Trubee's father was a partner with the Morgan's. However, this is only a beginning of the Davison family's connections. Trubee's wife was Dorothy Peabody, the sister to Malcolm Endicott Peabody a former Governor of Massachusetts and the grandchild of Marianne CABOT Lee. Additionally the Davison family was connected

to the Rockefellers as in John Davison Rockefeller.

Davison had one other connection worthy of noting. Benjamin Strong may have been Trubee's brother in law. The author has found two conflicting reports. In one instant there was a reported marriage of Henry Davison's daughter with Strong. The other report does not emphatically indicate a marriage but does note that after Strong's first wife died the Davison family raised the children. Nevertheless, there was a strong bond between Henry Davison and Benjamin Strong. It was Davison, who made him a secretary of Banker's Trust and brought him in as J.P. Morgan's personal auditor. Strong however, was better known as the first director of the New York Federal Reserve Bank.

James Stillman Rockefeller served with the Airborne Command and Airborne Center as assistant chief of staff. He was a Lieutenant Colonel in the General Staff Corps at the time of his discharge in 1945.

The reader should note that these connections are carried through time. A good example of this is the connection of Prescott Bush with this circle of elites. Prescott Bush as a member of the Skull and Bones stole the skull of Geronimo. In 1986, the Apaches conducted negotiations with George Bush concerning the return of the skull. Representing Bush was Endicott Peabody Davison, Trubee's son.

Thus at the very top level, there was several people with detailed knowledge of American investments in Germany. In fact, Lovett was in charge of the entire air campaign and McCloy was deeply involved in removing targets from the selection list. Both individuals certainly were well aware of American investments in Nazi Germany and may have even had family members with such investments. Under their direct command there was another layer of individuals with family ties to the Wall Street firms that invested heavily in Nazi Germany.

Without additional records which are still sealed in secrecy by the government it is impossible to assess if this group of Wall Street elites steered the bombing campaign away from American owned targets in Germany.

It is interesting to note however, that the only massive bombing raid directed at a specific industrial target was the bombing of the S & K bearing plant deep inside Germany. S & K was Swedish owned. The raid incurred a terrible loss of both planes and life. Many of the bombers were lost before even reaching the destination and more were lost on the return flight after receiving heavy damage over the target. The exceptionally heavy losses were due to several factors. First, the S&K plant lay outside the range of any ally fighters so the bombers had fighter protection for only part of the trip. Secondly, the plant was very well protected with both anti-aircraft batteries and fighter squadrons. Planes damaged over the target proved to be easy targets for German fighter pilots since, the bombers had no fighter protection of their own on the return trip to England.

Nevertheless, choice industrial targets were present at much shorter ranges such as the Rhur steel district. Damage to any of the coal mines or steel plants in the district would have limited the Nazis ability to produce tanks and other heavy armaments. Moreover, raids on the Rhur district would have been short-range enough that the bombers would have had full fighter protection at all points of the raid. However, many of the plants and mines in the Rhur district were connected with American investments.

However, it should be noted that the S & K bombing raid was based solely on

the basis that the S & K facility was the only major producer of bearings within Nazi Germany. Moreover, bearings are essential to any boat, plane, tank or truck. The allies had hoped that by damaging the S & K plant that they could delay German production of military vehicles for a considerable period. The raid only caused minor delays in production. Moreover, the Nazis could easily obtain bearings from both Sweden and Switzerland.

In July 1941, department of war developed a plan for target selection that would be in line with the ABC agreement with Britain and with the general battle plan for potential war known as Rainbow 5. The ABC agreement called for a sustained air war against Germany. The plan developed was Air War Plans Division — Plan 1 or simply AWPDP-1. The primary military objective of AWPDP-1 was to defeat Germany by air power alone. If the plan failed in its primary objective then the plan called for preparing the way for a European invasion. AWPDP-1 identified three vital targets within the Germany economy: electric power, transportation, and oil. It included a fourth intermediate target area — the destruction of the Luftwaffe. AWPDP-1 then included 154 targets to be destroyed in the first six months.¹¹⁴

AWPDP-1 was never implemented. It was leaked to the press in the fall of 1941 along with the Rainbow 5 battle plan by Burton Wheeler a pro-Nazi Senator. Both Rainbow 5 and AWPDP-1 appeared in the *Chicago Tribune* and *Washington Times-Herald*. The Nazis quickly realized the importance of both documents. On Dec 12, 1941, Hitler issued Directive 39, which called for massing air defenses around key industrial centers. Four days later Hitler rescinded the directive.

Early in 1942, AWPDP-42 replaced AWPDP-1. Other than shuffling the target priorities and the inclusion of round the clock bombing of Germany there was little difference between the two plans. The RAF would continue with nighttime area bombing while the American air forces would use precision daytime bombing as already defined in this chapter. AWPDP-42 focused on tactical targets or targets producing equipment that the German military could not do without, rather than strategic targets required to produce war munitions. While very much similar to the preceding plan AWPDP-42 placed the disruption of the electrical grid to thirteenth on the list. Such a reduction conforms to the emphasis on tactical targets versus strategic targets. Wiping out the German electric grid would severely limited Germany's ability to manufacture any war munitions. This reduction in priority of electric generating facilities was perhaps the largest failure of the air campaign. The analysts responsible for the reduction had concluded incorrectly that the German electrical grid had the ability to rapidly reroute power from one region to another when in fact Germany lacked this ability. Any strikes against power plants supplying industrial centers would have left those industrial centers idle for months.

AWPDP-42 was hammered out by the committee of operations analysts (COA). COA was composed of industrialists, lawyers and various economists. The reader should note here the inclusion of industrialists. Almost all of America's major corporations had investments in Nazi Germany. In addition, most of these corporations went to extraordinary means to remain in contact and to continue doing business with the Nazis after war was declared.

The committee used several criteria in determining the suitability of the target. Essentially they looked for bottlenecks and weaknesses in the Nazi economy that could be exploited. The makeup of the COA is interesting in light of the tragic mistake

of the downgrading of electrical targets. The German electrical industry was closely affiliated with two American firms GE and ITT, through cartel agreements. Plants owned by General Electric through its AEG subsidiary and those owned by ITT were only hit incidentally in area raids. The electrical plants that were bombed as targets were Brown Boveri and Siemensstadt which were not connected with either GE or ITT, although plants owned by GE such as the plant at Koppelsdorf, which also manufactured radar equipment, would have been a prime target.¹¹⁵

3

At the end of the war, a team known as FIAT was sent to examine the electrical industry plants to determine the extent of the bombing damage. The team consisted of Alexander Sanders of ITT, Whitworth Ferguson of Ferguson Electric and Erich Borgman of Westinghouse. While the stated objective of the FIAT group was merely to survey the bomb damage their actions revealed that the real object was to get German electrical equipment back into production as soon as possible.

Along with the change to AWPD-42 came, a new bombing offensive, launched in 1942. In early 1943, the Point Blank Directive was approved. It called for around the clock bombing of Germany. The RAF was to continue to bomb cities at night while the USAF was to use daytime precision bombing on targets. The Point Blank included a permissive clause that allowed Bomber Command to continue with operations aimed at civilian morale and the general dislocation of the German economy.

Shortly after the implementation of AWPD-42, the RAF launched a thousand bomber attack against Cologne. The meat grinder was now fully operational and civilian centers would be reduced to rubble. The 1943, Pointblank Directive would ease selecting civilian centers as targets. When the RAF bombed the Ford plant at Poissy in March 1942, photographs of the burning plant were published in American newspapers. However, the media chains owning the majority of American newspapers were eager to protect one of their largest advertisers failed to mention that Ford owned the plant. The truth would be withheld from the American public to protect a traitor. The Vichy government paid Ford 38 million francs in compensation. Once again the newspapers were discrete and failed to report the payment.¹¹⁶

One member of the COA team was Guido R. Perera. Perera was a partner in Hutchins and Wheeler law firm in Boston before the war. He also served as trustee of the Massachusetts Investors Trust. During the war, Perera worked first worked on the legislative and administrative reorganization of the Army Air Corps. After which he served as deputy chairman of the Advisory Committee on Bombardment and as vice chairman of the Committee of Operations Analysts. In these positions, he oversaw the development of plans and target systems for the bombing of strategic industrial targets in Germany and Japan.¹²¹

Perera had connections to Massachusetts Investors Trust, the trust was the first mutual fund in America. Paul Mellon founded it in the 1920s. One of the largest holdings of the trust was Boston Insurance Company. (The present owners of the Bank of Boston, Fleet Financial are desperately trying to distance themselves and deny any connections between Boston Insurance and the Bank of Boston as information linking the bank and insurance company to the Nazis has surfaced. It appears that Boston Insurance was a product of the bank or the directors.) One of the

directors of Boston Insurance Co. was Erwin Pallavicini. He is described in the OSS file as an US-blacklisted Nazi collaborator who also served on the board of a German insurance firm in Argentina. The OSS documents list another director of Boston Insurance, Benjamin Nazar Anchorena as a Nazi collaborator. Newly declassified files outline the convoluted financial relationships that linked First National Bank of Boston interests with Hitler's financiers including Spanish and Mexican companies in business with Germany's Munich Re. The entire network involved around 230 German firms. Even as late as 1997, the identity of the owners of Boston Insurance remains unknown.

Quoting from an OSS report compiled in 1943: "The Boston Insurance Company is still writing all kinds of insurance of blacklisted names, and they are placing this business in the London market," the OSS report said. That meant "the Boston," as the document referred to the insurance firm, was spreading cash and information within and between both the Allies and the Axis. The Boston is known to have American board members and stockholders, having been formed by interests affiliated with the First National Bank of Boston.¹²² Note, insurance companies were ideal fronts for Nazi spies. Not only would the insurance company have detailed blueprints of the factory but they also would have a list of the equipment. From that information the Nazis could reliably determine what and how much a factory could produce.

The Mellon and Rockefeller families controlled the Bank of Boston. Both families were deeply involved in arming and supplying Hitler. The Mellon family through Alcoa had concluded several cartel agreements with I.G. Farben. Vast amounts of electricity were needed for the production of aluminum. Could Perera have been one of those responsible for downgrading the importance of eliminating the electrical companies in Germany? He certainly must have been aware of the Mellon - aluminum link and was closely associated with Mellons through Massachusetts Investors Trust. Perera also had more than the usual amount of knowledge of electric utilities. In 1947 after returning from the war, Perera was elected president and later chairman of Eastern Utilities Associates. However, without the complete records of the COA no solid conclusions can be reached.

However, Perera is not the only one from the COA with connections to the Wall Street money that built Hitler's war machine. Arthur Roseborough a former Sullivan and Cromwell employee from the firm's Paris office was assigned to the Air Force Intelligence in London during 1943. The Air Force Intelligence unit was created specifically to evaluate bombing damage and to recommend targets.¹²³

Perera and Roseborough fall into the type of people employed by COA so we can conclude they were fairly typical of the group. Without additional files of COA, it is impossible to conclude the guilt or innocence of either Perera, Roseborough or of the entire staff of COA in protecting the investments of American industrialists and elitists. However, the undisputed fact remains 80% of the homes in Germany were destroyed while only 20% industrial production was destroyed. In fact, much of the reduced production capacity, came from the secondary effects of the bombing campaign such as lack of gasoline and a shortage of parts, came from the collateral damage to the transportation system.

After the war, the bombing survey concluded that overall the bombing was ineffectual in destroying German munitions production. The massive bombing of the S&K ball bearing plant at best only delayed production temporary, but at a horrible

lost of allied airmen and aircraft.

A greater success of the bombing campaign was in the bombing of the Romanian oil fields. The shortage of gasoline in the Third Reich was acute and even limited the advance of German Wehrmacht in the Battle of the Bulge. However, Germany's oil supplies were always limited and restricted.

The survey also concluded that the bombing was most successful in delaying the deployment of troops by bombing rail centers. Although the rail centers were quickly repaired, the delay was enough to give the edge to the allies on the battlefield.

Without additional files it is impossible to determine if industrial targets associated with American firms were selectively removed from the target list. There is strong evidence for both sides of the argument. If these industrial plants were systematically removed from bombing list then the total destruction of Germany industry and means to wage war as favored by Roosevelt was being sabotaged. There is evidence that such may have been the case.

The massive area bombings of cities particularly the fire bombing of Dresden, raises another critical point. In essence, such bombings of civilian centers were nothing less than an act of terrorism. Estimates range from 40,000 to 500,000 thousand killed in the resultant firestorm in Dresden. When the Nazis bombed and strafed Belgrade, Yugoslavia demanded that it be included on the list of war crimes. While much of the world considers bombing of civilian centers to be war crimes, the US still maintains that it is not. The reader should also note that Dresden was an ancient city and contained many unique architectural wonders. However, it was in the path of the advancing Soviet army. The reader should ponder why John McCloy saved Rothenburg from bombing and not Dresden.

Unfortunately the 4Ds program was sabotaged from the very beginning. This sabotage reached epidemic proportions after the Morgenthau plan had been revealed to the public following the Quebec meeting between Roosevelt and Churchill. Morgenthau was one of the few within the Roosevelt administration who pushed for a "hard peace" following the war. After the Quebec meeting, Morgenthau was viewed as the most hated man in America largely due to Nazi propaganda from the pro-Nazi leaders of American industry. Key to sabotaging the 4Ds program was the removal or marginalization of Morgenthau.

4

Following the success of the Normandy invasion, Morgenthau had lunch with General Eisenhower in Portsmouth. Morgenthau and his aides Dexter White and Fred Smith were eager to sound out Eisenhower's opinions on postwar Germany. Eisenhower's reply follows below.

"I'm not interested in the German economy and personally would not like to bolster it, if that will make it easier for the Germans." As far as he was concerned "the German General Staff should be utterly eliminated and the Nazi ringleaders given the death penalty." Ike felt that German people by supporting Hitler had been accomplices to everything done in their name. They must not be allowed to escape a sense of guilt of complicity in the tragedy that engulfed the world."¹³⁵

While Eisenhower realized that Morgenthau became his severest critic after he arranged a pragmatic deal with Vichy Admiral Darlan, Eisenhower was indeed truthful in expressing his views on Germany. He often wrote of how he hated Germans in letters to his wife. As the war progress, Ike's view towards Germans became more hardened. His views were only further solidified after the first concentration camp was liberated.

Eisenhower also expressed his opinions on the Soviets to Morgenthau. He felt that a hard peace would cause the Soviets to redouble their efforts to win the European war. Ike staunchly felt that the Russians deserved the right to capture Berlin after suffering horrendous losses. Moreover, Eisenhower was optimistic about postwar relationships with the Soviet Union. He expressed to Morgenthau that Russia had problems of its own that would keep her busy long after they were dead.¹³⁶

On January 5, 1944, with the Battle of the Bulge raging Roosevelt's policy of unconditional surrender came under brutal assault from Senator Burton Wheeler. Wheeler, a pro-Nazi demagogue, insisted that a majority of Americans are unwilling to sanction a peace of vengeance against Germany. Nor would they accept America acting as Europe's policeman. The British embassy in Washington took note, asserting Wheeler's assault made him anti-Soviet and anti-Semitic.

On March 3, 1945 Secretary of War, Stimson met with FDR and reminded him that Eisenhower had agreed to serve only for a few months as military governor of Germany after the surrender. The recent fire bombing of Dresden troubled Stimson. He noted in his diary that Dresden was the capital of Saxony, the least Prussianized part of Germany. Stimson opposed a hard peace with Germany and had at one time suggested his Under Secretary, Robert Patterson as Ike's replacement. Both Roosevelt and Morgenthau approved of the idea. However, in March 1945 Stimson informed FDR that after the Battle of the Bulge that the Pentagon needed to revise its war production and Patterson was needed to oversee that revision. However, Stimson took the opportunity to suggest that War Mobilization board member, General Lucius Clay would be the right man.

During the summer of 1944, Morgenthau heard that John McCloy was interested in the job. He indignantly had asked Hopkins how McCloy could deal with such big companies when his previous clients were firms like General Electric and Westinghouse, noting both companies had substantial investments in Germany.

McCloy established in advance that Clay was willing to make ample use if necessary of the loophole in JCS 1067 to allow military commanders to circumvent the 4Ds program.¹³⁸

On March 10, James Dunn presented Stettinius with a document entitled "Draft Directive of the Treatment of Germany." Dunn had assured the Secretary of State he had merely put the Yalta decisions down on paper with no changes in policy. Four days later Stettinius presented the paper to Roosevelt falsely acclaiming that Stimson had endorsed it. FDR initialed the document on that recommendation.

Stettinius had asked Roosevelt to promote Dunn in December. Roosevelt had worried about Dunn's reputation for legerdemain and his conservative views but consented to the promotion. Dunn had been a backer of Franco and wanted to use German industrialists to rehabilitate Germany. Eleanor was outraged over the promotion.

Stettinius was unaware that Dunn had played him for a fool. The document had

switched allied control from a decentralized power to a centralized power concentrated in the Control Council.¹³⁷ This document upset everyone, including Stimson, McCloy, and Morgenthau. The following day, Stimson asked the President why he had signed such a terrible document. Roosevelt replied that he couldn't remember if he had signed it or not. At this time Roosevelt's health was declining rapidly and the incident raised a serious questions about his ability to continue to function as president. He was constantly tired and was reported to be inattentive within a month he would be dead.

On March 20, Morgenthau had lunch with Roosevelt and presented him with a memo opposing Dunn's draft. Roosevelt informed Morgenthau that if he and Stimson could come up with an agreement with Stettinius he would revoke the draft. Before leaving the President agreed with Morgenthau that he should fire Dunn and several others within the State Department.

On March 23, Morgenthau and Grew presented FDR with a new document to replace the Draft Directive. It was written primarily by McCloy and reflected FDR's current view of changing German industry and not to destroy it. McCloy's deviousness in sabotaging the 4Ds program extended even further than having a hand in the selection of the military governor and writing the control document. He made sure that the pentagon would have the upper hand and Clay would not be hamstrung by a Morgenthau man. General Clay was likewise shrewdly political and had asked Morgenthau for his recommendation for an economic aide. Morgenthau had recommended Bernard Bernstein. Clay disapproved of this recommendation. McCloy then saw to it that his brother-in-law Lewis Douglas would receive the post.

Douglas was the heir to the Phelps-Dodge copper fortune. He had served as Roosevelt's first budget director before resigning over the President's liberal policies. Privately Douglas complained that most of the bad things implemented in the New Deal could be traced to Jewish influence. His extreme anti-Semitism comes directly from the Douglas's family close business association with the Dodge family. The Dodge family was active members in the eugenic movement. The Phelps-Dodge Corporation was extremely anti-union as well and had driven their miners into the desert rather than negotiate with their union demands. There are enough gaps in Lewis Douglas's military files to suggest he was probably a member of the OSS. Following his appointment as economic aide to General Clay, Douglas served as ambassador to England.¹³⁹ As economic advisor to Clay Douglas supported revitalizing German industry.

Clearly McCloy's machinations was to crippled the 4Ds program from the start. He had his hand in the selection of two of the most powerful positions in postwar Germany, the military governor and his economic aide. McCloy carefully chose both knowing that they were opposed to dismantling German industry and largely opposed to the 4Ds program. Moreover, he was chiefly responsible for rewriting the directive to insure that German industry would not be held responsible for some of the worst crimes of the Third Reich. Later, McCloy would take over as the military governor and free most of the war criminals.

The efforts to conceal Nazi assets and business arrangements actually began in 1943 with the realization that Germany had lost the war and it was only a matter of time before the Nazis surrendered. This presented a problem for both the Nazis and their American supporters such as Ford. For the Nazis this meant they had to transfer

their stolen loot out of Germany. For American corporations the problem was more complex. While their plants were located in Germany they had to hide behind a thin facade of subterfuge, claiming the Nazis had seized control of their plants. This meant they had to remove dedicated New Dealers who vigorously opposed the Nazis and replace them with dollar a year men and Wall Street cronies that would overlook their Nazi dealings. By 1945, many of the New Dealers had been replaced.

By the end of the war, John McCloy and Robert Lovett had deputized numerous Wall Street financial specialist to prowl through the debris of Europe. J. Henry Schroder vice president, Lada Mocarski was transferred from his advisor post in the War Department to Bern, in time to take over the U.S. Consul. Allen Dulles was also a director of the Schroder Bank.¹⁴⁸

John McCloy was a former Wall Street lawyer. Perhaps, his most famous case was against Black Tom, in which he proved German agents sabotaged a US munitions factory in New Jersey in 1916. After winning the case he served as advisors to every president from Roosevelt to Reagan. Following the war McCloy served as president of the World Bank and as chairman of the Chase Manhattan Bank, Ford Foundation, and Council on Foreign Relations. He was one of the original supporters of one world government ruled by corporations.

Robert Lovett was a former Brown Brothers and Harriman employee and a close friend of Prescott Bush. A Skull and Bones member, Lovett would later be the prime architect of the CIA.

The J Henry Schroder bank was founded by the family of Baron Kurt von Schroder, the radical Nazi that helped Hitler to power. Kurt von Schroder was a partner in the J.H. Stein bank, another bank that financed the Nazis. By 1938, the London branch of J. Henry Schroder bank was acting as the Nazi's financial agent in Great Britain. In 1933, Schroder began representing ITT interests in Nazi Germany. In 1936, J. Henry Schroder Banking Corporation merged with the Rockefellers to form Schroder Rockefeller and Company.¹⁴⁷

In the summer of 1945, U.S. Treasury officials uncovered evidence that Gero von Gaevernitz was exploiting his quasi-official position with the U.S. Legation in Bern to complete some questionable deals with E.V.D. Wright. Gaevernitz was a close associate of Allen Dulles in Bern.¹⁴⁹

Gaevernitz's sister had married Hugo Stinnes, the vigorous Hitler supporting banker. During the 1920s, Gaevernitz traveled back and forth between the Ruhr and Wall Street arranging deals. As late as 1941, Gaevernitz listed himself as an agent for Schildge Rumohr Inc, a New York dummy corporation better known as Transmares. Dulles had personally expediated the financing for Transmares through J. Henry Schroder. The Department of Justice identified Transmares as a front for circumventing the British blockade. Gaevernitz pocketed a 30,000 franc payoff for inducing North German Lloyd to permit the cross registration of a vessel from a Finish to Swiss a flag. He laundered the money through E.V.D. Wright in Portugal and continued to oversee Stinnes holdings in Germany and Switzerland.¹⁵⁰

The obvious connections between top officials in post war Germany and their past dealings with Nazis did not pass entirely unnoticed. As previously noted in an earlier chapter both Treasury Secretary Morgenthau and the Kilgore committee were alarmed over it. Other in Europe were also alarmed. In the airgram A-1052 sent on September 15, 1945 from Switzerland by Leland Harrison to Secretary of State, the

London Embassy and Robert Murphy noted the connection with the Stinnes bank. The airgram read as follows:

"In view of the recent reports of the arrest of Hugo Stinnes Jr. in Germany. The Department may wish to consider, with other interested agencies, the advisability of having former Stinnes associates employed by the American government agencies to advise military as to German nationals helpful in building a democratic Germany."¹⁵¹

The airgram blindsided Dulles and placed him on the defensive, forced to defend Gaevernitz. In a long rambling defense of Gaevernitz Dulles claimed such connections were necessary in order to gain information. However, Dulles failed to mention the connection between Gaevernitz and Transmares.

While Dulles faced serious allegations of treason immediately after the war, he had help from the highest levels of the military occupation government. William Draper headed the economic division and was emphatically against decartelization. Draper had risen to the senior management level at Dillon and Reed before the war along with James Forestal and Paul Nitze.

The economic division also drew heavily on the assessments of Captain Norbert Bogan. Bogan was on loan to the War Department from his vice presidential post at J. Henry Schroder. Bogan had landed in Algiers with Eisenhower and after France was liberated appeared frequently in Bern. In Germany Bogan first attempted to head off the Army's Financial Division from investigating J. H. Stein bank by dismissing it as small potatoes. He then argued for travel orders to Cologne even before the city had fallen to cover up Schroder's records.

Richard Helms was requisitioned by Donovan from his job in New York of plotting Nazi submarine routes to serve in Europe. While the Helms family was not rich his grandfather served as the first president of the Bank of International settlements.

During the autumn of 1945, Dewitt Clinton Poole was sent to Germany to interrogate important Nazis. During the war Poole headed Foreign Nationalities Branch of the OSS. Poole directed OSS efforts to recruit agents from immigrant communities. DeWitt Poole, would later become president of the National Committee for a Free Europe, one of the CIA's largest propaganda efforts.

On his return from Europe, Poole met with Dulles who was already back at work on Wall Street after the OSS was disbanded. After two weeks Poole sent a long handwritten letter to Dulles. An excerpt from the letter follows.

" Department specialist Charles Kindleberger "is all right as far as he goes, but he doesn't appear to control the raft of young Jew boys under him. In the fulfillment of the Potsdam program they put ahead of everything the dismantling of German plants and shipment of machinery to Russia." There had been some "headway with details": "Of the 100,000 Nazis now arrested, 20,000 are soon to be turned loose. The British have vigorously protested the low ceiling put on German steel production.

Since "the Harry White boys continue on the job" at Treasury, some "change must be engineered at the highest levels"; the time has come to convince the President, or at least Secretary of State Jimmy Byrnes, that to "continue to ruin Germany by indiscriminate de-Nazification and unrelenting deindustrialization can

only confirm Europe as a liability."¹⁵²

After warning recipients to tear this thing up Dulles circulated Poole's letter to others opposed to the decartelization of Germany. Laird Bell a Chicago banker and president of the local Council on Foreign Relations was already on a one man crusade against decartelization was one of the recipients. A week later Bell informed Dulles he was developing a contact with a group centered around Notre Dame University and headed by some of the Catholic hierarchy who had formed a Save Europe Now Committee.¹⁵³

2: United Nations War Crimes Commission

The allied forces on the ground were likewise hindered from completing the denazification program by their own officers. In a meeting of the Finance Division Captain Norbert Bogdan, a former vice president of the Schroder Banking Corporation of New York, argued furiously against investigations against the Stein Bank on grounds it was small potatoes. Bogdan was a former vice president of the Schroder Banking Corporation of New York. Shortly after Bogdan's successful effort in blocking the investigation, two of his staff applied for permission to investigate the bank. The Intelligence Division blocked that request. ITT was closely associated with Kurt von Schroder and wanted to conceal its past in helping the Nazis for all time. Once an investigation of the Stein Bank was started the connection would be soon exposed.¹¹⁷

Unfortunately, many officers were loyal to their former employer and not their country. As IBM's pressed for Treasury permission to transact business with Germany and Italy increased, Harold Carter, an employee of the Economic Warfare Section, took notice. Carter carefully prepared his case against IBM, but was unable to convince a court to issue a denied a subpoena. To further complicate the matter, the Dehomag machines were only leased to the Nazis. A quirk in the law meant they were American property and were to be protected.

Further, Watson had anticipated the war and on March 31, 1941, incorporated a new subsidiary, Munitions Manufacturing Corporations. Two small canning factories were purchased to house the new unit. Within sixty days of Pearl Harbor, Watson unveiled a fully equipped manufacturing facility staffed by 250 employees. Their first product was a 20mm anti-aircraft cannon. Eventually the subsidiary grew to produce a whole range of war munitions, including 90mm anti-aircraft gun directories, M1 rifles, gas masks, bombing sights and other items. IBM had taken up a host of research projects for the military.

IBM arrived on the beaches of Normandy shortly after the beachheads were established. Their mobile MRUs (Machine Records Units) specialized in deploying IBM made equipment. These MRUs were on the front line and became indispensable.

These MRUs made up of IBM employees and those trained by IBM became the backbone of the MRU forces. Their loyalty laid more with IBM than with their country. Watson received hundreds of letters from IBM soldiers many telling of capturing Dehomag machines. None, however, caused more of a stir than a letter from a Lt. Lawrence Flick, written on September 2, 1945. Flick had told of enlisting a Captain from the Property Control Division to support Hermann Fellingner, a former Nazi IBM partner. Fellingner had been one of those in the Dehomag revolt, which tried to overthrow the iron grip of Watson on Dehomag. Watson had no intention of re-empowering Fellingner.¹¹⁸

Officers that retained a greater loyalty of their company than their country plagued the army's officer's ranks. (Note: this should not detract from the thousands that served their country honorably.) Many undoubtedly thought their corporate loyalty would stand them in good stead upon their return home. Others owning stock in the company were simply protecting their own investments.

As early as 1942, there were clear indications of corporate America's connivance to continue doing business with the German cartels after the war as if the war had never taken place. In a speech on June 3, 1942, before the Illinois Bar Association Assistant Attorney General Thurmond Arnold warned:

"The secret influence of the international cartel is going to be thrown in favor of peace without victory when the first opportunity arises—just as it was thrown in that direction at Munich.

The small group of American businessmen who are parties to these international rings are not unpatriotic, but they still think of war as a temporary recess from business as usual with a strong Germany. They expect to begin the game all over again after the war.

It is significant that all these cartel leaders still talk and think as if the war would end in a stalemate, and that therefore, they must be in a position to continue their arrangements with a strong Germany after the war. This is not shown by their speeches, but by actual documents and memoranda of business policy which we find in their files."⁶

Arnold's words confirm the findings listed in the previous chapter. As of June 1942, corporate America had yet given up hope of negotiating a peace with the Nazis. Arnold effectively predicted the outbreak of the Cold War. Perhaps, the only mistake Arnold made in his speech was in labeling these treasonous corporate leaders as patriotic. They were not.

Nor was this the only warning of the connivance. On June 4, 1943, Homer Boone, Chairman of the Senate Patents Committee informed the Senate Military Affairs Committee:

The Standard Oil Company of New Jersey directors were asked by certain stockholders to cut off all relations with Farben after the war, but it refused. One official said such a request was an affront. There is clear indication that after this unpleasant interlude of war they will hold hands again and resume their very harmonious and beautiful arrangements with cartels."⁷

The quotes above should serve as a grim reminder to the power of the Nazi elements among us when compared to the success of the T Forces at Nordhausen.

To fully understand how the 4-Ds program was sabotaged from within a brief look at the development of the Nuremberg Tribunal and the elements assigned to the 4-Ds program is needed. Most studies only cover the Nuremberg trials. However, there were several other trials as well. The Nuremberg Trials were actually a culmination of a long and complicate process, steeped in geopolitics. Since, the agreement leading to the Nuremberg Trials was not reached until mid-1945 there was no official policy in handling of the Nazis as the allied forces swept over Germany.

From the very beginning, the debate between Washington and London on what constituted a war crime was haunted by the failure of the war crime trials following WWI in Leipzig.

The question of punishing war criminals in WWII was first raised in 1940 by the exiled government of Poland. The British Foreign Office opposed this so it laid dormant until after the German invasion of Russia, which took place accompanied by a horrendous increase in Nazi brutality. Existing international law was inadequate for the crimes committed, and an agreement was needed between the big three powers to adjust international law to address the horrors of this new type of war.

Periodically the British would issue periodic statements to fortify the moral of the occupied peoples. On October 21, 1940, Churchill stated that all crimes of Hitler would be upon him and upon all who belonged to his system. In May 1941, Foreign Secretary Anthony Eden spoke of a reckoning that would be wide and fierce. On June 12, 1941, following the Nazi invasion of Russia, Churchill was quoted as follows.

These quislings, like Nazi leaders, if not disposed of by their fellow countrymen—which would save trouble— will be delivered by us on the morrow of victory to the justice of Allied tribunals.²³

Germany's invasion of Russia marked a turning point in the relations between Poland and Britain. Britain, seeking allies against Germany, was now intent upon improving relations with the Soviet Union. The exiled Polish government wanted to preserve its 1939 borders while Moscow was adamant about retaining the Polish territory ceded to Russia following the Ribbentrop-Molotov agreement. Therefore, Polish wishes were incumbent upon the greater goals of British geopolitics.

By the autumn 1941, the Foreign Office had to contend with growing unrest in both the Cabinet and Parliament in response to reports of German atrocities. In September 1941, Hugh Dalton, Labour MP and minister of economic warfare, called Eden's attention to the German practice of executing hostages whenever German forces were attacked. Dalton proposed telling the people of Europe keep a list of names of all those connected to the execution of hostages including the commanding officer. After liberation those on the lists would be hunted down and summarily executed. The Foreign Office remained cold to Dalton's proposal and warned of a repetition of the "Hang the Kaiser" campaign after WWI.

1

Recognizing the growing concern over Nazi atrocities Eden asked the War

Cabinet on October 1, 1941 to approve of a statement along the lines of the Anglo-Franco-Polish declaration of April 1940. The draft declaration was a vague statement unacceptable to the War Cabinet. The Foreign Office quickly revised the declaration to read as follows.

"We therefore publicly declare that brutalities which are being committed in occupied countries are contrary to the dictates of humanity; are a reversion to barbarism; and will meet with sure retribution. To this end, we are united in our resolve to win freedom of the oppressed peoples and to execute justice. The methods of oppression and terror used by Hitler are such that many people, including Germans and Italians, are ignorant of the full facts. When these things are known, world opinion will not allow the criminals to escape just punishment for their crimes. The facts are being put on record so that in due time the world may pronounce its judgement. With victory will come retribution."²⁴

Leaders in the Parliament called for a stronger declaration. The Foreign Office did not deliver the declaration to the United States and Soviet Union until October 21, which indicated the low priority, they held for the war crime issue. Four days later, in an unexpected move on October 25, Roosevelt unexpectedly issued a statement condemning the execution of 50 hostages in Nantes for reprisal of the shooting of the military commander of the region. Roosevelt's statement compelled the Foreign Office to make several quick decisions. Churchill responded immediately to Roosevelt's statement and concluded, "Retribution for these crimes must henceforth take its place among the major purposes of the war."²⁵

Also plaguing the establishment of a unified war crimes declaration was the tendency of both London and Washington to dismiss the Soviet reports as exaggerations or worse as imaginary. Yet, some of the most brutal war crimes such as the Bari Yar massacre were occurring on the eastern front.

Following Churchill's remarks on October 25 various allies weighed in with their own comments. The Australians thought the statement to be coached in inappropriate language and should be made simple and all remarks about retributions be dropped. Governments-in-exile disagreed. The Greeks accepted in principle the British statement in principle but insisted on adding Bulgaria's name to the war crimes declaration. The Yugoslavian government wanted to include all forms of atrocities including dive-bombing, burning of villages, and others. They also wanted to indict the Nazi Quisling governments, including the so-called Independent Croatia.

The War Cabinet however, approved the Foreign Office stance that the statements by Roosevelt and Churchill had made a joint resolution by the allies unnecessary. Frank Roberts, the first acting secretary in the Central Department of the Foreign Office argued that such a move by keeping Britain from signing a joint declaration would not commit Britain to whatever determination the allies might reach at the war's end. Many in the Foreign Office wanted to go further and free Britain of any commitment to making a list of war criminals or engaging in any preparation of any registry of atrocities.

Britain ultimately chose not to associate itself with the proposed declaration. Further complicating the matters was a dispute broke out among the allies as to the

inclusion of the Soviet Union in such a declaration. The Poles, Czechs and Yugoslavs sided with England in favor of the inclusion. However, most other governments were opposed to the inclusion. The United States not yet at war declined to attend any joint signing of the declaration.

The meeting of the allies took place on January 13, 1942. Representatives from nine nations took part: Belgium, Czechoslovakia, Greece, Luxembourg, the Netherlands, Norway, Poland, Yugoslavia and the French National Committee. Also present as observers were the United States, Britain, the Soviet Union, China, the Dominions and India. Eden addressed the group with caution, concluding that the governments of occupied territories should take the initiative in declaring the principles by which they will be guided once liberated.

While the atrocities increased in Poland, the Polish government-in-exile began demanding more than just declarations. It asked that the British conduct bombing raids in central and western Germany in retaliation for the execution of one hundred hostages in Warsaw. The Foreign Office refused the request. Another Polish demand called for the execution of five Germans after the war for each Pole, Yugoslav or Czech killed. They further demanded that a special air force unit be created for the daily bombing of a German town that had no military value as a reprisal for the atrocities being committed in Poland.

The Poles were not the only occupied territory that demanded stronger measures from Britain. After the destruction of Lidice, the Czechs demanded that the RAF raze a German village. The Foreign Office turned this demand down, too. In response to British inaction, the Czechs announced unilaterally they would judge and punish those responsible. The Czech list included Hitler, the members of his government, all representatives of Germany stationed in Czechoslovakia as well as their subordinates and any German or Czech that aided them even indirectly.

The Foreign Office objecting that it was not consulted in advance, condemned the Czech action as inexcusable. Britain's rejection of the demands of the Poles and Czechs was not totally without reason. Up to this time, Britain had fared badly in the war, and there was a legitimate concern over German reprisals against captured British POWs. British mistrust of claims coming from Eastern Europe contributed to the rejections.

It wasn't until October 1943 that the United Nations War Crimes Commission (UNWCC do not confuse with the present day United Nations—the allies during the war referred to themselves as the United Nations) was established. The commission was plagued with differences between Britain and the Soviet Union as to what constituted a war crime, as well as differences on how to conduct the war. Just as some in the British Foreign Office were opposed to any war crime trials, a similar faction existed within the United States State Department. The influence of these factions is reflected by the eighteen months it took for the UNWCC to take shape.

Two of the largest stumbling blocks between Britain and the Soviets were the case of Rudolf Hess and the inclusion of the Dominions. The Soviets desired immediate trials, including that of Hess, the British on the other hand wanted to wait until after the war before beginning any trials. The British also wanted to include the Dominions such as New Zealand and South Africa on the commission. The Soviets were opposed to such inclusions unless each of the Soviet states was granted equal

status. This was also a bedrock issue for the Soviets in the formation of the United Nations. By demanding that the Dominions each have a separate vote, British influence was multiplied by several fold, while denying the Soviet demand of a vote for each of its states weakening the overall influence of the Soviet Union.

3: What is a war crime ?

In forming the UNWCC, the British selected Sir Cecil Hurst as their representative. Hurst was legal advisor to the Foreign Office and sat on the Permanent Court of International Justice. The British asked both Washington and Moscow to select their representatives and proposed the American representative should be the chairman of the commission.

The State Department legal advisor, Green Hackwood thought the candidate should not be selected solely on the basis of criminal law but also on the basis of understanding of international geopolitics. Secretary Of State, Cordell Hull wanted Francis Biddle the US Attorney General to fill the spot. Biddle on the other hand rejected the position. After four months of internal wrangling inside the State Department, Roosevelt named his friend Herbert Pell to fill the position. Pell had served in the sixty-sixth congress as a representative from New York and as America's minister in Portugal and Hungary. Hull accepted the nomination despite Pell's lack of any legal background. However, others within the State Department immediately set out to sabotage Pell and his mission.

Pell was unknown in England despite his earlier diplomatic service. An initial impression of him came from Ham Armstrong, a State Department official and was forwarded to London by J. Forester of the British Embassy in Washington. Forester had gained his information from Armstrong charged that Pell was a disappointing political appointment and the man would contribute little to the commission. Forester then met Pell and concluded that he is not unintelligent but seemed set in his ways. The British embassy official believed Pell's knowledge of war crimes was slight although he had already seemed to have formulated certain fixed views on policy. He concluded that Pell believed that war criminals should be brought before an international tribunal but that the tribunal should not be bound by Anglo-Saxon rules of evidence. Further Forester stated that Pell believed there should be no appeal of sentences and that execution of those sentenced to death be carried out immediately after pronouncement of the verdict.

Following his appointment, Pell's relationship with the State Department grew more tense. The State Department actively sought steps to constrain whatever policies Pell wanted to take. By the time Pell departed for London, he had concluded that the State Department did not regard war crimes as a legitimate concern. Pell was surprised that not a single official within the State Department was responsible for dealing with war crime issues.

On October 20, 1943, representatives from seventeen nations met in London to inaugurate the UNWCC. The Soviets were absent. The Dutch representative offered a view differing from the British view that the commission should be limited to investigating and recording evidence of war crimes. The Dutch proposed the commission should be actively involved in preparing the trials. The Chinese representative raised another troublesome point for the British. The Chinese wanted to include all war crimes dating back to the Japanese invasion of Manchuria in 1931. The British feared granting this request would open the door for the Czechs to demand investigations back to the time of the Munich agreement in which the British role was less than exemplary. Beyond a vote to establish the commission and choosing the location of the headquarters nothing substantial was accomplished.

The Soviets refusal to participate in the opening meeting did not deter Stalin from joining the Allies in a joint statement condemning German atrocities. On November 1, the big three signed the Moscow Declaration dealing with the punishment of war criminals. The document ended with the following words.

"Let those who have hitherto not imbrued their hands with innocent blood beware lest they join the ranks of the guilty, for most assuredly the three Allied Powers will pursue them to the uttermost ends of the earth and will deliver them to their accusers in order that justice may be done. The above declaration is without prejudice to the case of major criminals, whose offences have no particular geographical localization and who will be punished by the joint decision of the Governments of the Allies."²⁶

This statement was the only substantial agreement among the Allies concerning punishment of war criminals among the big three. Although its principles served as a guide for the Allies, it did nothing to bridge the differences to bring the Soviets into the UNWCC. The Soviets and the British would remain at odds over the British demand to include the Dominions, but not the various Soviet Republics. There were other obstacles to Soviet participation particularly the failure of the Allies to open a second front in 1942.

In mid-July 1943, the Soviet Union put eleven Soviet citizens on trial for high treason for assisting the German forces around the town of Krasnodar and their role in assisting the Germans in the liquidation of 7,000 people. Eight Soviets were sentenced to hang the remaining defendants were deported or sentenced to twenty years of hard labor. Moscow apparently wished to demonstrate its commitment to the punishment of war criminals and its desire for a joint policy. The Soviets held numerous German POWs including many believed to be guilty of war crimes.

Several weeks after the hangings the Soviet scholar Professor A. Farrin published an English version of *War and the Working Class*. This publication hinted at being the official viewpoint of the Soviet Union. The article divided war criminals into four classes. The first class included Hitler and his cabinet ministers. The second class included party leaders and the German Army Command. The third class was composed of the financial and industrial leaders. The fourth group was defined as those that had benefited from the Nazi plundering such as those receiving stolen goods or those who exploited slave labor.

At Teheran, Stalin attempted to translate Farrin's principles into numbers. Only

two weeks after the Teheran conference the Soviets put on trial three Germans and a Russian collaborator in Kharkov. The defendants were accused of using gas vans (vans in which the exhaust was pumped into the compartment holding prisoners), shooting of POWs and the execution of thousands of Soviet citizens. Once again, the trial also brought charges against the heads of the Nazi government. On December 19, the four defendants were hanged. American reporters that followed the trial were convinced of the guilt of the defendants and of the genuineness of the charges. They also thought the Soviets had been punctilious in observing legal proprieties.

The Kharkov trial opened an old wound between the Soviets and London. The Soviets had always been in favor of immediate trials while both London and Washington wanted to wait until the end of the war before beginning trials. The desire to wait until the end of the war by Britain and the US was not unjustified. Both feared such trials could provoke retaliations by the Nazis against British and American POWs.

The Nazi government, within days of the trial, sought to drive a wedge between the big three by threatening to put POWs on trial for serious breaches of international law. In January 1944, information reached Washington of a protest by high military officers in Germany against any trials of American or British POWs in reprisal to the Russian trials. At the end of March, Germany published a statement saying that the preparations for trials of POWs for war crimes were well advanced. Britain and the US asked the Soviets to refrain from holding any more trials until after the war's end. Russia complied.

Just prior to the Teheran Conference, Churchill proposed a radical plan of summary executions of high-ranking Nazis accused of war crimes that were not limited to a particular geographic location. Churchill's plan was that the nearest officer of major general rank would convene a court of inquiry not for the determination of guilt but solely to establish identity. Once identified the officer would order his execution within six hours.

Churchill approved a short list of war criminals that would be subject to his proposal. The Foreign Office opposed his plan, as did the Soviets.

The Roosevelt administration was divided on the terms of post war Germany and war crimes. Morgenthau urged for a hard peace and broad war crime investigations. Secretary of War, Stimson, led a faction sympathetic to Germany. The military had prepared the booklet, *Handbook of Military Government*, which reflected the views of the top officials within the military favoring an immediate restoration of Germany. Many of the military officers thought we were fighting the wrong enemy and should be at war with the Soviets rather than the Nazis. Under pressure from Morgenthau, Roosevelt wondering how such a document came to be written and who approved it, ordered Stimson to have the booklet rewritten. Roosevelt's comments follows:

"It gives me the impression that Germany is to be restored just as much as the Netherlands or Belgium, and the people of Germany brought back as quickly as possible to their pre-war state. I do not want to starve them to death but as an example, if they should be fed three times a day with soup from army soap kitchens. That will keep them perfectly healthy and they will remember that experience all their lives. The fact that they are a defeated nation, collectively and individually, must

be so impressed on them that they will hesitate to start a new war."²⁷

Roosevelt further criticized the document during the Aug 28 cabinet meeting, in which he named Morgenthau, Hull, Stimson and Hopkins to a committee for determining the treatment of Germany after the war. Stimson was harshly opposed to the harsh treatment Roosevelt wanted for Germany. He passed on Roosevelt's request to rewrite the handbook to his aide, John McCloy, whom in turn passed it on to Murray Bernays. ⁶⁴ Bernays was opposed to any action on war crimes until after the war ended. He feared reprisals against American POWs. Nevertheless in November 1944, Bernays' ideas on prosecution of war criminals were presented to FDR in a memo from Secretary of War, Henry Stimson, and Secretary of State, Cordell Hull, entitled *The Trial and Punishment of European War Criminals*. It was Bernays' work that provided the framework and legal theory behind the Nuremberg trials. Although Jewish, Bernays' own doubt over the reports and the inability to grasp the reality of the Holocaust played a role in his views.

On September 5 Morgenthau presented Roosevelt with a comprehensive memorandum titled *Program to Prevent Germany from Starting a World War III*. The memorandum soon became known as the Morgenthau Plan and called for complete dismantling of Germany's industrial might and severe punishment for war crimes. Since, the State Department already had possession of documents indicting the Nazis were prepared to go underground and start a new war, Roosevelt had reasons to reject an easy peace with Germany.

Stimson was vigorously opposed the Morgenthau Plan and was soon joined by George Marshall and General Myron Cramer. Thus at the time when Roosevelt departed for the Quebec conference his administration had no set policy on the course of action for postwar Germany. Roosevelt left for Quebec without any senior aides. In Quebec, it soon became obvious to Roosevelt that Churchill's main focus was on postwar aid to Britain. Consequently, Roosevelt placed a call to his Treasury Secretary. Morgenthau then rushed to the conference, resulting in the Quebec conference concluding with agreement on the Morgenthau Plan for post war Germany.

Before the end of September, the press was leaked the contents of the Morgenthau Plan which, came under heavy fire. With only six weeks to the election, Dewey saw his chances for victory over Roosevelt improved. Dewey charged that with such a heavy-handed plan, Roosevelt was prolonging the war and America was paying for it in blood.

Roosevelt suspected persons within the State Department of the leaks to the press.

Leaks such as this one might have been nothing more than someone with a big mouth. The timing of the leak suggests politically motivation. However, Nazi documents captured after the war indicate that it may have been an integral part of Nazi planing. A directive issued by the Chief of intelligence Division of the German High Command, Admiral Canaris of March 15, 1944 part of which follows here casts a suspicious eye towards Nazi intrigue.

"There is great fear in the USA of Bolshevism. The opposition against Roosevelt's alliance with Stalin grows constantly. Our chances for success are good, if

we succeed to stir up influential circles against Roosevelt's policy. This can be done through clever pieces of information, or by references to unsuspecting neutral ecclesiastical contact men.

We have at our command in the United States efficient contacts, which have been carefully kept up even during the war. The campaign of hatred stirred up by Roosevelt and the Jews against everything German has been temporarily silenced the pro-German bloc in the USA. However, there is every hope that this situation will be completely changed within a few months. If the Republicans succeed in defeating Roosevelt in the coming election, it will greatly influence American conduct of the war towards us.

The KO-leaders abroad and their staffs have innumerable opportunities of constantly referring to Roosevelt's hate policy. They must use in this campaign all the existing contacts and they should try to open new channels. We must point to the danger Germany may be forced to cooperate with Russia. The greatest caution has to be observed in all talks and negotiations by those who, as "anti-Nazis" maintain contact with the enemy. When fulfilling missions, they have to comply strictly with instructions."²⁸

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The above document now casts all such leaks and reports in the press appearing in the later stages of the war as Nazi intrigue or propaganda. As shown in the previous chapters the Nazis had willing accomplices in Congress, the military, and the press and industrial leaders. The reader also should be alerted to the reference to that if the Republican Party could win the election they would alter the American conduct of the war. The previous chapters have detailed the collaboration between the Nazis and the Republican Party.

In the 1940, election Herbert Hoover had collaborated with top Nazis in Berlin in an effort to unseat FDR. Did the Republicans again collaborated with the Nazis in 1944 and offered them an easy peace for their support in the 1944 elections? The question for now must remain unanswered. However, laying in vault and probably marked top secret there is a document that can answer the question either yes or no definitively. There is no question however, that starting around 1944 or so that the media in the United States started to print many editorials and articles for an easy peace with Germany. Many of those no doubt were the direct result of the Nazi directive above.

In mid-December 1943, the Czech representative to UNWCC proposed it be resolved that the UNWCC was fully competent to handle all aspects of the war crimes tribunal and should not be limited to just examination of dossiers and the compilation of a list of war criminals. The resolution succeeded.

Up until the end of the war there was no accepted definition of war crimes. In the absence of an official definition of war crimes British treasury solicitor Tom Barnes, who headed the British National Office for War Crimes informed Hurst that he was unable to submit any cases of war crimes or names of war criminals because of that lack.

By mid-May, the committee suggested four categories of war crimes. The first was crimes committed for the preparation of war. The second, crimes committed in

Allied countries against armed forces or civilians. The third included crimes committed against persons without regard to nationality, race, religion or political beliefs. The last category was reserved for those crimes perpetrated in order to prevent the restoration of peace. The committee failed however, to supply a definition of war crimes or to draw up an exhaustive list of war crimes.

One of the issues the committee failed to reach agreement on before the end of the war was whether a war of aggression amounted to a war crime. No vote was ever taken on this question by the committee. It wasn't until after the London conference of June 26-Aug 8, 1945 at the insistence of the United States that the UNWCC included waging an aggressive war as a war crime.

In its first five months of operation, the UNWCC listed only 70 cases of war crimes. Half of these were so incomplete that the commission could not make a determination, others were trivial. Not a single case at the time was lodged against any prominent Nazi leader. The main reason for the small number of cases was due to the difficulty of obtaining precise information from occupied territories while the POWs and labor camps remained in Nazi hands.

At the beginning of June 1944, committee chairman Hurst met unofficially with Eisenhower's staff. Based on the conclusion of this meeting Hurst recommended an establishment of a war crimes agency attached to SHAEF. The Foreign Office sabotaged such a proposal and SHAEF formally rejected it.

In November 1944, Czech government decided to list Hitler as a war criminal. The British representative was opposed to such a listing until the German constitution could be examined. In December 1944, the commission presented a list of 712 names of German and Italian war criminals including the names of top Nazis such as Hitler, Himmler and 17 generals. In all 49, top Nazis were listed.

Perhaps the most contentious issue that came before the UNWCC was the Jewish issue. In August 1942, the Foreign Office and the State Department received a report from Dr. Gerhart Rieger a representative of the World Jewish Congress in Geneva, stating that plans were under consideration in Berlin in which all Jews in Europe would be deported and concentrated in the East and with one blow be exterminated. Both the Foreign Office and the State Department disbelieved the report and failed to pass it on. Reports of further atrocities against the Jews continued to pile up. The British Foreign Office believed the massacres of the Jews could not be considered a war crimes and sought to limit all war crimes to crimes committed against the citizens of Allied nations and then only after the date of the Polish invasion.

Almost immediately after beginning work in the UNWCC, Pell on his own initiative raised the question of crimes perpetrated by the Nazis against citizens of the Reich. His assistant from the State Department, Laurence Preuss opposed the proposal. Preuss in an effort to undermine Pell reported in an unofficial and confidential letter to the State Department Pell's actions. In fact, it was Pell's actions that served as a catalyst for the commission to include this issue. Preuss had also informed the Foreign Office the Pell was making dangerous mistakes. This issue of including crimes before 1939 against citizens of Germany was never adopted by the commission due to the actions of the British Foreign Office and the US State Department. In fact, the issue would lead shortly to the removal of Pell.

Another problem that plagued the commission was the type of court to use to

prosecute war criminals. Pell informed the State Department that unanimous agreement had been reached on the treatment of war crimes conducted within a single country. In crimes involving more than a single country, Pell proposed that international authority should handle such cases. Pell also urged FDR to establish some machinery of justice that could act firmly and quickly.

Pell's proposal and initiative irritated Hull, who believed the commission should restrict itself to the collection of evidence. Roosevelt preferred a military court and conveyed that opinion to Pell. On February 1944, a subcommittee chaired by Pell began examining the question of an international court. On September 22, Pell's subcommittee formally issued the final draft on the Convention for Establishment of a United Nations Joint Court. The full UNWCC approved the draft on September 26, 1944.

In January 1945, Hurst submitted his resignation as a result of a dispute with the Foreign Office. The Foreign Office was well aware of the tireless and relentless efforts of Pell to bring the Nazis to justice. They feared Pell would be elected chairman as a replacement for Hurst. The State Department was likewise upset with Pell's criticism of inaction by State.

Pell's appointment had been a thorn in the side of Hackworth, the State Department's legal advisor from the very beginning. In December 1944, Hackworth informed Pell that the issue of an international court was an issue being considered by several departments: State, War and Navy. Hackworth emphatically refused Pell's request to attend meetings at which these questions were debated.

Hackworth already knew Pell would be removed as a result of Congress's decision to defund Pell's \$30,000 budget. The State Department now headed by Stettinius following Hull's resignation proposed to FDR that America's representative on the UNWCC be carried out by an army officer. On January 9, 1945 Hackworth and Stettinis ignominiously sacked Pell. On January 29, 1945 the undersecretary, Joseph Grew came under attack by the press over Pell's dismissal. One reporter questioned the State Department's record in the Senate hearings on appropriations for Pell's office. The Senate's records indicted that Hackworth's assistant Katherine Fate, appeared before the Senate committee for funding Pell's position lasted less than three minutes. Once again, a dedicated anti-Nazi was removed by the invisible hands of the pro-fascists within Congress and the Department of State.

The removal of both Hurst and Pell in January 1945 from the UNWCC brought about strong press commentary on the collapse of the committee. However, the committee continued operations until March 31, 1948. In four and half years the commission had presented 80 lists containing the names of 36,529 suspected war criminals of which 34,270 were German. The UNWCC eagerness to advance preparations in dealing with war crimes was opposed vigorously by both the British Foreign Office and the US State Department. Both regarded the UNWCC as a political necessity to be exploited in neutralizing demands for reprisal by governments in exile. While the UNWCC committee was created with the noblest intentions in reality, it served no real purpose than to talk to death the crimes of the Holocaust. Certainly, it faced obstructionists from both the United States and Britain.

4: The OSS Friend or Foe

In April 1945, FDR dispatched an American delegation to England at London's request to overcome their differences and formulate a common war criminals policy. Judge Samuel Rosenman headed the delegation. Viscount Simon headed the British side. Rosenman's proposals included crimes committed before 1939 and against Germans citizens. To please the Americans, Simon in his proposal included a reference to crimes against Jews. Sadly, no resolution was reached due to the death of Roosevelt.

Shortly FDR's death, President Truman adopted the recommendations contained in the memorandum on trial and punishment of Nazi war criminals first presented to Roosevelt in January 1945. Truman used the San Francisco conference to discuss and promote this list with the allies. No decisions were reached since the Soviets and French were not authorized to negotiate the American proposal. On June 14, 1945, the British issued a royal warrant setting the stage for arrests of war criminals by British forces. This warrant was limited to only crimes occurring after September 1939. It also to excluded crimes against the Jews.

It was not until after intense negotiations from June 26 until August 8 among the Allies that a joint accord was reached. Under Article 6 paragraph c, the charter established crimes against humanity which included murder, extermination, enslavement, deportation and other inhuman acts committed against any civilian population before or during the war. Before this time the only Holocaust crimes recognized were merely violence directed at Jews.

On December 20, 1945 in order to establish a common basis for trials to be conducted in the four zones the Allied Control Council for Germany published Law No. 10 "Punishment of Persons Guilty of War Crimes, Crimes against Peace and Humanity." The law empowered the allied commanders of the four occupied zones to conduct criminal trials of individuals on charges of war crimes, crimes against humanity or membership in an organization that planned such crimes. In case of crimes committed by Germans against Germans or stateless persons the military commanders were authorized to permit trial by a German court.

Between December 1946 and April 1949 there were twelve trials involving 185 defendants in the American zone. These trials became known as the Subsequent Nuremberg Proceedings. In none of these trials was the mass murder of Jews considered as a separate criminal offense.²⁹

In the end, the Americans tried 1857 defendants. The military courts convicted 1416 of the 1672 tried. Of those, 450 were sentenced to death, 219 were given life imprisonment and the remaining 889 to various prison terms of five years or less. The British tried 1085 sentencing 240 to death, acquitting 348, sentencing 24 to life the remaining 473 received varying prison sentences. The French tried 2107 acquitting 404, sentencing 104 to death, sentencing 44 to life imprisonment, the remaining 1475 received various prison sentences. The Soviets charged 14,240 with

crimes, of which 138 were sentenced to death, 142 were acquitted and the remainder sentenced to various prison sentences.³⁰

However, these statistics fail to tell the complete story. Many of the death sentences were commuted and many of those sentenced to prison for long terms were free by 1951. They indicate a lack of the desire by the United States and Britain to pursue war crimes when compared to the total brought to trial under the Soviets especially when many of the Nazis forces went to extraordinary lengths to surrender in the west rather than to the Soviets.

To gain further insight into the failure of the 4-Ds program and the failure of the 4-Ds program to denazify Germany a brief look at the OSS is required. In 1941, Roosevelt created the COI or the Office of Coordinator of Information with Bill Donovan at the helm. The COI evolved into the OSS, the forerunner of the CIA. In assembling his team, Donovan hired many recruits from Wall Street and the top echelons of major corporations. The OSS officers in Spain and Switzerland came from Standard Oil.¹⁰ Following the invasion of North Africa, Standard Oil was no longer able to supply Nazi Germany with oil through this route. Standard Oil then began shipping oil through the neutral countries of Spain and Switzerland.

It wasn't until January 28, 1944 that the British cut off oil shipments to Spain. They allowed the shipments to Spain resume only after just three short months on May 2, 1944 after vigorous protests by Franco.¹¹

At the beginning of November 1942, Henri Hengger and David Duvoisin, the Standard Oil bosses in Berne asked Leland Hansen and Daniel Reagan respectively minister and commercial attaché of the United States Embassy permission to continue shipping Nazi Oil from Rumania through Switzerland. The request was made under the guise that it was used by the Hungarian and German embassies. The American embassy depended upon German coal.¹²

Here is the crux of the sabotaging the 4-Ds program. Many of the personnel within the OSS and the Office of Military Government (OMG) had previously been connected with corporations that traded with the Nazis or had signed cartel agreements with German companies. The problem was systemic throughout the US forces in post war Germany and throughout the intelligence forces during the war.

The statement above should not be construed to convey the impression that all of the corporate or Wall Street executives that served in the OSS or occupation forces were disloyal to their country and used their positions to the advantage of their corporation. Whether the former Standard executives stationed in Spain and Switzerland with the OSS played any role in the shipment of oil to Nazi Germany by Standard is not known with any degree of certainty and may never be known. However, in many cases there is no doubt that many put their loyalty to their firm ahead of their loyalty to their country. The sabotage of the 4-Ds program was widespread and in some cases can be traced back to congress, elements within the Department of State or the top echelon of the military.

Even Bill Donovan as head of the OSS and former Wall Street lawyer had ties to I.G. Farben. The files of Ted Clark, vice president of Drug Inc. were withdrawn from the public shortly after Donovan was appointed to head the COI. Donovan had been associated with Drug Inc. Moreover, he had expressed an opinion that cartel agreements were not restricting the market.

A brief look at the formation of the OSS reveals much of its nature. Perhaps, one

of the more striking features of the personnel from the OSS roster was how many of the employees rose to later positions within the political system (see appendix). The reader should bear in mind that the list in the appendix should not be considered complete. It was compiled from a single source.¹³ However, scanning the list reveals that an extraordinary number of ex-OSS agents obtained positions as ambassadors or within the State Department. Throughout the 1950s and 60s, these ex-OSS agents had an inordinate influence on foreign policy. Likewise, they undoubtedly contributed to the image that our embassies were merely havens for the CIA.

The OSS had a role in foreign policy from the very beginnings of the agency. Sometimes that role was thrust upon the OSS officers. The State Department jealously guarded their domain while abdicating responsibility. One example was in Cairo, where the American ambassador to Greece and the Yugoslavia-in-exile governments refused to represent the American view at an Anglo-American planning committee. The American view was then put forth by Turner McBaine a California attorney and OSS officer.

Following the war McBaine became a senior partner in a San Francisco law firm and counsel to Standard Oil of California. McBaine also served on the Asia Foundation. In 1967, the Asia Foundation was revealed as having received funding from the CIA and was acting as a front for the CIA.

In a more significant matter, the OSS officers wrote the foreign policy towards Thailand during the war. At the time, Thailand's Minister of Defense was Pibul Songgram, an admirer of Mussolini and Hitler. His main opposition in the Thailand cabinet was Phanomyong Pridi and admirer of the New Deal. Pibul soon became Premier of the government and purchased large quantities of arms from Italy and Japan. Pibul created a political and social model based on fascism and when the Japanese invaded Thailand Pibul ordered the military to offer no resistance and agreed to form a military defensive agreement with Japan. The British regarded Thailand as a fascist state and was technically at war with Thailand. The State Department remained indifferent towards Thailand not wishing to ruffle English feathers. It was the OSS backing of Pridi and his underground army that led to the creation of the free and independent state of Thailand following the war despite British objections and desires to retain control over a former colony.

Donovan chose his agents from both the left and the right of the political spectrum. For instance, he hired James Murphy former organizer for the IWW for the labor unit. In other cases, he hired members of the Lincoln brigade that had fought in Spain, knowing beforehand they were communists. These veterans of guerilla warfare were assigned to Italy where they set up a network with their former comrades. The group provided some of the best intelligence in the Mediterranean Theater. They also were assigned to France where they could work effectively with the large communist faction of the resistance movement.

Other members of the OSS refused to work with the communist faction in France or at best could only offer half hearted support.¹⁴ Most of the left wing intellectuals hired by Donovan were for assigned to operational or research roles, while the majority of corporate attorneys and executives were assigned administrative roles. Never the less by hiring some agents from the left, Donovan had slated the OSS for dissolution following the war. Additionally by hiring members of the Lincoln brigade Donovan provided fuel for the later McCarthy era.

While academia and corporations provided the bulk of the OSS recruits many members of America's wealthiest families provided another source. Andrew Mellon's son Paul served as administrative officer of the Special Operations Branch in London. William Mellon, the son of the president of Gulf Oil served in the SI Branch in Madrid. (Note the connection of oil and Spain.) Another OSS agent from the Mellon family was David Bruce, whose wife was the daughter of Andrew Mellon. Allan Scale whose wife was a cousin to Bruce's wife also served in the OSS.

The Mellon family was not the only family connected with the Nazis that had members serving in the OSS. Morgan's two sons were both OSS officers stationed in London. The du Pont family also had two family members serving in the OSS. Alfred was one of the top OSS officials in Washington at the French desk. The Rockefeller family was the only rich family without a family member serving in the OSS.

Just as the corporate attorneys and executives were assigned administrative roles and were in positions to make policy so were the offspring of America's wealthiest families. For instance, Junius Morgan was OSS Treasurer.

While these members of some of America's richest families undoubtedly contributed to winning the war, there is no question that they and many of those recruited from Wall Street and the corporate boardrooms across America were responsible for sabotaging the 4-Ds program. Despite overwhelming evidence by the end of the war of corporate America willingly trading with the Nazis during the war not a single charge was ever brought against an American corporation. Nor were any top Nazi industrialists ever convicted of war crimes at Nuremberg. The OSS members recruited from Wall Street and corporate boardrooms had intimate knowledge of the cartel agreements and were in the ideal positions to squash any investigations that might lead to the truth about corporate America and its leading industrial families. The elite would be protected.

While Donovan chose his recruits without regard to their political views, he was not adverse to party politics. His non-partisan friendship with Roosevelt protected the OSS. However, Donovan was not adverse to party politics. He correctly foresaw that Thomas Dewey would be the Republican candidate to face Roosevelt in the 1944 election. In anticipation of that, Donovan had suddenly recruited a large number of former assistants of Dewey. Dewey was a Republican and a conservative that later developed a hatred of communism. In fact, Donovan had recruited so many Republicans that in some circles the OSS was referred to snidely as that Republican Club.

Several of Donovan's recruits from the hard right were unable to fit in. Hilaire du Berrier a hard right journalist was interned by the Japanese and later rescued by the OSS. Donovan then recruited du Berrier as an expert on Indochinese affairs. In a matter of months, du Berrier left the OSS complaining that the leftists within the OSS had squeezed the right wing out of the organization. Du Berrier later became a writer for the John Birch Society.

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Another hard right recruit that was dropped was Ralph de Tokdano. De Tokdano had been selected for a parachute drop behind enemy lines in Italy and was training for the mission at a Virginia mansion. While training for the upcoming

mission, de Tokdano labeled his representative, Vito Marcantonio as a communist. To be fair Marcantonio had started politics as a Republican with very liberal views and was elected to Congress in 1935 from East Harlem's 20th District. In 1938, Marcantonio defended his seat running as an American Labor Party candidate. Marcantonio viewed the Communist Party as an American party. He was also a strong supporter of civil rights and a vigorous opponent of Joseph McCarthy. In 1944, his district was gerrymandered to include Yorkville, an area south of East Harlem whose major ethnic groups, expressed hostility to left politics and had been a hotbed of support for the Nazis in the 1930s. The Wilson-Pakula Act of 1947 prevented him from entering the major-party primaries, thereby forcing him to run on the American Labor Party at a time when it was almost universally identified as Communist controlled. Marcantonio was defeated in 1950 as another victim of the spreading McCarthyism. Ralph de Tokdano later became a contributing editor of William Buckley's *National Review*.¹⁵

Donovan's warriors often experienced needless delays. The State Department objected to issuing the OSS officers passports. Mrs. Ruth Shipley ran the State Department's passport division and insisted on issuing passports with the OSS officer clearly identified as OSS.¹⁶ The British Psychological Assessment Board rejected a high proportion of OSS officers assigned to write anti-Nazi propaganda. Many of those rejected were well-known screenwriters and New York advertising men. The sole reason for their rejection was they were Jews.¹⁷

While Donovan allowed his agents a free reign to conduct their operations, this resulted in many embarrassing moments for the OSS. In one case, OSS officers in Portugal broke into the Japanese embassy and stole a copy of the enemy's codebook unaware that a naval intelligence team had already broken the code. The Japanese promptly changed their code after discovering the missing codebook. Washington and the Joint Chiefs were then left without a vital source of information for several months until the new code was broken. In another high-level flap, OSS officers armed Tito's guerillas, without first obtaining the permission of the British Theater commander. Additionally, OSS officers sent communist agents into Spain without first notifying the American embassy in Madrid. Thus the agents had been left with no contact and had to fare for themselves.¹⁸

In another incident following the establishment of a beachhead at Salerno, a group of OSS officers headed by a young Republican, John Shaheen hatched a wild plot to reach the Italian Naval Command in hopes of convincing the Italian admirals to surrender their fleet to the allies. Shaheen hadn't realized that the main body of the Italian fleet had already set sail for Malta to surrender to the British. Shaheen later became president of several international oil companies and is a large donor to the Republican Party.¹⁹ Shaheen later became embroiled in the October Surprise conspiracy in which the Reagan-Bush team conspired with Iran to hold the American captives until after the election. Shaheen was also involved in the Iran/Contra conspiracy.²⁰ Shaheen had served with Bill Casey in the OSS and they remained close associates throughout their lives.

In other cases, the embarrassment was more humorous such as in the case of an elderly former executive of General Electric briefing an OSS agent on his mission. The former GE executive now a colonel in the OSS incorrectly pronounced the name of the drop zone but spent ten minutes searching the map to find the location before an

aide indicated that it was several hundred miles north of the area he was searching. In another case, the OSS parachuted a team into Brittany into a supposed safe zone. The zone turned out to be in the center of the German Second Parachute Division and the OSS team spent a few frantic days in avoiding the Germans.²¹

Often times the OSS engaged in truly ludicrous operations. One OSS operation involved a Hungarian astrologer. The Hungarian was sent to the United States to shake American public confidence of the invincibility of Hitler. After reading the Fuehrer's stars the astrologer predicted immediate doom for Hitler. The astrologer's report was carried from coast to coast in the media.

Although the Hungarian astrologer's operation was bordering on the inane, another OSS operation stands out above all others as truly ridiculous. An OSS group based in London had come to the conclusion that the Nazi State would implode if only its leader could be demoralized. After conducting a long psychological profile of Hitler, the group concluded that Hitler could be unhinged by exposure to vast quantities of pornography. The OSS groups then proceeded to assemble the finest collection of pornography ever put together. The material was to be dropped by plane in the area around the Fuehrer bunker in the assumption that Hitler would step outside and pick one up and immediately be thrown into a state of madness. The effort was in vain however, as the airforce liaison stormed out of the first meeting with the OSS cursing them as maniacs and swearing he would not risk a single life for such an insane plan.²²

In another incident, OSS agent Jane Foster obtained a large supply of condoms from a doctor in Ceylon (Sri Lanka). Foster and her team then stuffed the condoms with a message urging the residents of Indonesia to resist the Japanese invaders. They then blew the condoms up and tied the end shut; submarines then released hundreds of these condoms off the Indonesian coast.

One of the first hints of sabotaging the efforts to bring Nazis and their supporters to justice occurred shortly after the invasion of North Africa. Charles Bedeaux was born a Frenchman and became a naturalized American citizen. He accumulated a small fortune in America by devising an anti-union efficiency system. Known as the speed king and hostile to unions, Bedeaux returned to France before the outbreak of war. Bedeaux openly supported the Nazis and cultivated close relationships between many leading Nazis. After the fall of France to the Nazis, Bedeaux became the Vichy representative of a number of French industrialists in their dealings with the Nazis.

As part of his collaboration with the Nazis, Bedeaux traveled to North Africa with a plan to lay a pipeline across the Sahara from West Africa to bring cheap vegetable oil from Dakar to Hitler's Europe. Unfortunately for the enterprising Bedeaux, he became trapped in North Africa following the allied landings in Algiers. As an American citizen, he could have been arrested for treason immediately. However, Allied headquarters took no action against the Nazi collaborator. Edmond Taylor the OSS officer finally had the French arrest the Mr. Bedeaux. Even then after his arrest, the American authorities refused to charge him with treason.

Following his arrest the OSS agent, Arthur Roseborough a former Sullivan and Cromwell attorney working with the Gaullists prepared a case against Bedeaux. Allied headquarters refused to act on the case. The OSS then took the case to Washington. Bedeaux was finally indicted for treason but not before an odd attempt by the FBI to

destroy the evidence. Bedeaux was taken into custody and put aboard a plane to the United States. In Miami, Bedeaux committed suicide by taking poison under the very eyes of his guards. Many of the OSS agents in North Africa suspected that a group of influential Americans did not want Bedeaux to stand trial.³¹ How Bedeaux obtained poison after being held prisoner for months first by the French and then by the Americans remains a mystery.

5: The OSS in Europe

In late 1942, Washington received an improbable offer from the Vatican.

A high Papal Secretariat offered to furnish first hand information on strategic bombing targets in Japan. The roundabout transfer of documents took only days and became known as the Vessell project. In Rome, the project was headed by Cardinal Monsignor Giovanni Battista Montini, who later became Pope Paul VI. On the OSS side the project was headed by Earl Brennan, a State Department veteran and Republican member of the New Hampshire legislature. Brennan had befriended the leaders of the powerful Italian Masonic Order when he was assigned to the American embassy in Italy during the first year of Mussolini's rule.

Brennan had also befriended some of the leaders of the Italian Mafia that had been exiled in Canada. David Bruce, the OSS chief in London and the husband of Paul Mellon's sister, Ailsa thought Brennan's connections would be useful and was the one who recruited Brennan into the OSS.

Following the Torch landings in North Africa Brennan decided to send some of his agents into Algiers to begin planning for the infiltration operations of Italy. One of his agents was denied a passport by the State Department because of his past subversive activities. Brennan then checked with Martin Dies, the chairman of the House Un-American Activities Committee as to why the passport was rejected. On investigation, it was determined that the agent had been labeled as a subversive because he had provided legal counsel for a union strike in which the management had been labeled as communist inspired. Once the offending remark was removed Brennan's agents then departed for North Africa in early 1943.

Following their departure for North Africa, Brennan's remaining staff became occupied with the Vessell project. However, OSS responsibilities for Italian espionage were preempted by the Office of Naval Intelligence. A mysterious deal had been reached with the American Mafia. The notorious mobster, Lucky Luciano would be paroled, in return for which the Mafia agreed to use its criminal syndicate in Sicily. This deal was arranged by Assistant New York District Attorney, Murray Gurfein. Gurfein would later become an OSS colonel in Europe. Brennan was kept only partially informed of the developments at the insistence of Major George White, director of counter espionage training and a veteran official of the federal Narcotics Bureau.³² Was the OSS setting up a drug smuggling operation here as they did in Southeast Asia?

While much interest was put forth on the Vessel Project, but the source was never checked out thoroughly, and was proven later to be false, causing much embarrassment to the OSS. On March 13, 1945, the House military affairs committee announced it was investigating the loyalty of fourteen soldiers who were labeled as communists. Among the fourteen was Lt. Irving Goff. Goff had left wing sympathies and had been ordered to make contact with the communist cells after the fall of Naples in late 1943. Once the contact was made, following orders, he turned it over to his commanding officer. The Goff mission was to set up contacts with the communist cells in northern Italy and to obtain OSS safe houses. By all standards, this was an outstanding success. Some concerns arose in 1945 in military circles that Goff's agents were using the clandestine network to pass communist propaganda although no evidence of such surfaced. Charges and counter charges flowed back and forth between the military and the OSS. In the end Donovan was forced to have Goff and his men sent back to the United States in June although no evidence ever existed that they allowed communist propaganda to flow on the network they had set up.¹³⁰

Of all the behind the lines missions in northern Italy the communist cells were the most active and fiercest. Mussolini was captured by a communist cell. Networks in northern Italy aligned under other political lines were less effective and in many cases inactive. The participation of the communist cells was crucial for the success of the last offensive launched in northern Italy on April 1, 1945. This offensive involved first a massive bombardment followed by an assault by the Fifth Army. A massive insurrection by partisan forces was crucial to the success of this plan.

Many of those forces were first contacted and armed by Goff's group. Over 180,000 partisans had been trained by allied forces to attack the rear of German forces once the offensive started. The success of the offensive allowed allied forces to drive into Austria ahead of Soviet forces.

The communist witch-hunt in congress risked the success of the invasion, the lives of thousands and also risked prolonging the war in northern Italy. Donovan did the honorable thing in the Goff affair by standing by his men and seeing to it that they were awarded the medals they deserved.

In France General de Gaulle's Bureau Central de renseignements et d'Action (BCRA) accused the OSS of scheming to weaken and divide the underground forces all for the benefit of Giraud. The BCRA traced the plot to Switzerland and Allen Dulles. Early in 1943, Dulles had made contact with Guillaime de Benouville, a conservative Catholic once active in right wing circles. De Benouville declared himself a Gaullist however; the BCRA remained suspicious due to his previous membership in a Giraud organization. While there were factions in both the United States and England that preferred Giraud over de Gaulle, de Gaulle had emerged as the leader of the French underground.

However, one additional hurdle had to be overcome before the Normandy invasion. Before the launching of Operation Overlord agents had to be placed inside of France. In May 1943, Churchill and Roosevelt had committed themselves to the 1944 invasion plan. However, one thorn remained in the side of the OSS, the British MI6 intelligence unit regarded the OSS as an upstart junior partner. It wasn't until May 29, 1943 at the urging of David Bruce and SI chief, William Maddox that the OSS was granted equal partnership with MI6.

In October 1944, the allied forces had overtaken the Jeddburgh and SUSSEX

groups implanted in France by the OSS and MI6. With Allied forces stalled at the Siegfried line, allied headquarters was demanding intelligence reports from inside Germany. Amazing, as it may seem the OSS had only four men inside Germany at the time of the Battle of the Bulge. The OSS then had to rely on the work of Arthur Goldberg and his labor branch. As an emergency measure William Casey, a former Wall Street Attorney was given overall control of all German projects. By the spring of 1945, the OSS had managed to place 150 men inside Germany at such rail centers as Leipzig.³³

While Dulles primary mission in Berne was German espionage, he worked closely with forces in Italy. The Allied army would have been devoid of any German intelligence had it not been for the SI branch in Italy ran by Alfred Ulmer a former Florida newspaper correspondent and advertising executive. In Italy, Ulmer had set up a special section to handle German-Austria intelligence.

Dulles traveled to Washington in October 1944 for a top-level conference. There Dulles met an attractive Swiss born OSS analyst, Mrs. Emmy Rado the wife of a Hungarian psychiatrist. Dulles was somewhat of a lady's man and had several affairs throughout his career. Mrs. Rado proposed that the Catholic and Protestant churches could be used as a base for German political reconstruction. She thought the OSS could work effectively through the World Council of Churches to aid anti-Nazi clergymen. Dulles thought the idea had merit and invited the Mrs. Rado to join him in Berne.³⁴ Reliance on the German clergy shortly proved to be a catastrophic failure as well as a major embarrassment for Dulles and Mrs. Rado. In post-war Germany, the clergy proved to be mostly pro-Nazi. The clergy that had opposed Hitler and his henchmen had been sent to the concentration camps.

On his return to Berne, Goldberg's labor unit was being disbanded and absorbed by the SI branch of the OSS. Dulles entire staff had been replaced during his trip to Washington. Russell D'Oench, scion of the Grace Shipping Line had left London and was now posted to Zurich. William Mellon had been transferred from Madrid to Geneva. Russian émigré Valerian Lada-Mocarski was now serving as liaison officer to the Italian resistance. The Russian émigré also served on the board of directors of the Nazi-affiliated Schroeder Bank along with Allen Dulles.³⁴

On V-E Day, J Russell Forgan, the New York financier who had replaced David Bruce as OSS commander in Europe submitted his resignation to Donovan and suggested that Allen Dulles be named instead. Donovan refused declaring Dulles a poor administrator. Forgan and others continued pressing for the appointment of Dulles. Instead, Donovan divided the OSS operations into single country operations rather than under a central office and control. Dulles was appointed to head the German office.

1

Unlike the British, Washington had failed to integrate the OSS into plans for post war Germany. Many of the OSS agents were appointed as high level advisors to the military government. Moreover Dulles' detachment faced formidable competition as there were no less than a score of American intelligence teams representing a dozen military and civilian agencies all working at cross purposes and searching for the same strategic information. To further hinder the OSS operation many of their

agents were being siphoned off to the Pacific.

Some of the remaining personnel lacked integrity. In the fall of 1945, Army investigators exposed an incredible black market operation in Berlin. The investigation rivaled the M&M Enterprises of *Catch 22* fame. Everything could be found for a price, oil, fine porcelain, cigarettes, etc. This operation was ran by an OSS major and captain. None of the operational officers were involved; it had been organized strictly by top level administrative personnel of the OSS.

In post war Germany the OSS was burdened with the denazification program. The military government authorities wanted a list of Nazi officials who should be arrested or barred from office and lists of respectable Germans who could be employed in administrative positions during the occupation.

Heading the Counter Intelligence Branch tasked with interrogating Gestapo and Abwehr officers was Andrew Berding, who later served as assistant secretary of state under Eisenhower. Berding had been stationed in London through most of the war. More recently, his name surfaces in an article in the June 27, 2000 edition of the *Guardian* entitled "Britain could have saved Italian Jews" written by Julian Borger. The *Guardian* article relates that MI6 had detailed knowledge of the Holocaust since, it had broken the German code and was decoding German radio messages throughout the war. In particular the *Guardian* looks at the case of 8,000 Jews deported from Rome to the gas chambers. The document essential to this operation was intercepted from German headquarters in Italy to Berlin on October 6 and follows below.

"Orders have been received from Berlin by Obersturmbannfuhrer Kappler to seize and to take to northern Italy the 8,000 Jews living in Rome. They are to be liquidated."³⁵

According to the article MI6 had intercepted a German message concerning the deportation and would have circulated it to Whitehall and Washington by October 11. The roundup occurred on October 16. The information should have been passed through Andrew Berding before reaching Washington. It is unknown when the message reached Washington or who may have received it. Certainly there was ample time during which the Allies could have warned the Jews in Rome of what was in store for them. However, there were factions in both Whitehall and Washington that ignored many of the atrocities of the Holocaust labeling them as exaggerated.

Eli Rosenbaum, the director of the US justice department office of special investigations, has stated that a number of Nazi officers could have been prosecuted on the strength of the intercepts alone and in particular Karl Wolff. Dulles was instrumental in Wolff' surrender of German forces in Italy and in protecting him from prosecution as a war criminal.

Perhaps, the best summation of the problems facing the denazification program was summed up by the OSS officer, Sterling Hayden. Hayden observed that as allied forces advanced across Germany:

"there came squirming into the light millions of anti-Nazis. It was tough, they said, waving handkerchiefs and wringing their hands with joy, to have lived under Hitler. But, only the night before they had heated water that would quickly yield this

democratic douche. The real anti-Nazis were dead or in exile, or in Besen, Auschwitz, Buchenwald. Names we thought at the time that would teach us a lesson we'd never forget."³⁶

Pressed with incessant demands from the military government for anti-Nazis, Dulles and Hans Gaevrnitz seized the opportunity to promote the political futures of those with whom they had worked. Gaevrnitz was a collaborator of Dulles in Switzerland and was involved with the many so-called peace offers discussed in the previous chapter. Dulles had only one criteria for promoting anyone— extreme anti-communist views. Former Nazis were not excluded.

On June 6, the Mrs. Rado drove Wilhelm Hoegner, Dulles' handpicked choice to head Bavaria from Switzerland to Germany. With the support of Dulles Hoegner soon was installed as the minister-president of Bavaria. Hoegner was an extremely anti-communist, but would soon prove to be an embarrassment to American officials.

To continue Mrs. Rado's church project, Dulles granted OSS favors to Dr. Stewart Herman, a Lutheran minister who had been the minister of the American Church in Berlin before the war. Herman joined the OSS in 1943 as an advisor on German propaganda. After V-E Day Herman left the OSS and joined the staff of the World Churches in Geneva. He was given the task of rebuilding the Protestant church in Germany. Dulles believed the church could be used as a bulkhead against communism. The Mrs. Rado soon expanded her activities to include a project code-named "Crown Jewels." The Crown Jewels was designed to counter the Soviet's return to Germany of Walter Ulbrichts, a German communist. Rado's object was to return to German as quickly as possible other political leaders opposed to communism.

As allied forces advanced beyond the hedgerows of Normandy and started racing across France towards the Rhine, Donovan began planning a post-war role for the OSS. Although, the agents first objective was spying on the Axis he advised them to also begin spying on both Britain and the Soviets. In August 1944, Donovan began planning an operation that evolved into "Casey Jones" and the associated "Ground Hog" operation. One of the largest problems allied forces faced was the lack of good maps. The Casey Jones and Ground Hog projects were joint ventures with the British. The operations were ambitious in proposing to photomap approximately 2,000,000 square miles of Eastern Europe including Albania, Yugoslavia, Bulgaria and all of Russian occupied Germany.

Sixteen squadrons of American and British heavy bombers were modified for the photomapping operation. The project did not get underway until the spring of 1945. While American planes carried markings, however there is evidence that many British planes were without any markings identifying the craft.

Russia noticed the purpose of Casey Jones, presumably from their spies within British and American intelligence. The Russians were quite sensitive about violations of their airspace. On April 2, 1945, General Nathan Twining commander general of the Mediterranean Allied Strategic Air Force reported six engagements of Russians who reportedly attacked the modified bombers. In one encounter a Mustang was shot down, the pilot was believed to be safe. On the same day the Soviets grounded all allied aircraft in Russia and refused any to enter or land within its borders. The ban was lifted only to allow a single DC3 flight to shuttle diplomats and freight between

the USAAF base in Poltava and the Ukraine and Teheran.

In all Casey Jones succeeded in photographing all two million square miles of Europe and North Africa west of the line 20 degrees longitude. There could be little doubt that the Russians knew what was afloat considering the size and scope of the mission. Additionally, the Soviets were asked for permission by the State Department on three occasions to photomap Berlin, Vienna and Prague. The operation certainly increased the tensions between the east and west in the waning days of the war.¹³¹

Moreover, near the end of the war when the negotiations were taking place in San Francisco to establish the United Nations Donovan ordered his agents to infiltrate the talks. Such an action was technically against the OSS charter as the OSS was banned from operation inside the United States.

Those recruited for this job relied primarily on hosting parties after hours judging from the liquor bills submitted by the agents. Heading up the operation was Edward Buxton a longtime associate of Donovan's and the OSS. On April 26, 1945 Buxton wrote to Donovan of a frank discussion of a conversation among Shepherd, Stalin and Molotov concerning Yugoslavia. A short passage from that letter follows below:¹³²

Shepherd related to me that he told them frankly that he is having difficulties in Yugoslavia where the prevailing sentiment is that all the brains are Moscow and all the power in the Red Army, that furthermore there is a tendency to rely on Soviet only disregarding completely America and Great Britain.

Molotov told Shepherd that the approach is wrong and that although Russia will try to help as much as she can after the war is over, she, Russia herself will have to seek assistance from the United States to rebuild the devastated cities and ruined economy, that they themselves will seek loans up to 10 billions to assist in her post war rehabilitation.

Stalin told Shepherd explicitly not to try to imitate Soviet Russia. Yugoslavia is a small country in comparison to Russia and not to carry on experimentation by establishing a Soviet regime, that they will have to get along with western democracies and to arrange a democratic regime where the representatives are not appointed but elected by....¹³³

Two bits of substantial intelligence lie buried in the passage above. First and most significant was the description of Russia's true condition. Such an admission should have become key to post war relationships between the US and the USSR. Unfortunately, the message fell on deaf ears. The fascist right had gained power and was aching for a new war. It should have alerted the US that General Clay's war warning message two years later was folly. Instead the message of Russian weakness was lost in the propaganda coming from right wing voices and Clay's message was taken as serious threat.

Furthermore, this was not the only source of information about the weakness of the Soviet Union. Eisenhower observed that a war in Europe was highly unlikely because the Russians were too busy pulling up the track from the railroads to send back to the homeland. Without the railroads Russia lacked any means to move massive amounts of equipment and troops forward. Secondly, the U.S. had captured the latest Russian coding equipment as reported earlier in this chapter.

The second bit of intelligence explains the geopolitical post war politics in the Balkans. Yugoslavia did go communist under Tito. However, Yugoslavia always remained alienated and independent of Russia. The CIA failed to recognize the significance of the power Tito held until after his death and the country crumbled into various warring factions that present a threat to the peace in the area today.

2

Donovan should not be view as above suspicion. It is well known that when Donovan thought the Republicans would have a good chance in the election he packed the OSS with Republican recruits earning the OSS the derisive moniker of the Republican Club. Donovan had his own ties with Wall Street and big money. While still in Buffalo, Donovan represented J. P. Morgan and during the Nye Senate investigations of the 1930s on war profiteering during WWI Donovan was the attorney for the du Ponts. During the war and in its' aftermath Donovan could have overlooked the connections of his former clients with the Nazis, perhaps in the belief of his former clients' innocence. However, the one factor that sets Donovan apart from others in the OSS hierarchy that were connected with Wall Street— such as Allen Dulles— is Donovan certainly did not base his overlook on personal gain. Unlike Dulles and the rest of the OSS hierarchy from Wall Street, Donovan died with only modest means. After his estate was settled, his wife received a check for the remaining balance of thirty eight thousand dollars.

The academicians within Dulles' branch of Research and Analysis were held in suspect by both Dulles and their superiors. Donovan's use of those on the left had always infuriated the FBI, factions within the State Department, and some members of congress. The FBI frequently demanded the dismissal of members of the Research and Analysis unit. As the end of the war approached more agents with leftist views were purged. Only weeks before the end of the war in Europe the House Un-American Activities Committee found a red herring in the Russian born economist, Paul Baran. Once the leftist had been purged from the Research and Analysis unit the focus shifted to the preparation for the war crimes trials. Donovan was assigned as .the US Deputy Prosecutor in the Nuremberg trials until he resigned in a dispute over policy with the Chief Prosecutor, former Supreme Court Justice Robert Jackson. Ralph Albrecht a former New York international lawyer and the OSS assistant Director was also on the prosecutor team.

While the purging of anyone from the leftists in the OSS hindered the investigations and prosecution of Nazi war criminals, it also set the stage for the disbanding of the OSS. In 1944, Donovan submitted a memo to FDR outlining the creation of a permanent American intelligence agency. The top-secret memo was leaked to a Washington reporter with the *Chicago Times*. The *Times* printed a series of articles written by Walter Trohan critical of the establishment of a permanent intelligence agency. Trohan had presented the draft proposal verbatim even though the document was classified as top secret. Trohan, however, was close to J. Edgar Hoover. Once again no charges or investigation would follow, some fascists were too large to be prosecuted.

Once again the *Chicago Times* was the recipient of top secret documents and publishing any part of the content would be an act of subversion. The *Times*

benefactor that provided Donovan's memo to them is known with certainty— It was leaked by J. Edgar Hoover. A congressional uproar soon followed led by the same pro-fascist faction that sought to keep America out of the war. At the time Roosevelt tabled the whole matter only to revive it in April 1945, a week later Roosevelt died.

No other agency had so much ridicule, embarrassment and criticism heaped on it during the war than the OSS. The fate of the OSS was as predetermined as if it had been created under a dark star. The embarrassing incidents, the criticism and congressional investigations all served as fuel for its final demise. At the center of this controversy was Bill Donovan, an intensely loyal and honest man. &

None of this, however, addressed the controversy of actually maintaining an intelligence agency. Truman facing increasing wrath from the Republican Party and an uphill election for the Democrats in 1946 had little use for an agency that had been referred to derisively as the Republican Club throughout the war. Donovan was a Republican, was not immune to playing politics, and he recruited Republicans heavily before an election in the first days of the OSS.

On the other hand, Donovan had angered conservatives and Republicans by hiring liberals, socialists and even some communists. From the day Donovan was appointed to the position as head of the OSS, he had but one job— to destroy the Axis war machine and he would hire anyone who was able to aid him in that cause. Donovan did the honorable thing and stood by his men, even in the case of a congressional investigation labeling some of his agents as communist in the Goff affair. They had done an admirable job in helping to defeat the Nazis in northern Italy and Donovan saw to it that they received appropriate citations and medals for their work despite the congressional accusations. Lesser men would have stood idly by. Therein, lies the root cause for the short-lived fate of the OSS.

Donovan had come with too much political baggage. As the assistant attorney general in the 1920s, Donovan had almost cost J. Edgar Hoover his job. However Hoover was not the only heavy weight enemy Donovan had made. During the same time, Donovan approved a case to go to trial that charged Senator Burton Wheeler with using his influence to obtain oil and gas leases for a friend and client. Wheeler was acquitted of the charges, and when he returned to Washington he was embittered and never ceased to attack Donovan.¹²⁷

FDR believed Herbert Hoover had treated Donovan badly in passing him by for a cabinet position, and this was one of the factors in Roosevelt's selection of Donovan to head up the OSS. Hoover had informed Donovan that he would have a cabinet position but not as the Attorney General. However, Hoover would only offer Donovan the position of Governor-General of the Philippines. While the position was considered the stepping stone Taft used on his way to the White House,¹²⁸ Donovan refused the position. A myriad of reasons have been given for Hoover's passing Donovan over for a cabinet position but, it seems most likely due to Donovan's first hand knowledge of the Belgium Relief Fund. This fund was merely a front to supply Germany with food and prolong the war. Donovan had been of the investigators the US had sent to Belgium to investigate the fund.

Donovan's lack of administrative experience (Donovan was a poor administrator as he preferred being in the field.) and his opposition to prohibition were advanced as reasons for being passed over. However, Donovan's record on upholding prohibition was well known from his days as city prosecutor in Buffalo.

There he had raided an elite club of which he was a member. The city fathers were less than pleased. But to Donovan if an Irish railroad worker could be arrested for prohibition so could the city fathers. The law was the law and to hell with the commotion; it applied equally to the rich was Donovan's view.

It is more likely that Donovan's knowledge of the Belgium Relief Fund caused Hoover to pass him over. Not only did Hoover pass Donovan over for a cabinet position he wanted to isolate him outside of the United States in case any of Hoover's past dealings with the Belgium Relief Fund or stock swindles surfaced. Donovan would have been relentless investigating his boss if he had been appointed Attorney General.

Donovan also, had incurred the wrath of William Howard Taft by 1928. The former President and Chief Justice at that time had wrote a letter to his son that found its way to Hoover's hand that Donovan would be an unsuitable candidate for Attorney General.¹²⁹ Besides these heavyweight enemies, Donovan and the OSS also faced opposition from the State Department and military intelligence units that viewed the OSS as infringing on their territory. Facing abundant political foes the OSS would be disbanded shortly.

The final blow to Donovan's aspirations to head up a peacetime intelligence service came from the pen of Drew Pearson, the well-known columnist. Attorney General Francis Biddle was engaging in a dangerous game of passing secret documents to Pearson in an effort to discredit both Donovan and the OSS. On April 27, 1945 Pearson wrote:

"By the thread of one man's life hung personal relationships which affected nations. Prime Ministers and potentates, once close to Franklin Roosevelt, now must learn how to get along with an unknown gentleman in the White House. Certain Army-Navy officials, who always knew how Roosevelt would react on this and that, now must do business with a man they once criticized. To illustrate how the pendulum of fate has swung, here are some of those who will miss Franklin Roosevelt most. .

Gen. "Wild Bill" Donovan-of the Office of Strategic Services, sometimes called the "Cloak and Dagger Club," or "Oh So Social," will miss Roosevelt terribly. Donovan ran the giant espionage outfit which tried to find out what was going on behind enemy lines, and he had accumulated the most bizarre assortment of female spies, social register bluebloods and anti-Roosevelt haters ever seen in Washington. As an old personal friend, Roosevelt gave him free reign [sic], including grandiose plans for a postwar espionage service. Truman does not like peacetime espionage and will not be so lenient."¹³⁴

3

A few days later Pearson wrote:

". . the Russians are probably most suspicious of the mysterious United States espionage organization called OSS. The OSS, or Office of Strategic Services, has, strangely, distributed some of the most powerful bankers' representatives in the U.S.A. at key points where they can influence United States policy in occupied

Germany.

The roster of OSS men who have been or are operating in Europe reads like a blue-stocking list of the first 60 families. It includes: Paul Mellon, son of Andrew Mellon; Junius and Henry Morgan of the House of Morgan; Alfred du Pont, Lester Armour of the Chicago Armours, Gordon Auchincloss, John Auchincloss, Warwick Potter, Harold Coolidge, William Van Allen of the Astor family, and Allan [sic] Dulles, attorney for various international bankers with previous connections in Germany.

Some of these may not deserve the suspicion focussed upon them. But others more than make up for it. And anyone listening for more than 30 minutes to their conversation about the next war and building up Germany as a partner in that war can understand why the Russians wrongly accused us of a deal to permit the American Army to enter Berlin first.

This is the kind of underlying suspicion which must be killed immediately and permanently if the machinery of San Francisco is to bring about permanent peace.

"134

As the world diplomats were gathering in San Francisco to form the United Nations. Pearson charged Donovan with planning a war against Russia. In reality no plans for war with the Soviets was existed until March 1946. Even then the Pincher series were not real war plans. The first formal war plan against Russia was devised on July 29, 1947.

Pearson was not concerned with the truth of the situation. However, his broadcast confirmed the worst fears of the Soviets and only fanned their distrust of the allies further. Excerpts from the broadcast follows below:

"Washington: General William J. Donovan, Office of Strategic Services, has just received from his overzealous aides a detailed plan for American war on Russia. I am sure that General Donovan himself and the more responsible members of his super-spy organization had nothing to do with these plans, but I suggest that stupidity like this which, if it leaks to me, will also leak to others, including the Russians, causes distrust between the Allies just as we are trying to end this war and build up a plan to end all wars.

A series of secret cables sent by General William Donovan, of the Office of Strategic Services (nicknamed "Oh-so-Secret"), to Russell Forgan, former Chicago banker, now in Paris, is intriguing other U.S. officials. Donovan wired Forgan to interrogate directors of the giant Nazi cartel I. G. Farben, now seized by the United States Army. <

This is the company which collaborated with Standard Oil of New Jersey and the Aluminum Corporation of America to keep vitally important patents for synthetic rubber, magnesium, and high octane gasoline from the American public at a time when it was essential to use those patents for war.

One cable from Donovan to Forgan in Paris reads:

"I have already asked you to send names of I. G. Farben now in custody. From now on these men should be kept from one another, particularly when the interrogation begins. Files of I. G. Farben should be seized and sent to Paris at once in our custody. This is most important. Essential that we keep control of these men."

What intrigues other U.S. officials is that Donovan's OSS is dominated by

actions of the Mellons, the J. P. Morgans and big banking and industrial houses, some of them interested in German patents. . . . Other Government officials are also puzzled as to why the OSS, rather than the Justice Department, should pounce upon I. G. Farben executives. There might be quiet probing of this.

Note-Attorney General Biddle recently told senators: "Many cartel arrangements necessarily disrupted "during the European phase of the war are now being resumed. Meetings have been held, plans have been held, plans have been laid [sic], and in some cases agreements already entered into. As to some of these agreements, my department will have something to say before long." Reaction of senators is that big business never learns."¹³⁴

The quoted telegram was almost the exact text of a secret signal sent to Donovan. It had been sent to Donovan on April 30, 1945 over the ultra secure Telekrypton circuit. Donovan once again assigned Doering to investigate the leak. All evidence pointed towards Biddle, however, no charges were ever filed. Note how soon after Roosevelt's death that Biddle passed this information to Pearson.

On September 20, 1945, President Truman issued an executive order disbanding the OSS. The OSS organization was then dispersed among other agencies. The Secret Intelligence and Special Operations branches were transferred to the War Department and placed under the command of former OSS General John Magruder. This was nothing more than a caretaker body to dismember the unit. Magruder, protesting the wholesale dismembering of his unit resigned in February.

The Research and Analysis branch headed by Aldred McCormack, a New York corporation lawyer was transferred to the State Department. Congressional critics of the OSS simply decimated McCormack's budget with the help of current State Department officials. The Assistant Secretary of State for Latin America, Spruille Braden led the charge to disband the group. In front of a congressional committee, Braden stated.

"We resisted this invasion of all these swarms of people...mostly collectivists and do gooders and what-nots."³⁷

Later in the 1950s Braden became a devotee of the John Birch Society.

In March 1946 while McCormack struggled for funding from congress, the chairman of the House Military Affairs Committee charged that a person with strong Soviet leanings had joined the State Department. McCormack demanded a retraction. Instead, congress cut the entire appropriation for his unit. The pro-fascist faction within the State Department had convinced enough influential congressmen that ex-OSS officers were far to the left and committed to a socialization of America and the redistribution of wealth on a global basis.

By mid 1946, Donovan's OSS had been completely dismantled. The United States would be without an intelligence service. At first, it was suggested that private enterprise could provide the government with intelligence. A former OSS Deputy Director proposed to Watson of IBM the formation of a private intelligence service. The two men raised the initial venture capital. The venture was in vain as President Truman and congress created the CIA in 1947.

In the short space of a year, the government had dissolved the OSS only to

recreate it under a new name. This wasn't a case of a vacillating government. If President Truman had not signed the executive order dissolving the OSS, congress would simply have eliminated any funding for it as it did to the remnants of it in the State Department.

The disbanding of the OSS had an express purpose. The leftists within the OSS would serve as the sacrificial lambs to atone du Pont's new feckless goddess on the altar of free enterprise. Those that had served their country gallantly during war and who were dedicated to stomping out the last vestige of fascism would now become victims to the fascists within the United States. The American industrialists who willingly supported Hitler during the war had to be protected.

The political climate by the war's end had undergone a tremendous shift to the right. This change was not abrupt. Throughout the Roosevelt administrations, each successive administration was more conservative than the preceding one. In 1944, Truman replaced Wallace as the vice president. In 1946, the Republicans gained control of both chambers of congress. The stage was now set for a wholesale purging of the government of leftists who were dedicated to wiping out fascism.

The new CIA was a mixture of old OSS agents and military officers. The old OSS veterans soon became the dominating force within the new agency. The CIA was created with two principal divisions: Office of Policy Coordination (OPC) and the Office of Special Operations. Frank Wisner and Allen Dulles headed up the OPC branch. The Special Operations division was headed up by James Angleton and William Harvey. The CIA had but one agenda anti-communism. The fourth director of the CIA appointed by Truman was General Walter Bettel Smith. Smith in all seriousness once warned President Eisenhower that Nelson Rockefeller was a communist.

The CIA was led by three individuals who harbored no qualms about working with Nazi war criminals. Angleton, Dulles and Wisner all worked with and helped Nazi war criminals to escape from Europe. Many immigrated to the US after having their records sanitized by Dulles and others within the intelligence community.

Additionally, the CIA was given the exclusive responsibility for intelligence in South America. The FBI held this responsibility previously. Given the ambitious Hoover's propensity to protect and expand his domain, the FBI remained cool if not frigid in its dealings with the new agency. In fact in some South America embassies, the FBI agents there destroyed their records rather than giving them to the CIA.

Although the CIA had been created in an effort to purge all leftists from the intelligence agency, it would soon feel the wrath of McCarthyism. Loyalty oaths would soon follow. Once again following a war, America would embark on a red scare. The resulting Cold War would serve as a smokescreen to cover up the crimes of fascists within the United States. No American corporation would face charges of trading with the Nazis. None would be even charged. Dulles was adamant on that point. He had used his post in Switzerland to protect his own dealings with the Nazis and those of his clients. He was now in a position to further protect those American corporations that had willingly supported and traded with the Nazis during the war. Roosevelt's pledge to bring all war criminals to justice had died with him.

6: The Nazis Plot a Comeback

With Roosevelt's death, his pledge to bring all war criminals to justice would evaporate in less than a year. The first sabotage effort came almost immediately after FDR's death. On April 25, 1945, Drew Pearson reported in his column that Roosevelt's plan for post war Germany had been dropped in favor of a soft peace for Germany by an inside group of military planners. This small circle of military planners included representatives of big business who had served in the military planning groups during the war.³⁸

This group had adopted former President Herbert Hoover's plan for a "cooling-off period" and a soft peace. The Hoover administration was instrumental in helping I.G. Farben in reestablishing its cartels after WWI.

On May 16, 1945, Stimson warned President Truman about the likely pestilence and famine in Central Europe, which would be followed by a Communist uprising. Stimson hoped Truman would appoint Herbert Hoover to review the relief situation. Stimson was sure Hoover would demand the revitalization of the German economy and industrial base. Stimson in his diary, deprecated FDR and Morgenthau and referred to Hoover as a master of the subject and FDR and his administration as amateurs.¹⁴⁰

Stimson's diary reveals how deep the opposition to Roosevelt and a hard peace for Germany ran. Stimson was an integral part of the Roosevelt administration efforts to rid the world of the Nazi menace but his diary reveals he bitterly opposed FDR's plan for post war peace. Truman did appoint Hoover to tour Europe to seek out a solution for relief. Hoover used the tour to enrich himself much as he used his position during WWI to enrich himself. Moreover, one can be certain Hoover vacuumed Europe for any incriminating evidence of his efforts to prolong the first world war and his involvement with the Nazis.

Within a few months, this group had found a political platform in the voice of a young State Department official, George Kennan. In early 1946, Kennan's memorandum on Soviet foreign policy had attracted the group's attention and he was recalled to Washington to act as the State Department's deputy in the newly-formed War College.

Kennan's formula for rebuilding Germany as a bulwark against the East was soon adopted. All subsequent decisions by leaders within the Pentagon and the State Department were based on Kennan's premise. The last ditch attempt to compromise between a one-sided pro-Germany policy and one more amenable to the Soviets was made by Secretary of State Byrnes. On October 3, 1946, Byrnes proposed a program of Allied control over all of Germany for a period of 40 years.

Byrnes' plan for a peaceful relationship with the Soviets was opposed by the policy shapers inside the Pentagon, as well as by a large faction within the State Department. In 1947, George Marshall replaced Byrnes. Under Marshall, the policy-shaping apparatus of the State Department was placed in the hands of Kennan.

With the top echelon within the State Department and the Pentagon now in the

hands of pro-Germany adherents the US was poised to rush headlong at full throttle into the Cold War. Our former ally against the Nazis was now our enemy. Denazification of Germany was dead; there would be no more trials of Nazi war criminals, no investigations of corporate America and its support of the Nazi regime. The native Nazis within America had won; their crimes would be swept under the rug.

Kennan was a Germanophile having studied at Heidelberg and at the Hochschule fuer Politik in Berlin. He was taught, and believed in the teachings of the Hochschule that Germany was a bulkhead against the East. Kennan did post graduate work in four German universities: University of Heidelberg, University of Berlin, Oriental Seminary and the Hochschule fuer Politik. All of these institutions were well-known for their extreme pan-German views.

Kennan was interned with other diplomats in the Grand Hotel in Bad Nauheim, Germany when the US entered the war. During his internment at the Grand Hotel, he gave lectures in which he expounded on the thesis that Germany's defeat would extinguish the 2000-year-old history of European civilization. What kind of US diplomat would deplore the defeat of the Nazis in 1942 after the ruthless attack on Pearl Harbor? While in Berlin, Kennan had to be aware of the genocide being conducted in Poland, yet he deplored the defeat of the very regime that was giving new meaning to "barbaric behavior." The German newspaper, *Die Spiegel* confirmed that Kennan did lecture his fellow inmates at the Grand Hotel about the undesirability of the defeat of the Nazis in 1952.³⁹

There were many officials inside the State Department and high-ranking military officials that shared Kennan's geo-political theories of General Haushofer and that led to Kennan becoming the leading Cold war theorist. Unfortunately, Kennan's premise was a house of cards built on lies and deceit. By 1945, the State Department had ample evidence that the German High Command had made extensive plans for a continuation of political warfare against the allies after a military defeat. The State Department had files detailing how German authorities had laid the groundwork for continuing the activities of the Nazis in foreign countries and the preservation of the German cartels. The State Department also, had files detailing the continuation of Nazi scientific research in foreign countries.

The State department was divided between those who favored a harsh peace and the pro-fascist faction who promoted an easy peace. By the end of the war, many of those that opposed fascism vigorously had been removed. The State Department was now in the hands of the fascist sympathizers. The State Department was busting at the seams with incriminating documents detailing Nazi plans to continue the war once hostilities ended. Excerpts from two of the announcements by the State Department and one from a captured Nazi document confirms State was well aware of the danger posed by the Nazis following the end of hostilities follows. The full text of these announcements and additional captured Nazi documents are given in the appendix.

"Nazi party members, German industrialists and the German military, realizing that victory can no longer be attained, are now developing post-war commercial projects, are endeavoring to renew and cement friendships in foreign commercial circles and are planning for renewals of pre-war cartel agreements, An appeal to the

courts of various countries will be made early in the post-war period through dummies for 'unlawful' seizure of industrial plants and other properties taken over by Allied governments at the outbreak of war, In cases where this method fails German repurchase will be attempted through 'cloaks' who meet the necessary citizenship requirements. The object in every instance will be to re-establish German control at the earliest possible date. German attempts to continue to share in the control and development of technological change in the immediate post-war period is reflected in the phenomenal increase in German patent registrations in foreign countries during the past two years. These registrations reached an all-time high in 1944. The prohibition against exporting capital from Germany was withdrawn several months ago, and a substantial outflow of capital has followed to foreign countries."

"Our investigations have yielded a considerable amount of information which indicates the schemes and devices which the Germans planned to use in order to safeguard their foreign holdings and transfer additional property abroad. In many cases, they have concealed their interests in foreign properties through holding companies as cloaks. In other cases they have abandoned formal voting control but retained a firm grip on manufacturing concerns through domination of technical processes. They have transformed their holdings into bearer shares in order to take advantage of the fact that the title to such shares can be traced only with extreme difficulty. Moreover, the Germans have also taken advantage in some countries of: administrative inefficiency and corruption. The extent to which this reaches can be said in every neutral country to have been the fault of private individuals alone is problematical."

"On July 27, 1943, the German Foreign Office expert on the U.S.A., the geopolitician Dr. Colin Ross, suggested in a fifteen page memorandum a "Plan for an Ideological Campaign in the United States:' Recognizing Germany's inability to bring the war to a victorious end, Dr. Colin Ross proposed the immediate implementation of a carefully planned psychological warfare to undermine the anticipated U.S. military victory. Dr. Ross regarded American public opinion as the weakest link because the American people seemed especially susceptible to scare propaganda hinting that a defeated Germany would join the ranks of Bolshevism. The memorandum, which was addressed to the German Secretary of State in the Foreign Office, von Steengracht, became the guidepost for Germany's highly successful black-mail diplomacy in post-war America."⁴⁰

The passages referring to German corporations confirm the German concept of total warfare outlined in the chapter on the 1920s and the success and quickness with which the cartels were reestablished following the end of WWI. Moreover as confirmed in these documents plans were well afoot at an early date to reestablish economic control once the war ended.

The date of the third excerpt above coincides exactly with the native fascists' desperate three-prong attack within the United States as detailed in the previous chapter. Further, the documents in the appendix confirm that Nazi agents were well placed within the United States to effect the political doctrine and policy.

The intent of the Nazis can best be summarized by an excerpt from a 1944 French weekly *Combat* written by General von Stuepnagel in analyzing the causes for German military set backs in WWII.

In the next war, which should take place within 25 years, the same mistake must not be made. The principal adversary will be the United States, and the entire effort must be concentrated against this country from the beginning... Our defeat in the present war need not be considered except as an incident in the triumphal march of Germany towards the conquest of the world, and from now on we must give a defeated Germany the spirit of a future conqueror. What does a temporary defeat matter if, through the destruction of people and material wealth in enemy countries, we are able to secure a margin of economic and demographic superiority even greater than before 1939? If we can succeed in doing this, this war will have been useful, since it will enable us, within the next 25 years, to wage another war under better conditions... Our enemies will grow weary before we do. We shall have to organize a campaign of pity designed to induce them to send us needed supplies at the earliest possible moment. Above all we must hold on to the assets we have deposited in neutral countries. The present war will thus have been victorious, in spite of our temporary military defeat, because it will have been a march forward towards our supremacy. We have not to fear conditions of peace analogous to those we have imposed, because our adversaries will always be divided and disunited.⁴¹

There is no more dramatic evidence that the State Department's plan of a German bulkhead against the Soviets and the resulting Marshall Plan were written in effect by the Nazis than the passage above. The writer is not implying here that Marshall or any particular individual was a Nazi. However, the State Department had reams of captured Nazi documents and was well aware of the post war plans of the Nazi leadership to continue the war economically and psychologically. Yet, the State Department embarked on a course that could not have pleased the Nazi leadership more. The Nazi psychological warfare campaign was extraordinary successful in playing the United States for a bunch of saps.

While the State Department was correct in opposing the Soviet Union or any other totalitarian form of government, pushing the world to the brink of a nuclear holocaust was foolhardy at best. Moreover, as we learned later in the 1960s and 1970s détente and trade were more effective weapons against the Soviets. By pursuing a path of belligerence rather than peaceful co-existence, the US forced the Soviets to arm themselves and their Eastern European satellites to the nth degree. The Marshall Plan would propel the world towards nuclear brinkmanship.

Evidence that the Nazis were trying to split the Allies was abundant. Captured Nazi documents prove it. Those documents reveal that the German High Command channeled proof about their secret negotiations with Americans to Stalin through agents who were in contact with von Papen. This was the source of the serious discord between FDR and Stalin in the closing months of the war. The Big Three had agreed to hold no secret talks separately with the Nazis. Yet, Allen Dulles was holding talks with General Woff and other Nazi officials. All reports suggest that the talks held by Dulles were unauthorized. While FDR had neither authorized the talks or was aware of them, Stalin had been informed of them with the aid of the Nazis. At one

point prior to this incident, the Nazis had the audacity to propose that the West join with them in a war against communism. The Americans that had engaged in these secret talks had been played as either a bunch of fools or were part of the Nazi ruse, including Allen Dulles.⁴⁵

In addition to the reams of documents, that the State Department had acquired the press reported further proof regarding the establishment of a Nazi underground network. On December 13, 1944, an Associated Press article reported that Himmler had started such plans. The article further claimed that many party members had established double identities and that the aim of the propaganda was to drive a wedge between the Allies.

The evidence of Nazi underground network and escape routes emerged as early as 1943 and was extensive by late 1944. The Nazis made good use of their occupation of France in sending carloads of files and secret formulas over the Pyrenees to neutral Spain. Burnet Hershey, the foreign correspondent of the Hearst press first reported of the German escape route through Spain on January 25, 1943. An excerpt of his statement follows.

"Every talk I had with the Germans in Lisbon made that fact clear. They may be defeated on the battlefield, as they were in 1918, but they expect to win again at the peace table as in 1919. Of course, they will sacrifice Hitler as they sacrificed the Kaiser; but the old gang—the generals, big industrialists, phony professors of mis-education about German race superiority—will try to go underground again to lay the eggs for another war of German conquest."⁴²

A year later, on January 17, 1944 Harold Denny, of the *Times* confirmed the early report in the following dispatch from Madrid.

"Heavy new increments of German agents have been pouring into Spain in recent days in an obvious effort by Germany to save what she can of a situation that has gone badly against her.

A thousand Gestapo agents and other German representatives have appeared in Madrid alone in the past fortnight. Significant additions to the German population have been notes in other parts of Spain.

They are not easy to deal with, for Germany has extensive commercial interests in Spain and many of these agents are here in the plausible guise of executives, technicians and lesser employees of these interests as well as cogs in Germany's vast diplomatic, consular and propaganda machinery.⁴³

2

On April 13, 1944, The New York *Herald Times* carried a detailed report of records from the British Intelligence Service and the American Alien Property Custodian of the huge sums placed by high Nazi officials and industrialists in neutral and American banks. On July 19, 1944 the Office of War Information reported that Swiss officials were alarmed about the huge sums recently transferred by Germans to Swiss and Portuguese banks. They were concerned that the sums would be used one day to finance the resurrection of the Third Reich. On October 19, 1944, *Newsweek*

reported that according to diplomatic sources from Buenos Aires, German technicians and military experts were believed to be reaching Argentina incognito. On January 15, 1945, *Newsweek* declared the following.

"Many of the men Himmler sent to Spain and Argentina to carry out Nazi plans for postwar survival, carried passports under false names and latter were reported dead in Germany. All have had training in Nazi political methods and experience abroad in commercial and other posts."⁴⁴

In fact, the names of many of those deposed as plotters in the failed attempt on Hitler's life were later used as false identities for escaping Nazis. The previous quoted documents about the Nazis planning a comeback was confirmed by a Reuters' News Wire of September 14, 2000. The new document was released under the freedom of information act from an inquiry by the World Jewish Congress concerning looted money and property. The document confirms a meeting took place at the Maison Rouge (Red House) in Strasbourg, occupied France, on August 10, 1944. During the meeting an SS general and a representative of the German armaments ministry told such companies as Krupp and Roehling that they must be prepared to finance the Nazi party after the war when it went underground. A Dr Scheid, an SS general and director of Hermsdorff & Schonburg Company presided over the meeting. Seven German companies including Krupp, Roehling, Messerschmidt, and Volkswagenwerk and officials of the ministries of armaments and the navy attended the meeting.

The SS general informed them they must prepare themselves to finance the Nazi party when it went underground. Additionally, German industry must make contacts and alliances with foreign firms and lay the groundwork for borrowing considerable sums in foreign countries. The SS general cited Krupp's sharing of patents with U.S. companies as an example of how to employ firms outside of Germany for the benefit of the Nazis. The three page document was sent from Supreme Headquarters of the Allied Expeditionary Force to the U.S. secretary of state in November 1944.⁷⁹

It is clear that the State Department had a good idea as to the intent of the Nazis following a cease in hostilities. Even the press was full of articles reporting on Nazi escape plans. Likewise the papers particularly those that aligned themselves as pro-fascist before the breakout of war began a propaganda blitz for an easy peace with Germany. These papers claimed Roosevelt's call for an unconditional surrender was delaying the end of the war and in fact the issue was worked into the election campaign of 1944. Despite this barrage of propaganda, which the Nazis may very well have instigated as previous documents above suggest, there were thousands of articles and editorials against any appeasement of Germany and the Nazis. At the peak of this sympathy campaign for an easy peace Major George Fielding Eliot wrote in the *Herald Tribune* on June 27, 1945:

"Why shouldn't the German standard of living be lower than that of Germany's neighbors? Since when has it been considered an obligation of civilized society to see to it that a criminal, in the custody of the law, must enjoy every privilege, every luxury and every article of Lucullan diet which may be available to the law-abiding members of the community?"⁴⁶

When Roosevelt's Occupational Directive 1067 was published, it had the full support of the American people. This directive had been kept secret by the military command for months because it ran counter to their program. The essential objectives of the Allies were stated as follows in Directive 1067.

"The principal allied objective is to prevent Germany from ever again becoming a threat to the peace of the world. Essential steps in the accomplishment of this objective are elimination of Nazism and militarism in all their forms, the immediate apprehension of war criminals for punishment, the industrial disarmament and demilitarization of Germany, with continuing control over Germany's capacity to make war and preparation for eventual reconstruction of German political life on a democratic basis."⁴⁶

During the war, the allies solemnly agreed to remove all traces of militarism and Nazism to insure Germany would never again wage war on the world. At Potsdam, the allies agreed to abolish all veterans organizations and all other military clubs and organizations. The failure to pursue the 4Ds program vigorously and to follow the Potsdam agreement led to additional problems for the occupying forces. The ink was barely dry on the Potsdam agreement before SS and Wehrmacht officers began setting up a close knit society under their American captors eyes in the prison camps. The Bruderschaft (Brotherhood) organization flourished behind the prison gates and was soon laying plans for a Nazi comeback.

During the first two years, the Bruderschaft operated in total secrecy. The inner circle was made up of top SS officers and important officers from the General Staff. Among the leaders were Lt. Gen. Hut von Manteuffel, former commander of the Panzer Gross Deutschland division, Alfred Franke-Grieksch, a high-ranking SS officer and Gotfried Griessmayer, the former head of the Hitler Youth. The organization was well financed reaching across Germany and extending into Italy, Spain and Argentina.

7: The Control Council Of Germany

The question of German remilitarization was first raised when, Chancellor Adenauer suggested a united Europe defended by an integrated European Army. In 1948, Adenauer submitted a request to US authorities in secret to rearm twenty-five divisions. The request was exposed on July 30, 1948 in an article in *US News and World report*.¹⁰⁵

The outbreak of the Korean War in June 1950 brought about a total change. Provisions banning military groups were no longer enforced. West Germany was allowed to set up its own General Staff camouflaged under the name "Blank Office." Supported by Bonn and the United States a network of ex-Nazi officers was created to

reactive Germany's military. The man behind the plan for remilitarization was Dr. Werner Naumann. With his old party connection from the Propaganda Ministry, the SS, the Wehrmacht and the Bruderschaft, Naumann emerged in a position of power. Naumann however, was still a devoted Nazi and can be credited with the directing spirit behind almost every Nazi organization and publication that arose in the 1950-1951 period.

One of the outgrowths of this rush to rearm Germany was the creation of the Bund Deutscher Jugend (Association of German Youth). Membership in the group rose to 22,000. However, behind this group laid a sinister secret division of trained saboteurs and assassination squads labeled the Technical Emergency Service. This guerrilla army was staffed by several thousand Wehrmacht and SS officers. They had been trained and equipped by US agencies, the Bonn government and a few German businesses.

This Nazi group would have remained lost in history among the hundreds of other Nazi groups in post war Germany if it had not been for President of the State of Hesse, August Zinn. In 1952, Zinn publicly charged that the group had drawn up a blacklist of prominent politicians to be assassinated in an emergency. Enough evidence was produced to the dismay of the US High Commissioner to show that a large-scale political assassination plot had been hatched in the style of the free corps. The October 10, 1952 edition of the *New York Times* carried the story. Similar plots and illegal activities were found behind other Nazi groups such as the Freikorps Deutschland, the Bewegung Reich and scores of other smaller groups.¹⁰⁶

In 1952, five members of a secret Hitler Action group were sentenced for unconstitutional activities. The leader of the group Schroer had been a prominent officer in Hitler's Munich headquarters. It was known at the time that Schroer had given the order "Act inconspicuously! Infiltrate all rightist organizations and make them ready for the final assault."¹⁰⁷

American Occupation officials systematically sabotaged directive 1067. Even Eisenhower saw the systematic way in which the Directive was being violated and issued strong warnings against the officers guilty of such violations. Perhaps, the best summation of the systematic sabotage of Directive 1067 can be found in the Truman Library. The following quote comes from General Lucius D. Clay, who became Military Governor of Germany.

"JCS-1067 would have been extremely difficult to operate under. If you followed it literally, you couldn't have done anything to restore the German economy. If you couldn't restore the German economy, you could never hope to get paid for the food that they had to have. By virtue of these sort of things it was modified constantly; not officially, but by allowing this deviation and that deviation, et cetera. We began to slowly wipe out JCS-1067. When we were ordered to put in a currency reform this was in direct violation of a provision of JCS-1067 that prohibited us from doing anything to improve the German economy. It was an unworkable policy and it wasn't changed just without any discussion or anything by those of us who were in Germany. It was done by gradual changes in its provision and changes of cablegrams, conferences, and so on."⁴⁷

The words of General Clay above are damning. They leave no doubt the general

was willingly to ignore Roosevelt's Directive and to twist its meaning into whatever was the most convenient for him at the time. Further, the General's words clearly show he knowingly chipped away gradually at the directive until all of its provisions were voided.

This gradual eroding of the Directive is confirmed by another of the good general's deeds. In 1948, General Clay commuted the life sentence of Ilse Koch to three years. Ilse Koch was known as the Bitch of Buchenwald and had lampshades made from the skin of inmates with distinctive tattoos. Forensics had proven there was no doubt the various items were made from human skin. However, in 1976 General Clay in a videotaped interview prepared for the George C. Marshall Research Foundation in Virginia made the following comments:

"We tried Ilse Koch. ...She was sentenced to life imprisonment, and I commuted it to three years. And our press really didn't like that. She had been destroyed by the fact that an enterprising reporter who first went into her house had given her the beautiful name, the "Bitch of Buchenwald," and he had found some white lampshades in there which he wrote up as being made out of human flesh.

Well, it turned out actually that it was goat flesh. But at the trial it was still human flesh. It was almost impossible for her to have gotten a fair trial."⁴⁸

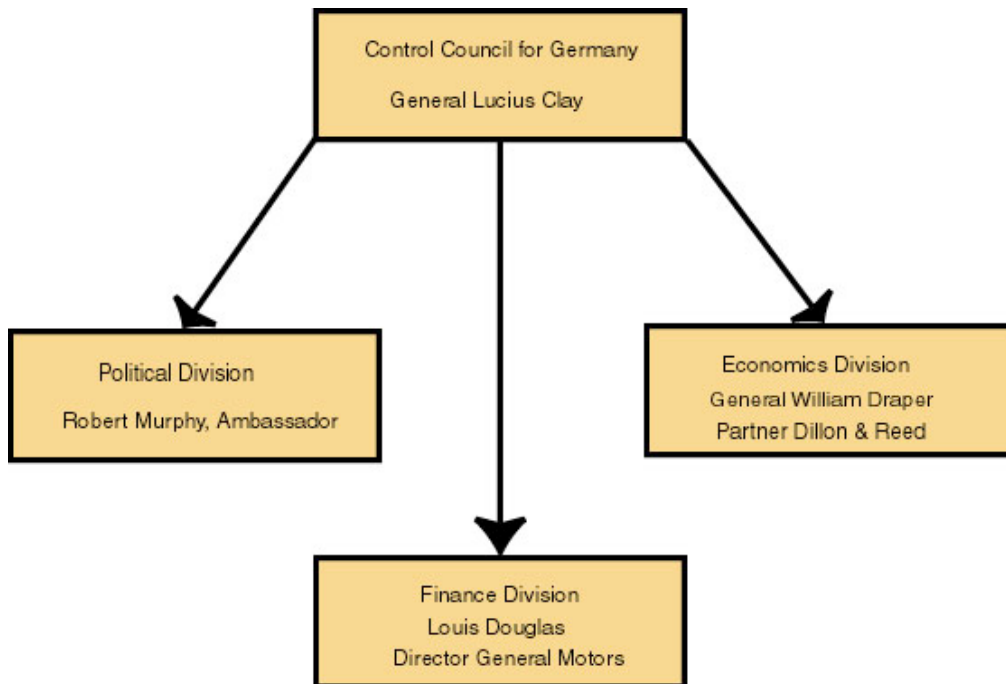
The General's later comments on Frau Koch reveals much about where the sympathies of the general was. The reader should note that Ilse Koch and her lawyers never challenged the fact that the lampshades and other items had been made from human skin. Such irresponsible comments as the General's have become labeled as Holocaust Denials. Further, the Koch case shows that while the general first started out circumventing Roosevelt's Directive by chipping away at the economic provisions he soon escalated his sympathies to pardoning Nazi war criminals. The reader should note that while General Clay publicly stated that Koch could not get a fair trial in an American Military court, a civilian German court later tried Frau Koch and sentenced her to life in prison. In 1976, while still interned in prison the Bitch of Buchenwald committed suicide.

Once hostilities ceased in Europe, General Clay was appointed as Eisenhower's deputy military governor in charge of the Control Council. Following Eisenhower's retirement on March 15, 1947, Clay became the military governor of Germany. Eisenhower was reportedly disturbed to see his orders countermanded and expressed concern over seeing Nazis that his troops had arrested set free. Eisenhower didn't need to look any further than his deputy governor for an explanation.

Before looking at the Control Council it should be noted that Secretary of the Army, Kenneth Royall opposed the denazification and decartelization plans. Royall was open in his support for rebuilding a strong Germany and a vigorous opponent of the 4Ds program. In secret testimony before the House Appropriations Committee in April 1948, he told congressmen that he had wanted to end the war crimes trials much earlier. He claimed his major obstacle was General Clay. Royall was the official responsible for halting all executions of war criminals after a false story of torture of prisoners emerged in the Malmedy Massacre trial. Royall also opposed the integration of the military after the war.

As deputy governor in charge of the Control Council, Clay was free to hire and

staff the council as he pleased. The Control Council was divided into three general divisions: political, finance and economic divisions. See figure below



General Motors was particularly well represented on the Control Council. Besides Louis Douglas heading up the Finance Division, Edwar Zdunke, a prewar head of General Motors Antwerp was appointed to supervise the Engineering Section. Colonel Grame Howard former General Motors representative in Germany and the author of a book that praised totalitarian practices and justified German aggression was placed in charge of personnel selection.

The stacking of the Control Council with Wall Street and corporate executives deeply disturbed Treasury Secretary Morenthau. Many of the firms were guilty of willingly trading with the Nazis during the war and supported pro-fascist groups at home. General Motor's Opel division was one of the largest tank manufacturers for Hitler. Dillon and Reed was one of the Wall Street firms that helped finance and build the Third Reich. Perhaps, the best summary of how the Control Council was sabotaged comes from Morgenthau's memorandum of May 29, 1945. It is reproduced below.

MEMORANDUM

May 29, 1945

Lieutenant-General Lucius D. Clay, as Deputy to General Eisenhower, actively runs the American element of the Control council for Germany. General Clay's three principal advisers on the Control Council staff are:

1. Ambassador Robert D. Murphy, who is in charge of the Political Division.
2. Louis Douglas, whom General Clay describes' as my personal adviser on economical, financial and governmental matters." Douglas resigned as Director of the

Budget in 1934; and for the following eight years he attacked the government's fiscal policies. Since 1940, Douglas has been president of the Mutual Life Insurance Company, and since December 1944, he has been a director of the General Motors Corporation.

3. Brigadier-General William Draper, who is the director of the Economics Division of the Control Council. General Draper is a partner of the banking firm of Dillon, Read and Company.

Sunday's *New York Times* contained the announcement of key personnel who have been appointed by General Clay and General Draper to the Economic Division of the Control Council. The appointments include the following:

1. R.J. Wysor is to be in charge of the metallurgical matters. Wysor was president of the Republic Steel Corporation from 1937 until a recent date, and prior thereto, he was associated with the Bethlehem Steel, Jones and Laughlin Steel corporation and the Republic Steel Corporation.

2. Edward X. Zduke is to supervise the engineering section. Prior to the war, Mr. Zduke was head of General Motors at Antwerp.

3. Philip Gaethke is to be in charge of mining operations. Gaethke was formerly connected with Anaconda Copper and as manager of its smelters and mines in Upper Silesia before the war.

4. Philip P. Clover is to be in charge of handling oil matters. He was formerly a representative of the Socony Vacuum Oil Company in Germany.

5. Peter Høglund is to deal with industrial production problems. Høglund is on leave from General Motors and is said to be an expert on German production.

6. Calvin B. Hoover is to be in charge of the Intelligence Group on the Control Council and is also to be a special advisor to General Draper. In a letter to the Editor of the *New York Times* on October 9, 1944, Hoover wrote as follows:

The publication of Secretary Morgenthau's plan for dealing with Germany has disturbed me deeply. . . such a Carthaginian peace would leave a legacy of hate to poison international relations for generations to come. . . the void in the economy of Europe which would exist through the destruction of all German industry is something which is difficult to contemplate.

7. Laird Bell is to be Chief Counsel of the Economic Division. He is a well-known Chicago lawyer and in May 1944, was elected the president of the *Chicago Daily News*, after the death of Frank Knox.

One of the men who helped General Draper in the selection of personnel for the Economics Division was Colonel Graeme Howard, a vice-president of General Motors, who was in charge of their overseas business and who was a leading representative of General Motors in Germany prior to the war. Howard is the author of a book in which he praises totalitarian practices, justifies German aggression and the Munich policy of appeasement, and blames Roosevelt for precipitating the war.⁴⁹

Morgenthau's concerns expressed in the memorandum above sheds light on how the denazification program was being systematically sabotaged by the military from the top down. All of the firms mentioned above willingly continued to trade with the Nazis during the war. Almost all of those firms took extraordinary measures to

conceal their efforts from the United States government and to have their stateside offices remain in charge. In the previous chapter, similar concerns were voiced in Congress. This sabotage occurred despite clear directives from the Control Council. The relevant extracts from the Control Council follows below.

"You will search out, arrest and hold, pending receipt by you of further instructions as to their disposition, Adolph Hitler, his chief Nazi associates, other war criminals and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes...

8. Nazis and Nazi sympathizers holding important and key positions in (a) National and Gau Civic and economic organizations: (b) corporations and other organizations in which the government has a major financial interest: (c) industry, commerce, agriculture and finance: (d) education: (e) the judiciary and (f) the press, publishing houses and other agencies disseminating news and propaganda."⁵⁰

The excerpt from the directive from the Control Council is specific. It leaves no doubt as to who was to be arrested and detained. Further, the directive was explicit in that there was no authority to release anyone detained pending upon further instructions from Washington. General Clay's quoted words above reveal that at the very least he was guilty of not following orders. The reader should note that under the directive above American businessmen were included.

While there were members like Morenthau in the Truman administration who carried on the fight for justice, the Nazis had powerful friends in the halls of Congress to protect them. One such congressman was John Rankin. Excerpts from his speech to the House of Representatives on November 27, 1947 follows below:

"What is taking place at Nuremberg, Germany, is a disgrace to the United States. Every other country has now washed its hands and withdrawn from this Saturalia of persecution. But a racial minority, two and half years after the war closed are in Nuremberg not only hanging German soldiers but trying German businessmen in the name of the United States."⁸¹

Note Rankin used the words racial minority to refer to Jews in the above quote. Rankin's racism and pro-fascist allegiance was already presented in previous chapters. Rankin was not alone in Congress in opposing the trials. George Dondero, Republican representative from Michigan was another. Dondero was a former mayor of Royal Oak, Michigan before being elected to the House. Royal Oak was the home of the pro-Nazi priest Father Coughlin and a hot bed for pro-Nazi groups. Dondero described the trials as a result of Jewish and communist treachery. He singled out ten lawyers from the I.G. Farben case including the leading prosecutor Josiah D u Bios whom he called a known left-winger from the Treasury Department who had been a student of the Communist Party. Dondero became something of an art critic in the late 1940s and 1950s, dismissing modern art as communist inspired. He labored to censor the worked of abstract artists.

Also, based in Dondero's district was Dow Chemical. Dow had several cartel arrangements with I.G. Farben and feared that the trial could lead to exposing its full collaboration with I.G and the Nazis. The British ICI Ltd firm was also implicated in

the Farben trial. However, the British Foreign Office breathed a sigh of relief when the *Times* discreetly omitted any reference to ICI in its reporting of the I.G. Farben case.

The choice of Clay and Murphy to head up their respective positions in the Control Council was largely engineered by the State Department. Their appointments were more of a political decision, which testified to the power of the pro-fascist faction within the State Department. The reader should note that Clay was the only four star general never to have conducted a combat command. While Clay served in Europe during the war, he was a rear echelon general in charge of supply.

Both Clay and Murphy once appointed to their posts were largely responsible for convincing Truman that a punitive peace was unwise, and they immediately set about sabotaging the denazification program. Once the Kennan doctrine emerged in 1946 Clay and Murphy both embraced it. Early in 1946, General Clay banned the dismantling of German industrial plants for reparations. Both men had a large influence in escalating the emerging Cold War. Especially General Clay who in 1948 issued a warning to Washington that "war may come with dramatic suddenness." Clay's frantic war warning message was based on an exaggerated threat assessment from Gehlen that the Soviets were mobilizing large numbers of troops in Eastern Europe. Gehlen was a former Nazi officer in charge of intelligence on the eastern front, recruited by the OSS/CIA.

The rehabilitation of Hermann Abs by General Clay could be considered as the most damning act of sabotaging the denazification program. While Abs was never associated with the concentration camps or the horrors of the Holocaust, he was the single figure within the Nazi empire that made it all possible. Abs was the Nazi banker. Without the financial magic of Abs, the Nazis would have faced a financial crisis that would have brought the Third Reich crumbling down. Clay complained that he was never able to make Abs the financial minister of the new German government due to American public opinion. However, he was successful in placing Abs as head of the Reconstruction Finance Corporation (RFC). The RFC was somewhat outside the realm of the government but was the sole instrument in the distribution of funds for Germany from the Marshall Plan.

8: Generals Clay & Draper

On July 30, 1947, General Clay announced that extraditions from the American zone would cease after November 1. Three weeks earlier the General had ordered JAG to end all war crimes trials by the end of the year. At that, time there still remained at least seven hundred murders of American airmen still uninvestigated. The reason given later for the closing of war crime trials was that by mid 1947 the American war

crimes program had become entirely discredited, a victim of a vicious political campaign.⁵³ Both the *Chicago Tribune* and Senator Joseph McCarthy were involved in the campaign to discredit the Malmedy massacre trial.

First to benefit from Clay's decision to end extradition were seven Wehrmacht and SS generals. Almost no German generals were ever brought to trial by the United States or Britain. That does not include field marshals such as Goring. This group of German officers was wanted for the destruction of Warsaw in 1944 and the murder of thousands of Poles during the German retreat. Poland requested their extradition at the beginning of 1946. Unlike in other Eastern European countries, the trials in Poland had been fair as any in the west. A total of 1,172 men and women had been extradited to Poland to stand trial. Forty-two had been returned after acquittal. One of the generals named in the extradition request was General Heinz Reinefarth, the Butcher of Warsaw.

Before looking at how the trials were sabotaged it is revealing to look at why some Nazi criminals were never charged with crimes and actually promoted to new positions of power. A typical example is the case of Theodor Ganzenmuller. Ganzenmuller had taken part in the Beer Hall Putsch in 1923. During the war as Staatssekretar in the ministry of transportation, Ganzenmuller organized the train services for Auschwitz, Treblinka and other concentration camps. Himmler would personally telephone Ganzenmuller to work out problems in the transportation of the Jews to the death camps.

Seeking someone to rebuild the railways in the American zone, the US Transport Division shamefully proposed Ganzenmuller. Seven of the other members proposed were also in the automatic arrest category. Ganzenmuller's name was only withdrawn after the State Department wrote an urgent letter. Dr Dorpmuller, Hitler's minister of transport was appointed.

Such appointments of high former Nazis to positions of power in the post war occupation government and the later German government were rampant. Over fifty percent of those nominated by the American Legal Division were former Nazis in the automatic arrest category.

The only American reporting having problems finding suitable personnel to fill the new positions was Bernard Bernstein, head of the Finance Division. General Bickelhaupt of the American forces appointed Hermann Geitz to head up the communications division. Bickelhaupt was a former ATT vice-president. Bickelhaupt insisted that Geitz was indispensable. Geitz had been head of the German telephone company and before and during the war had bought equipment from ATT. At the last moment However, General Clay stepped in and blocked Geitz's nomination.⁸²

Colonel Clio Straight had been selected to run the prosecution of war criminals. Straight was a lawyer from Waterloo, Iowa with no experience in criminal cases. He had been drafted and even after career JAG officers were dispatched to Germany remained in charge. Straight had been given the order to wind up the trials by Colonel Claude Mickewaite. He had presumed the trials would last through 1948. Straight's office was handicapped by a constant demobilization effort that had reduced his staff by fifty percent. Moreover, Straight complained that his staff was ill trained and not well qualified. The group's work was constantly interrupted by repeated moves of headquarters. According to Straight, Mickewaite saw no glory in continuing the trials and because of the unpopular nature of the trials among top

army brass refused to request additional manpower.

Mickewaite faced only one obstacle in his rush to close down the trails, Damon Gunn. Gunn had submitted a report to Washington on June 24, 1946 complaining that there were more than fifteen thousands war crimes suspects held at Dachau alone but only sixty-three trials involving roughly five hundred people had been held. In his report, Gunn had recommended an additional fifteen hundred trials involving a minimum of three thousand defendants. Gunn's recommendation was dead the day it arrived in Germany. On Mickewaite's suggestion Clay turned down the request personally.⁵⁴

Straight remains ambivalent about the release of prisoners from Dachua. As late as 1982 Straight comment on the release of prisoners from Dachua as follows:

"I was ambivalent whether we should carry on or quit. We had established the principle and to carry on and try thousands would have been expensive. So when I got the orders, I sat the production line going. No special efforts were made. There was no method, no discussion about handling cases or bodies over to the Germans. We just plain turned them loose."⁵⁴

Justice it seems had died with Roosevelt. Nuremberg established the principle of bringing war criminals to justice. However, once that principle was established little effort was expended in seeking justice for thousands of victims. The war criminals were simply turned loose. Of course, with every new trial and every new defendant the risk of uncovering corporate America's treason increased.

The lack of prosecution of war criminals had the effect of turning the American zone into a sanctuary for war criminals. Three examples will suffice. On March 23, 1948, Lieutenant General Dratvin the deputy commander of the Soviet military mission requested in writing from Major General G.P. Hays, Clay's deputy, the extradition of seventeen Russian collaborators. The collaborators were charged with shooting partisans and burning whole families alive in their homes. Dratvin supplied the addresses within the American zone of each collaborator. Hays rejected the request. On March 31, 1948, the US Legal Division had approved the extradition of four German officers to Yugoslavia for a series of murders. The director of intelligence canceled their extradition on political grounds. Finally, on June 15, Army Headquarters received a letter from a Lett refuge naming five former Lett SS and SD officers living in a displaced persons camp. The reply follows below.

"With the exception of atrocities committed in concentration camps which were located in the US area of control or overrun by US troops, the war crimes activities of headquarters do not entail prosecutions of criminals who committed offences against the civilian population of other countries...We thank you for bringing the matter to the attention of this headquarters."⁵⁵

In short, no one gave a damn. However, Clay did not act in a vacuum in sabotaging the denazification program. As detailed earlier in this chapter, the Nazis counted on support from their agents and friends. In the Untied States those agents and friends were the same leaders of corporations that had continued to supply the Third Reich with munitions after the war broke out. The opposition in the America to

the denazification and decartelization of Germany was led almost exclusively by the elite from corporations and State Department that had been the most active in financing Germany in the 1920s and 1930s.

This group had the means to employ effective lobbying techniques and to control the focus of the media. One tactic used was the sponsoring junkets for businessmen and politicians to Europe in order to study the problem of German recovery. American multinational corporations financed most of these junkets. Draper paid close attention to these visitors and provided them with privileged information. The reports from these junkets would mention the proven impossibility of decartelization and the need to reverse the Morganethau Plan before it had even been implemented.

A good example of these reports that had a large influence on shaping policy was *A Report on Germany* written by Lewis Brown, chairman of Johns-Manville Corporation. The report was extremely popular, making it onto the best seller list, and is still quoted today. The report was written in 1947 after Brown had toured Germany. The experts Brown consulted in his report read like a guest list for the Council on Foreign Relations: ATT's Frederick Devereux, John Foster Dulles, Herbert Hoover, Sears Roebuck's president, A.S. Barrow then serving as US Comptroller in Germany a host of British and Swiss banking authorities and 25 German industrialists. Brown's lists of experts omitted labor leaders, small businessmen, leaders of a resistance movement and leaders of denazification and decartelization.

In his report, Brown attacked the French and USSR punishment of Nazis as brutal and indiscriminate. He claimed the denazification program was depriving Germany of the leaders it needed in the rehabilitation and reconstruction of Germany. Brown's trip was unwritten primarily by General Electric's chairman Philip Reed. Reed was regarded as one of the most influential industrial leaders in post war Germany. In addition to sponsoring Brown, Reed and the organization he led organized several conferences in 1946 and 1947. Typical of the delegates were the chairman of the National Association of Manufactures, chairman of National City Bank, the head of the International Chamber of Commerce and executives of Chase Bank. The one common denominator among the delegates was all had extensive dealings with Nazi Germany including General Electric.⁵²

At the time General Electric owned about 25% of AEG and had extensive holdings in Germany. While Reed was arguing with the government against antitrust laws in Germany, GE faced thirteen criminal antitrust cases in the United States.

Following the war Clay accepted a trustee position for the Alfred P Sloan Foundation. Before accepting the position Clay surely must have known that the Sloan Foundation was connected to those that invested in Nazi Germany. Such an appointment immediately raises questions that it was a payoff for help in concealing American investments in Nazi Germany. The question like many others raised in this chapter cannot be answered with any degree of certainty without further documentation that is either sealed in government vaults or hidden in the archives of the companies that armed Hitler.

While General Clay's record on denazification is dismal at best, it would be considered exemplary in comparison with the record of General Draper. Draper's appointment had been engineered by Secretary of War Stimson and Secretary of the Navy, Forestal. Forestal had been a former president of Dillon and Reed. Forestal was

also one individual that Roosevelt had under surveillance.⁵⁶ Draper was selected to head the economic division and the anti-cartel section within the division. In fact, Clay oftentimes found him opposed to Draper's views and actions.

Theoretically, the anti-cartel section should have had easy going in breaking up German cartels. The American policy document, JCS 1067 directive and the three power Potsdam agreement were all adamant that the concentration of German industrial strength being destroyed forever. Unlike the debate over what constituted a war crime there was little disagreement over the fate of cartels. Simply, they were to be destroyed.

The cartel section also employed Captain Norbert Bogdan, a vice-president of Schroeder Bank's New York branch. Schroeder had close ties with the I.S. Stein bank, owned by Baron Kurt von Schroder. Von Schroder had channeled funds to the Nazis before their seizure of power and was instrumental in introducing Hitler to von Papen in a meeting that paved the way for Hitler's appointment to chancellor. Allen Dulles was also a director of Schroeder and had been employed by Sullivan and Cromwell, another Wall Street firm that funded the Nazis. Draper surrounded himself with like-minded aides. His electronic specialist was Frederick Devereux, a senior official from ATT. His steel expert was Rufus Wysor, the president of Republic Steel, which had a long history of cartel agreements. Indeed Wysor once asked a rival, "Whats Wrong with cartels anyhow?"

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William Draper was a former investment banker with Dillon and Reed, which had a long history of doing business with Germany and the Nazis. While at Dillon and Reed, Draper was appointed as director, vice president, and assistant treasurer of the German Credit and Investment Corp (GCI). GCI served as a short-term banker for Thyssen and the German Steel Trust. Draper did not intend to ever implement Roosevelt's directive calling for the dismantling of German cartels and industry. In one case, Draper ordered the dismantling of an I.G. Farben poison gas plant to cease.

However, within Draper's cartel section there were three dedicated individuals who worked diligently to dismantle the Nazi cartels. Both Russell Nixon and Bernard Berstein resigned by December 1945 as a protest over the failure of Draper to implement decartelization measures. Berstein worked within the banking section, and had reported to General Clay in September 1945 that his team had removed ninety-five hundred employees who were proven Nazis from the banking system. However, Berstein demanded stricter measures, and the removal of US officials that refused to implement the denazification program. Additionally, Berstein claimed too many Nazis remained in control of the banks. Clay refused to take tougher measures and Berstein resigned once it was clear nothing was going to be done.

James Martin chose to remain and fight for decartelization. Martin's position was undoubtedly weakened by the resignations of Nixon and Berstein. What Martin had failed to account for was the strength of opposition from his own side. British and American bankers and industrialists had worked with their Nazi partners openly until the war broke out. The majority of this clique of businessmen continued working with the Nazis clandestinely after war broke out. These businessmen saw little reason why they should not pick up where they left off. The amounts of

investment by American corporations in Germany were staggering. In 1939, American corporations held controlling interest in German corporations worth at least four hundred million dollars

Up until mid 1946, Martin could have defeated Draper if two conditions had been satisfied. First Martin would have needed the information about German corporations necessary to organize a breakup. Secondly, the Americans would have had to control the Rhur district in which the large steel and coal trusts were located. Instead, the Rhur district was under British control.

Draper's British counterpart was Sir Percy Mills. British industry indeed had their man in control of the Economic Division in Mills. Mills arrived in Germany with no formal directive to remove Nazi businessmen. Mills was unrepentant about appointing former Nazis to control industries. Mills selected industrialists he had last met in 1939 to fulfill these positions. According to SHAEF (Supreme Headquarters Allied Expeditionary Force) Mill's selected industrialists should have been under arrest.

Typical of Mill's appointments was Wilhelm Zangen, a Nazi Party member since 1927. Zangen employed of slave labor at Mannesmann. Another appointee, Ernst Ponsgen was selected to direct the steel industry. Hitler awarded him with the Eagle Shield, the Nazis highest economic award in 1941. The citation for his award quotes his "extraordinary services in arming Germany."

Martin feared very essence of fascism —the corporate state. The Antitrust division estimated one hundred industrialists and six major banks controlled two thirds of the German economy. This concentrated power made it easy for the Nazis to mobilize for war.

Martin's assessment was controversial. British and American politicians and military officials were divided about the relationship between the corporations and the Nazi government.

Martin and Nixon arrived in Frankfurt at the end of April 1945. They discovered that while I.G. Farben's headquarters had escaped any bombing damage the records stored there were being dumped out of windows and burnt in the courtyard. SHAEF had decided to use the building as a headquarters and had ordered it cleared of refuse. Before they could dismantle I.G. they needed documentary evidence, those records were vital for their task. Moreover, the surviving records took two years to assemble.

From the beginning, the investigations into I.G centered about two directors, Herman Schmitz and von Schnitzler. Von Schnitzler was located by Nixon and eventually faced trial after making several confessions and conflicting statements. Judge Curtis Shake ruled to ignore those statements in von Schnitzler's trial claiming the accused was trying to help the allies by what he thought they wanted to hear.⁵⁷ The tribunal of judges of the I.G Farben case in which twenty-three directors of I.G Farben faced trial consisted of Curtis Shake Supreme Court justice of Indiana, James Morris Supreme Court justice of North Dakota and Herbet, Law School Dean at Louisiana State University.

The prosecutor was outraged over the decision. All twenty-three were acquitted of waging an aggressive war, ten were acquitted of all charges, the remainder were found guilty of lesser charges. Only four were found guilty of employing slave labor. Judge Herbert wrote a dissenting opinion.

Prosecutor, Josiah E. DuBois, Jr. was particularly irate with Morris, who questioned the pace of the prosecutors' presentations and the relevancy of much of their evidence. Judge Merrell, an Indiana lawyer was the alternate judge and concurred with Herbert. The sentences were extremely light with some sentences being only a year and a half long. Herbert's dissenting opinion ran 114 pages. An excerpt from it follows.

"I concur in the acquittals on charges of planning and preparation of aggressive war. I concur, though realizing that on the vast volume of credible evidence, a contrary result might as easily be reached by other triers of the facts who would be more inclined to draw the inferences usually warranted in criminal cases. The issues of fact are truly so close as to cause genuine concern whether or not justice has actually been done.

While concurring in the acquittals, I cannot agree with the factual conclusions of the Tribunal. I do not agree with the majority's conclusion that the evidence falls far short

Utilization of [slave] labor [by Farben] was approved as a matter of corporate policy. To permit the corporate instrumentality to be used as a cloak to insulate the principal corporate officers who approved and authorized this course of action from any criminal responsibility therefor is a leniency in the application of principles of criminal responsibility which, in my opinion, is without any sound precedent under the most elementary concepts of criminal law. . . . The evidence shows Farben's willing cooperation in the utilization of forced foreign workers, prisoners of war and concentration-camp inmates as a matter of conscious corporate policy."⁵⁸

In his criticisms of Morris, DuBois charged the judge was more preoccupied with the threat of Russian communism than in justice.

In June 1956, Draper returned to Germany from Washington with a new economic team. All the new members were harsh critics of the punitive policies. Draper's Economic Division had not broken apart a single cartel. Among them was Lawrence Wilkinson, the new head of the industry branch. Wilkinson was sharply critical of decartelization claiming it would hinder German economic recovery. He claimed that like denazification it achieved nothing and only built resentment. Wilkinson aligned himself with Britain's Percy Mills. According to Martin Wilkinson and Draper conspired with Mills to raise certain issues in the Four-Power discussions, which would give Draper a suitable pretext for seeking Washington's agreement to change American policy.⁵⁹

In September 1946, General Clay reprimanded Draper for telling visitors that denazification and decartelization were responsible for Germany's dire economic conditions. Clay's reprimand had no effect. On November 13, Sir Cecil Weir cabled the American embassy in Washington that Draper had assured him that it was just a matter of time before American policy fell into line with British policy. Weir was soon to replace Mills. A month later Willard Thorp, an assistant secretary of state informed the British that the State Department was doing its best to keep the wild men in check. In addition, in November the Republicans won control of both houses of congress tilting American policy in favor of big business and cartels. The Four-Powers law against cartels approved in January 1947 fit the lax British policy towards cartels.

Martin held off resigning until May 1947. Draper appointed Philip Hawkins, his son-in-law and a relative of the du Ponts as Martin's successor. Upon his return to Washington, Martin continued to fight for decartelization. He and some of the remaining members of the decartelization branch testified before the Fergusson Committee. Arrayed against him were those that produced largely false statistics to prove German industry was unused and any further breakups would force the American taxpayer to subsidize Germany. Fergusson's report however, ignored the easy option and blamed Hawkins and Wilkinson for deliberately sabotaging the decartelization policy. The report recommended their firing. In retaliation, Wilkinson fired Martin.

Wilkinson in turn fired two members of the remaining decartelization team that had testified against him. Alexander Sacks one of those fired stated; "They have done what ever they could by innuendo and misstatement, to discredit a program, which they did not understand or like."⁶⁰ At the same time Wilkinson dismissed 120 of the section's staff, leaving just twenty-five remaining in Germany. Draper was promoted to assistant secretary of war. As assistant secretary, Draper proceeded to dismantle the antitrust campaign against the Japanese multinational corporations instituted by MacArthur.

9: John McCloy

Before looking further at the evolution of the Control Council, a closer look at General William Draper's career is needed. As previously mention Draper, while employed at Dillon and Reed was in charge of the Thyssen account. He worked closely with the man in charge of this account with Brown Brothers and Harriamn, Prescott Bush. Draper had a very dark side that extended to the present day. Draper advocated eugenics. The reader should not confuse General William Draper with Wickliffe Draper, the founder of the Pioneer Fund, although they were related. In 1932, William Draper financed the International Eugenics Congress. Doubts remain if Draper was using his own money or money from the Thyssen account or other corporate accounts. Draper helped select Ernst Ruaudin as chief of the world eugenics movement, who used his office to promote what he called Adolf Hitler's holy, national and international racial hygienic mission.

Prescott Bush shared Draper's view on eugenics. In fact, late in Prescott's first run for office in 1950 he was exposed as an activist in that section of the old fascist eugenics movement. Due to that exposure, Prescott lost his first bid for office.

In 1958, Eisenhower appointed Draper as head of a committee to study the proper course for U.S. military aid to other countries. A year later Draper changed the focus of the committee and recommended that the U.S. government react to the threat of the population explosion' by formulating plans to depopulate the poorer

countries. The growth of the world's non-white population, he proposed, should be regarded as dangerous to the national security of the United States. Eisenhower rejected the recommendation.

In the 1960s, Draper founded the Population Crisis Committee and the Draper Fund, and joined with the Rockefeller and Du Pont families to promote eugenics as population control. The Rockefeller family has been associated with eugenics since the turn of the century. In 1950 and 1951, John Foster Dulles, then chairman of the Rockefeller Foundation, led John D. Rockefeller III on a series of world tours, focusing on the need to stop the expansion of the non-white populations. In November 1952, Dulles and Rockefeller set up the Population Council, with tens of millions of dollars from the Rockefeller family.

General Draper served as George Bush's (the father) population expert. While serving in Congress, George Bush chaired the Republican Task Force on Earth Resources and Population. As chairman of the Task Force Bush invited Professors William Shockley and Arthur Jensen to explain to the committee how allegedly runaway birth-rates for African-Americans were down-breeding the American population. On August 5, 1969, Bush summed up the testimony his black-inferiority advocates had given to the Task Force before congress. As a candidate for Congress in 1964, Bush had campaigned against the passage of the 1964 Civil Rights Act.

George Bush was U.S. ambassador to the United Nations in 1972, where his friends urged the U.S. Agency for International Development to make an official contract with the old Sterilization League of America. The League had changed its name twice again, and was now called the Association for Voluntary Surgical Contraception. The U.S. government began paying the old fascist group to sterilize non-whites in foreign countries.

In Bush's 1988 campaign for president, General Draper's son William Draper III served as co-chairman for finance. The younger Draper is also involved in the United Nations depopulation efforts. George Bush's Treasury Secretary was Nicholas Brady. Brady was Frederic Brandi's partner from 1954 until he replaced Brandi in 1971. Brandi was the German who was Draper's co-director for the Nazi investments and his personal contact man with the Nazi German Steel Trust.

In 1958, General Draper founded the first West Coast venture capital firm. His son continued in the venture capital founding additional firms in the 1960s. In 1981 Draper's son was appointed Chairman of the U.S. Export-Import Bank. In 1985, he was selected to be Administrator and CEO of the United Nations Development Program.

Perhaps the words of Walter Lippmann best sums up the sabotaging of the denazification plan. On July 19, 1948, Lippmann wrote the words below.

"Tough our German policy is in fact the determinant of our whole European policy, and will be decisive for peace or war, it is notorious that it has not been made by the President, or by Secretary Marshall, or by the so-called policymakers but General Clay and General Draper, and in the Pentagon..."⁵¹

In 1949, John McCloy was appointed High Commissioner of Germany. McCloy was not the first choice. Lewis Douglas, the head of the Finance Division of the

Control Council was. However, Douglas agreed to step aside in favor of McCloy. It appears nothing was being left to chance in post war Germany. The governing of post war Germany would be a family affair. The three most powerful men in post war Germany: High Commissioner McCloy, Douglas, Head of the Finance Division of the Control Council and Chancellor Konrad Adenauer were all brother-in laws. All three men had married daughters of the wealthy Fredrick Zinsser, a partner of JP Morgan. The Morgan empire would control the fate of Germany.

What little justice achieved under the Control Council and General Clay would now be rapidly undone. Up until 1940 McCloy had been a member of the law firm Cravath, de Gersdorff, Swaine and Wood. This law firm represented I.G. Farben and its affiliates. In 1940, McCloy was appointed Assistant Secretary of War. At least three other individuals from the same law firm turned up in the War Department. Alfred McCormick and Howard Peterson both served as assistants to the Secretary. Richard Wilmer was commissioned as a colonel after the war started and served in a similar vein.⁶¹ Peterson later served as the finance chairman of the National Committee Eisenhower for President, 1951-1953.

The career of McCloy is one sympathetic to fascism and warrants a closer look. Henry Stimson appointed McCloy as assistant secretary of war. Roosevelt had selected Stimson to head up the War Department in 1940 in an attempt to make the war effort a bipartisan effort and to blunt any criticism of the upcoming war by the Republicans. One of the first acts of Stimson upon taking over the War Department was to appoint McCloy as Special consultant to the War Department on German sabotage. Before 1940 ended McCloy was appointed as assistant secretary. As Secretary of State under Hoover, Stimson would surely have been aware of the cartels of I.G Farben and how the Hoover administration aided their formation. McCloy spent most of the 1930s in Paris working on a sabotage case stemming from WWI. In 1936, he shared a box with Hitler at the Olympics.

In one of his first acts as assistant secretary of war, McCloy helped plan the interment of Japanese Americans. Once the war began, McCloy followed the American troops across North Africa. Such travel by an assistant cabinet secretary was highly unusual. However, McCloy's actions at the time partially revealed his motivation. While in North Africa, McCloy help forge an alliance with the Vichy France and Admiral Darlan.

McCloy continued to follow the advancing allied troops across Europe and into Germany. In the closing days of the war in Europe McCloy made one of his most noted decisions. After sixteen planes bombed, Rothenburg on March 31 McCloy ordered a stop to any further bombing of the city. According to McCloy, his reason was to preserve the historical medieval walled city. Additionally, McCloy ordered Major-General Jacob L. Devers that he could not use artillery in taking Rothenburg. The city would have to be liberated by infantry alone regardless of the cost in lives of GIs.

However, there are a few facts that McCloy and others since have conveniently left out. For instance, just two days before the bombing a German general with his division of troops left battered Nurnburg for Rothenburg. Together with the Nazi forces already stationed there, the general gave the order to defend the city to the last man. Also located in Rothenburg was Fa Mansfeld AG, a munitions maker that employed slave labor from Buchenwald.

By late 1943, the slaughter of Jews was reaching a feverish pace. The allies were then in a position to bomb the concentration camps to stop the slaughter. John McCloy was almost solely responsible for blocking the bombing of the death camps. Allied planes were already bombing the industrial plants associated with Auschwitz. However, McCoy in written memos advanced a bankers' argument that the cost would be prohibitive. Such missions would risk men and planes with little reduction in the Nazis war effort. McCloy even banned the bombing of the rail lines leading to the death camps.

In the late spring of 1944, Morgenthau was pressing the War Refuge Board to find an unused army base or some other haven to serve as temporary homes for a small group of refugees from Italy. Most of the refugees were Jewish. The question was put to McCloy, who responded brusquely that it wasn't the Army's business to take care of refugees. Morgenthau was outraged at McCloy's response and presented it at a cabinet meeting with Roosevelt in attendance. Roosevelt stated that under no circumstances should those people be turned away. Stimpson dictated a memo after the cabinet meeting that someone had accused McCloy of being an oppressor of Jews. McCloy confronted Morgenthau on the charge. Morgenthau didn't confess the remark directly but happily exploited McCloy's discomfort. McCloy soon responded to Morgenthau that Fort Ontario in Oswego, New York could accept 1800 refugees.¹⁴¹

The average American at the time would probably have granted the Jews sanctuary in the Untied States if he was aware of the truth. The fact is evidence of the Holocaust was kept from the average citizen and even from Roosevelt himself. The State Department would often wait for months before forwarding memos of evidence of the slaughter on to Roosevelt. By the time, Roosevelt read the memos it was too late to act on the intelligence in the memo. The prominent newspapers of the times either did not print a single line about the Holocaust or at best relegated a few lines to the back pages. In 1943, an eyewitness described Auschwitz to Supreme Court justice Felix Frankfurter. Frankfurter was Jewish but refused to believe the report.

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Western politicians were well aware of the massacre taking place on the European continent. As early as 1941 military attaches were filing weekly body counts. The British were equally aware and adamantly opposed to aiding the Jews. Britain's Foreign Office had a greater fear of the Nazis allowing the Jews to emigrate to the west. Undoubtedly those fears could not be separated from British ruled Palestine. Both Britain and the Untied States were also well aware of the views in the Arab world towards Jews and the inseparable nature of a Jewish homeland and Mideast oil.

On March 23, 1943, the archbishop of Canterbury, William Temple, before the House of Lords plead for help for the Jews, and in response, the British government proposed a conference with the United States on the refugee question. The British Foreign Office had organized the Bermuda conference in such a way that no results would be produced. The State Department refused to allow any Jewish organization to attend. Jewish leaders then sent a list of proposals. ⁶² Adolf Berle, assistant secretary of state proposed establishing a temporary safe haven for up to 100,000 Jews in an area of Eastern Libya. The President's Advisory Committee on Political

Refugees also sent a list of proposals including using British Honduras as a sanctuary for Jews. The conference concluded with no decisions being reached.

Roosevelt desperately wanted to help the Jews but was misled by his own intelligence advisors, opposed by the British and Soviets and blackmailed by the Dulles brothers. The picture emerging of Roosevelt is a man under secret siege trying to avoid a rift among the allies. A rift, the Nazis would gladly exploit.

As early as 1939 the ability of the same shadow government of bigots in corporate America and their cronies in Congress led to the defeat of the Wagner-Rogers bill. That bill was sponsored by New York Senator Democrat Robert Wagner, the same senator that first introduced the Social Security bill. On the House side, the bill was sponsored by Edith Rogers a Massachusetts Republican. Under the proposed bill, 20,000 Jewish children would be allowed to immigrate to the United States. In Congress, the bill was amended to require that other Jewish emigration would have to be reduced by the same amount. Out of frustration, both sponsors were forced to drop support for the bill.

Similarly, President Truman would encounter the same shadow government in the post war years, who blocked any attempt to allow Jewish refugees to emigrate to the United States and nearly blocked the United Nations creation of Israel. Leading the charge to block post war Jewish emigration was none other than John McCloy.

While still in Europe as Assistant Secretary of War, McCloy helped block the executions of several Nazi war criminals. He returned to the United States and on November 8, 1945 delivered a speech before the Academy of Political Science in New York. McCloy blasted the infamous JCS 1067 directive and the Morgenthau Plan in an effort to prevent the decartelization of I.G. Farben and decartelization in general. He belittled the operating capacity of Germany's industrial plant. Note: the allied bombing of Germany destroyed— at most — twenty percent of Germany's industrial production.

As Congress was being bombarded with a lobbying effort to go easy on Germany, the agents of the Nazis were proceeding according to the plan. Unfortunately, too many members of Congress were sympathetic to the Nazis. With out exception they were all either conservative Dixiecrats or Republicans. Nebraska's Senator Kenneth Wherry, Mississippi's Democrat James Eastland and Indiana's Republican Homer Capehart were just some of the many Congressmen that stood up and denounced the decartelization of Germany. Capehart was perhaps one of the more vicious in his speech before the Senate he blamed Morgenthau for the mass starvation of the German people rather than the Nazis. He continued by claiming that the technique of hate had earned both Morgenthau and Bernard Berstien the title of America's Himmler.⁶³

While General Clay had reduced the sentences of numerous war criminals it was when John McCloy arrived as the High Commissioner of Germany that the doors of Landsberg prison were thrown. Even before McCloy arrived in Germany, he had blocked some executions of war criminals. Both Clay and McCloy acted with their respective advisory committees.

General Clay was advised by the Simpson Committee. Sitting on the Simpson Committee were Judge Edward Leroy van Roden, of Delaware County, Pennsylvania, and Justice Gordon Simpson, of the Texas Supreme Court. The committee was appointed after Lieutenant Colonel Willis N. Everett, Jr., the defense counsel for the

seventy-four defendants charged in the Malmedy massacre petitioned the United States Supreme Court that the defendants had not received a fair trial. The Supreme Court ruled that it did not have jurisdiction but Everett's petition forced the Secretary of the War, Royall to appoint the commission. The only evidence that the Simpson Committee relied upon came from the defendants and German clergy working to free all war criminals. In post-war Germany the clergy was uniformly sympathetic to the Nazis. The dissenters had been sent to the concentration camps where many of them perished.

The evidence the Simpson Committee gathered regarding torture of prisoners was incredulous at best. More often than not the evidence did not bear up to examination. In one case, the witness said he had saw from the window the torturing of another prisoner in a room across the courtyard. However, the window to the room in which the torturing was supposed to have taken place was not visible from where the prisoner said he was.

Van Roden's ludicrous claims of torture were the beginning of the revisionist movement about the Holocaust. To be fair there were minor incidents of abuse of the prisoners but nothing to justify van Roden's bombastic claims. The Malmedy trials marked an extremely critical turning point in history. After the Malmedy trials, the faction sympathetic to the Nazis were clearly in control in both Germany and the United States. Furthermore, efforts to disrupt the trials were coordinated in both countries.

The charges raised by the Simpson Committee were wholly without merit. Perhaps the best summation of the Simpson Committee to derail justice comes from the words of van Roden as follows below.

"My conclusion is that the entire program of War Crimes Trials, either by International Courts, the members of which comprise those of the victorious nations, or by Military Courts of a single victor nation is basically without legal or moral authority... The fact remains that the victor nations in World War II, while still at fever heat of hatred for an enemy nation, found patriots of the enemy nation guilty for doing their patriotic duty. This is patently unlawful and immoral One of the most shameful incidents connected with the War Crimes Trials prosecutions has to do with the investigations and the preparation of the cases for trial. The records of trials which our Commission examined disclosed that a great majority of the official investigators, employed by the United States Government to secure evidence and to locate defendants, were persons with a preconceived dislike for these enemy aliens, and their conduct was such that they resorted to a number of illegal, unfair, and cruel methods and duress to secure confessions of guilt and to secure accusations by defendants against other defendants. In fact, in the Malmedy case, the only evidence before the court, upon which the convictions and sentences were based, consisted of the statements and testimony of the defendants themselves. The testimony of one defendant against another was secured by subterfuge, false promises of immunity, and by mock trials and threats."⁶⁵

The words above of Judge van Roden betray his objectivity. He disagreed with fully with the premise of international and the war crimes trials. Likewise, the judge sought to confer upon the defendants the legal rights present in civil cases. Neither

Churchill or Roosevelt had intended the trials to be anything more than a trial by a military tribunal in which civilian rights need not apply fully. Upon returning to Texas, Simpson was offered the job of vice president and general counsel of the General American Oil Company.

One of the obstacles to justice at Nuremberg was the quality of the judges and their own political motivations. One of the judges at Nuremberg was Robert Maguire from Oregon. In the fall of 1949, Maguire decided to run for Oregon's Supreme Court. In November 1949, the *American Bar Association Journal* published a speech delivered by Maguire entitled "The Unknown Art of Making Peace: Are We Sowing the Seeds of WWII?" In the speech Maguire argued against further trials.¹²⁰ Maguire's speech was an effort to appease the right wing of the Republican Party in Oregon to enhance his election chances.

Similarly, McCloy had the Peck commission to advise him. The Peck Commission consisted of David Peck, a judge in the New York Appellate Division, Fredrick Moran, chairman of New York Board of Parole and Brigadier-General Conrad Snow. The Peck commission was only authorized to reduce sentences and not to challenge the legal decision of guilt. While the Simpson Committee was limited to reviewing the trials held at Dachau, the Peck commission was limited to the trials at Nuremberg.

While McCloy blocked the executions of some war criminals before his appointment as High Commissioner of Germany, it wasn't until after his appointment as High Commissioner that he opened the doors to Landsberg Prison. McCloy insisted until his death that releasing the war criminals was not politically motivated. However, nothing could be further from the truth.

The industrialists' trial, once considered to be of equal importance to the main Nuremberg Trial concluded as the Soviets blockaded Berlin. Even as the convicted directors of Krupp and I.G. Farben were being taken to Landsberg, they knew there was little prospect of having to serve out their sentences. Germans and the fascists within America believed that they were just the innocent victims of left wing fanatics. The Nazi's allies within the United States had been successful in smearing the trial as such. In Landsberg, the prisoners settled into a comfortable routine. Flick maintained control over his empire through weekly visits from his lawyers accompanied by whichever business associates that were needed. Flick also chosen Hermann Abs as his financial advisor. Abs was "rehabilitated" already with the aid of General Clay and was heading up the Reconstruction Loan Corporation.

By the time McCloy arrived as High Commissioner there was a concerted drive to rebuild German industry as a bulkhead against he Soviets. Abs informed McCloy that the key to Germany's recovery and cooperation was the release of the industrialists from Landsberg. McCloy was also told the same by Karl Blessing, a war criminal that Allen Dulles saved. In fact, McCloy was told that by any German he cared to listen to.⁶⁶

On August 28, 1950, McCloy received the recommendations of the Peck Commission. The commission had been appointed on March 20, 1950 and was controversial from the beginning. In fact, under various state laws it would have been illegal. Some of the cases that the commission was to examine had already been reviewed three times. Under most state laws, it was illegal to appoint a second appellate court to reexamine the findings of another appellate court. Nor would an

appellate court have the authority to pardon criminals, they would be limited to reducing the sentence or commuting death sentences to life in prison. Nevertheless, the Peck Commission was given such authority.

On the morning, the Peck commission reported their findings they stated they had examined the judgements upon all of the prisoners, along with interviewing them and their lawyers. While that sounded reasonable enough to the inexperienced, it wasn't.

Even in a clemency hearing in front of a governor, the views of the district attorney and trial judge are presented. Yet not a single prosecutor or judge from the tribunals were consulted. Nor had the Peck Commission opened a single page of the transcripts and documentary evidence. In fact, the crates of transcripts and evidence made available to the commission were never opened. The only materials from the trials that were reviewed, were the verdicts, which spanned 3000 pages. The task of reviewing all of the material from the trials would have been an impossible task in the time McCloy allotted for the Peck Commission. The transcripts exclusive of the briefs and documents filed spanned some 330,000 pages. A speed reader reading the at the rate of 1,200 a minute would need seventeen months to get through the Nuremberg transcripts.⁶⁷

In reality, the Peck Commission served as nothing more than a politically motivated blue ribbon panel. McCloy use the commission's recommendations as an excuse to justify his actions in freeing war criminals.

Both the Simpson and Peck commissions were politically motivated. The Nazis were counting on their agents and sympathizers in other countries— including the United States— to do their bidding after the close of the war. The conservative faction of Congress did not disappoint the Nazis. In fact, the conservative Republicans by the end of the 1940s had succeeding in perpetrating the myth that the Nuremberg war criminals were not criminals but were instead the victims of Roosevelt. By the decade's end, many people had come to accept that myth. This conservative faction was aroused to action by the Malmedy Trial and the false charges made by Nazis within Germany of torture and brutality. Included in this fraction was John Rankin and Harold Knutsen, the pro-fascist Minnesota congressman. Also, included were Francis Case Republican representative from South Dakota and John Taber Republican representative from New York.

10: Freeing Krupp

Perhaps, the congressional politics behind the Simpson and Peck commission is best illustrated by the example of Republican Senator William Langer from North Dakota. Langer's election to the Senate in 1940 reflects the beginning of a shift to conservatism and the end of the New Deal liberalism. However, Langer's seating in

the Senate was not smooth.

Before running for the Senate, Langer was twice elected to the governor's office in North Dakota. In his first campaign, Langer had ran as the candidate for the Nonpartisan League. He had been a member of the Progressive Republicans. He had made enemies within the Republican Party particularly from Gerald Nye and William Lemke. Nonetheless, Langer received the nomination and was swept into the governor's mansion in the 1932 election. His opponent's defense of the policies of the failed Hoover administration contributed to Langer's easy victory. Langer then cleaned out most executive departments and appointed persons loyal to him.

He also openly solicited the newspaper, the *Leader*. A subscription to the *Leader* cost the subscriber five percent of his state pay. Langer viewed this as a legitimate way to raise campaign funds. In 1934, Langer was indicted for soliciting and collecting money for political purposes from federal employees and of conspiring to obstruct the orderly operation of an act of Congress. On June 17, 1934 Langer was found guilty and sentenced to eighteen months in prison and subject to a \$10,000 fine. One month later on July 17, the North Dakota Supreme Court removed Langer from office for his felony. On May 7, 1935, the Federal Circuit Court of Appeals reversed the original conviction, and ordered a new trial. The first conspiracy trial resulted in a hung jury. A perjury trial in December, found Langer not guilty. A second conspiracy trial, also held in December, settled the issue by finding Langer not guilty. In 1936, failing to win the Nonpartisan League endorsement, Langer ran as an independent and regained the governor's office.

More conspiracies and corruption marked Langer's second term. As an example, Langer directed the State Mill and Elevator to pay 35 cents per bushel over the market price, while also appropriating nearly six million dollars for general relief. On the other hand, three of Langer's close friends were found to be profiting by purchasing county bonds at a discounted price and selling them back to the Bank of North Dakota at full value. In 1938, the State Board of Equalization reduced the assessment on property owned by the Great Northern Railroad by three million dollars. It was then revealed that an attorney of the railroad had purchased \$25,000 of worthless stocks from Langer, and then never asked for the delivery of the stocks. The constant run of conspiracies and corruption stories during Langer's second term contributed largely to his defeat in the Republican primary against Gerald Nye.

However, Langer was successful in his bid for the senate in 1940. Although Langer had won the election, his enemies were determined to not allow him to take his seat. When Langer appeared to take the oath of office on January 3, 1941, a petition was presented to the secretary of the Senate arguing that he not be seated. The matter was turned over to the Senate Committee on Privileges and Elections. The committee listened to much testimony, some of it very damaging, regarding Langer's conduct. During the hearings, Langer was forced to admit he had paid the son of the judge who presided at his second and third trials in 1935. The committee recommended, by a vote of 13-3, that Langer not be seated.⁶⁸

However, reflecting the shift towards conservatism the full senate voted to seat Langer by a vote of 52 to 30. While the Democrats controlled the 77th Congress by a margin of 66 to 28, the vote seating Langer reflects how the control of the Senate was largely in the hands of an alliance of Republicans and conservative Dixiecrats.

Embarking on his career in the Senate, Langer adopted a strict isolationist

policy. He opposed Lend Lease, the extension of the draft, the NATO alliance and the formation of the United Nations. Langer did, however, vote for the declaration of war following Pearl Harbor.

Winston Churchill was a frequent object of Langer's scorn. In March 1949, while Churchill was touring the United States Langer charged that Churchill had fought against the United States in the Spanish-American War. He was rebuked by his colleagues in the Senate when Tom Connally of Texas stated that the historical record showed Churchill was never in Cuba. In 1951, Langer telegraphed the pastor of Boston's Old North Church requesting two lanterns be placed in the belfry to warn Americans that the British were coming prior to a visit by Churchill.

While serving in the Senate Langer served on the Judiciary committee in one of America's darkest hours 1953-1955 at the height of McCarthyism. Langer was one of only 22 Senators that voted against censoring McCarthy.

On December 18, 1950, Langer delivered a speech a speech before the Senate blasting the Nuremberg Trials. He proclaimed:

"These war-trials were decided on in Moscow and they are carried on under Moscow principles. These trials were essentially the same as the mass trials held in the 1930s by Stalin when Vyshinsky used treason trials to liquidate his internal enemies. At Nuremberg the Communist used war crimes trials to liquidate their external enemies. It is the Communist avowed purpose to destroy the Western World which is based on property rights."¹¹¹

Langer's speech opened a new dimension in the opposition to the war crimes by claiming the trials were a communist plot against property rights. Whether Langer was sympathetic to the Nazi movement or just a useful stooge duped by the Nazis, his actions certainly were in line with those outlined in the captured documents on how to promote strife between the US and the USSR.

Following the war one of the most influential Nazi agitators in the United States was Dr. Walter Becher, an anti-Communist "refugee leader" from the Hitler regime. Becher joined the Nazi Party in 1931 and became an editor of *Die Zeit*, a Nazi propaganda sheet in 1937. During the war, Becher worked for Goebbels propaganda ministry as a war correspondent.

Shortly after the war, Becher founded a pro-Nazi newspaper in Germany and sought out influence in Washington. Two of Becher's early contacts in the Senate were McCarty and William Jenner. Other early supporters of Becher were Francis Walter, B. Carroll Reece, Albert Bosch and Walter Judd.

His scheme was simple; as a staunch leader in the anticommunist movement in Germany, he could gain the support of leading politicians in the United States, and his prestige and stature would grow enormously at home. Among those that sent letter of support to Becher were William Langer, Prescott Bush, Strom Thurmond, Thomas Dodd, Robert Byrd, and Stuart Symington. Other notables who sent letters of support to Becher are Herbert Hoover, and retired U.S. generals del Valle, Willoughby and Wedemeyer. Note all three generals involved themselves with many hard right groups, including the lunatic fringe for the remainder of their lives. In all Becher claimed support from more than 150 congressmen.

The list of Becher's supporters is a virtual roster of the hard right of the 1950s.

Republican Senator William Jenner from Indiana chaired the Senate's Internal Security Committee, the Senate's counterpart to the House Un-American Activities Committee. In the 1952 presidential campaign, he led the attack on the Truman administration charging George Marshall as soft on communism. Francis Walter, Democrat representative from Pennsylvania was a member of the House Un-American Activities. Walter accepted money from Draper the founder of the Pioneer Fund and not to be confused with General Draper. Republican B. Carroll Reece from Tennessee headed a committee investigating the Ford and Rockefeller foundations as agents spreading communism. Walter Judd Republican representative from Minnesota was a principal in the Christian Anti-Communism Crusade. Judd was also a member of the Committee for One Million and a member of the first U. S. branch of World Anti-Communist League, a group that was and remains infested with former Nazis and maintains a close relationship with the Reverend Sun Myung Moon.

In 1955, Becher decided to install a permanent aid in Washington. His choice was Dr. Richard Sallet a former Nazi diplomat. Sallet was the Nazi's expert on America. Captured Nazi documents reveal his expertise. Several hundred pages attest to his success in launching an anti-Semitic campaign in the 1930s. Sallet had help from the Republican Party, which paid for broadcasts by known Nazis in New York State. Another program in which Sallet had a more limited success was in undermining the confidence of the American people in Roosevelt.¹⁰⁴

John Grombach headed another Nazi infested organization with close ties to this group. Grombach a former G2 officer recruited former Nazi SS officers, Hungarian Axis Quislings, and Russian nationalists. His network of former Nazis produced intelligence offerings for the State Department, the CIA and corporations. Grombach's operation originally began as a G2 operation to rival the CIA but soon evolved beyond that. Although much of Grombach's funding did come from the United States government, he received a large amount of funding from N. V. Philips Gloeilampenfabrieken corporation of the Netherlands and its American affiliate, Philips North America. One of Grombach's prized assets was Karl Wolff, a major war criminal.

Grombach had visions of grandeur with his eye on holding the position of Director of the CIA. High on his list of political targets were those that implemented President Truman's containment policy. Grombach viewed people such as George Kennan and Charles Bohlen as too soft on communism. He found ready allies in McCarthy and Jenner. By the 1950s, Grombach and his network of Nazis specialized in gathering dirt. He would then leak the smears to his political allies. The chief beneficiary being Joe McCarthy.

This very brief look at the congressional politics of the conservatives and Republicans behind the Simpson and Peck committees leads to three significant conclusions.

The first being the release of the Nazi war criminals was politically motivated by those that held sympathetic views towards the Nazis previously. Secondly, and more importantly it confirms the Nazi plan to carry on the war after the hostilities had ceased on the battlefield. Those captured documents revealed that the Nazis were planning to use their sympathizers after the war to protect them and to reestablish fascism. The Nazis must have been very pleased by the actions of the Republican conservatives in Congress.

Finally, it fully establishes that the emergence of the Cold War was largely due to Nazi intrigue. Similarly, it confirms the Nazi plans in the captured documents were well thought out in using communism as a ploy to ease peace terms and other burdens on Germany. That same faction of conservatives that were the most vocal Nazi sympathizers in Congress was also the most vocal cold warriors. The intertwining of the Cold War with Nazi intrigue extended well into the 1960s.

Originally, there were two trials planned for Nuremberg. Both were considered of equal importance and stature at the time. The first trial was of the top Nazi officials. The second trial was to be the trial of the industrialists. The industrialists' trial at Nuremberg was canceled and instead of being held by the military tribunal at Nuremberg was held separately in the American zone. By the end of the first trial, chief American Prosecutor Robert Jackson had succumbed to the American disease of an irrational fear of communism and became an outspoken critic of holding the second trial. There is no better summary of the half-hearted effort put forth to try the Nazi industrialists and the effectiveness of the Nazi plan to provoke a war between the Soviets and the United States than the words of Jackson in May near the close of the first trial.

"A trial in which industrialists are singled out may give the impression that they are being prosecuted merely because they are industrialists. This is more likely since we would be associated in prosecuting them with the Soviet communist and the French leftists...I have some misgivings as to whether a long public attack concentrated on private industry would not tend to discourage industrial cooperation with our government in maintaining its defense in the future while not at all weakening the Soviet position, since they do not rely on private enterprise.⁸¹

Jackson's words were the final nail in the coffin of Roosevelt's pledge to bring the Nazis and those that aided them to justice. American corporations could now breathe easily. There would be no extended trial of Nazi industrialists to expose their treasonous trade with the Nazis.

Returning to the war crimes trials and clemency, General Clay had been forced to stop the executions of all those given death sentences due to Senator Langer's committee. While the conservatives within the United States had succeeded in swaying American opinion that the war criminals were victims of Roosevelt, it was clear by 1950 that the West Germans rejected the validity of the trials. Leading the cause of war criminals in Germany was the leadership of the German Catholic and Protestant churches. Bishop Fargo Muench had gone as far as to call for a general amnesty.⁶⁹

Langer had compared the Nuremberg Trials to the purges by Stalin. In the speech, Langer claimed that the industrialists' trial was part of a communist plot aimed directly at property rights. The industrialists were some of the first beneficiaries of McCloy's action. McCloy arrived in Germany in 1949, and by mid 1950 the Peck commission had completed its review. On January 31, 1951, *Landsberg: A Documentary Report* was made public, and contained statements by McCloy and the Peck and Simpson commissions. Following the commission's recommendation McCloy freed one third of the inmates at Landsberg. In one stroke of the pen, McCloy had freed all of the lawyers, executives and industrialist convicted

in the Farben, Flick and Krupp trials. Those that had been the most responsible for building the Third Reich on the backs of slave labor were now free.

1

McCloy was hardly in a position to grant a general amnesty after President Truman spoke in January 1951. The State Department's legal advisor John Raymond drafted a memo on war crimes for Truman that was a wholesale reaffirmation of the original Nuremberg and Dachau trials and an unequivocal argument against amnesty.

The release of Krupp proved to be the most controversial. Once again, background events are of importance in understanding the event. The United States was already embroiled in the Korean War. A new war scare was spreading like wildfire across the American homeland. Fears of a Soviet invasion of Europe were extensive. A debate as to the vulnerability of Europe had opened in Congress. Senator Taft charged that President Truman had already usurped his authority by defending Korea and had no right to increase American troop strength in Europe. Former President Herbert Hoover argued it would be pointless to try and defend Europe. News from the war was dark. UN forces were taking a terrible beating at the hands of the Red Chinese. MacArthur asked whether Washington had considered the possibility of being driven out of Korea. On the day, McCloy signed the release of the industrialists; Frankfurt radio was reporting the plight of an United States-France combat regiment trapped twelve miles behind enemy north of Yoju.⁷¹

In the trial of Krupp, a decision was made to try Alfried and not his father Gustav. The later was deemed too sick to suffer the rigors of a trial. After the trial and his conviction, Alfried retained the services of an American attorney, Earl Carroll. Carroll's terms of employment was simple to free Krupp and get his property restored to him. Rumors reported Carroll was to get five percent of everything he could recover or roughly \$25 million. Some dispute that Carroll's fee was that high but needless to say, it was very handsome. Indeed so much so that once Krupp was freed, Carroll reportedly retired.

Carroll's argument for Krupp's released was based falsely on three main false premises. First, Carroll argued that Alfred held a rather junior position at the Krupp firm. Secondly, Carroll argued that under American law assets could only be forfeited if they had been acquired illegally and this wasn't the case with Krupp's prewar assets. Finally, Carroll argued that Krupp was a victim of discrimination because he was the only war criminal whose assets were confiscated.

The answering brief responded to all three claims. The first claim was proven false by an inter-firm circular of 1943, which declared Alfried had the full responsibility and directed the entire enterprise. The second pointed out that the Nuremberg trials operated under the law of the four-power coalition and not American law. Under the four-power agreement, the forfeiture of assets was specified. Finally, Krupp was not the only industrialist whose assets were confiscated. The brief made note of the fact that Farben was a corporation and not solely owned like the Krupp firm and in that in such a case forfeiture would penalize the stockholders for the crimes of the management.⁷²

Nevertheless, by freeing Krupp and returning to him the seized assets, McCloy

justified his position by first claiming that Alfried was a playboy with no real authority in the firm. Secondly, McCloy portrayed Alfried's Nazi connections as indiscriminate youthful distractions. However, the record is quite clear that Alfried was more than a youthful playboy that hung around with a bad crowd.

However, Krupp's record is clear. Krupp was the largest employer of slave labor in Nazi Germany. By 1941, Germany was facing a severe shortage of labor. The shortage was compounded by Hitler's dictate against employing women. Both Britain and the United States filled many of the jobs in their defense factories with women. American housewives turned out in droves to work in West Coast aircraft plants in response to the famed Rosie the Riveter posters. Over three million American women— many in their teens— were filling jobs in war related jobs. In England, over two million women were hired to work in munition factories. In Germany, however, less than two hundred thousand women were employed, as cooks and maids primarily. It wasn't until July 1944 before Hitler reversed his ban on the employment of women. By then, it was too late and allied bombing disrupted the registration.

It wasn't until Albert Speer turned over his labor responsibilities to Fritz Sauckel that manhunts became coordinated and routine in the occupied territories. Men and women would be rounded up and transported back to the fatherland as slave laborers. Krupp was one of the most persistent customers of the new labor czar. At Nuremberg Brigadier General Walter Schieber conceded that Krupp negotiated directly with the SS for concentration camp inmates.⁷³

Krupp's attorneys argued Alfried had no role in the impressment of foreign civilians. While in theory the round ups were official acts of the Nazi government, once concluded the industrialists were invited to take their share. Some refused, but there is no record of Krupp ever refusing to take his share. Alfried's files were full of incriminating evidence. In the third year of the war, his files revealed that the slave labor was reaching Essen two and sometimes three months after they had been requisitioned. Krupp immediately dispatched three executives to formally lodge protests with the Wehrmacht, the Gestapo and the SS. Alfried appointed Heinrich Lehmann as his liaison man with the German Labor Front and as director of labor procurement and recruiting. With the cooperation of authorities, Lehmann drafted entire factories in France. In Holland Lehmann drafted 30,000 ironworkers and shipwrights, many of whom were sent to Germany in chains when they showed signs of reluctance.

Often, Alfried would complain as to the quality of workers he received. In a file note from 1942 he noted:

"I am under the impression that the better Russian workers are at this time being chosen for works in central and eastern Germany. We really get the rejects only. Just now 600 Russians consisting of 450 women and 150 juveniles arrived."⁷⁴

Any complaint from Krupp drew an instant attention in Berlin. On July 8, a frantic subordinate submitted a report to Speer denying that Krupp was getting poor grade Slavs.

"The requirements of the firm Fried. Krupp A.G. for replacement for German workers drafted into the armed forces have been met currently and in time. The

complaints of the Krupp firm about allegedly insufficient labor allocations are unfounded. I have once again asked Saukel to send Krupp 3000 to 4000 more workers in entire convoys from the Russian civilian workers presently arriving in Service Command VI."⁷⁴

The above quotes clearly prove the guilt of Krupp in employing slave labor from the occupied lands. Note that the program was driven from the side of the industrialists. In fact, the quotes show that Krupp was somewhat of an antagonist of the Nazis in demanding more and better quality slaves. This once again destroying the myth that the Nazi Party was all-powerful, it wasn't the party that held the power— it was the moneyed industrialists behind the party that were all-powerful.

Perhaps the best example of the industrialists being the real power in Nazi Germany comes with the "Jewish problem." The Nazi Party and top Nazi officials were committed to the Endlosung or Final Solution and vehemently opposed to the enslavement of Jews.

It wasn't until 1942 that the SS began questioning the policy. Endlosung was working but the cost of the ammunition was shocking and hurting the war effort. It was then that Himmler began experimenting with gas vans. An April 25, 1942 memorandum from the Krupp headquarters noted that to produce 80 new SIGs (heavy infantry guns) a new expansion was needed. Alfried recommended manufacturing in the concentration camp in Sudetenland.

Four weeks later Alfried put the question to Hitler. In his appeal to Hitler, Krupp affirmed his belief that every party member was in favor of the liquidation of Jews, Gypsies, anti-Nazi, criminals and anti-socials. However, Krupp believed they should contribute something to the fatherland before being exterminated. Properly driven each could contribute a lifetime of work in months. Hitler hesitated. Krupp persisted. Soon Krupp had the trick at hand. The answer was merely economics or bribery. Krupp proposed paying the SS; four marks per diem per inmate, from which seven-tenths of a mark would be deducted for feeding. Opposition to his new proposal vanished overnight. In September, Hitler signed the order authorizing the use of Jewish slave labor.

Krupp had anticipated Hitler's order of September 18 and teletyped a message to Saukel's Berlin office notifying the labor director that Krupp was ready to employ between 1050-1100 Jewish workers. In his teletype, Krupp requested workers with specific skills in metalworking. Krupp had an immediate objective the production of fuses. The Sudetenland camp was too small for mass production so Krupp was proposing to start production at Auschwitz. Assured that Auschwitz would have ample labor supplies the Krupp executives approved two million marks for the project.

While Krupp's project was delayed largely due to the commandant's view that the work should be done by Germans. Krupp contacted Oberstrumfuhrer Sommer, a junior SS officer stationed in Speer's office. Krupp had met the officer before and requested from him a record of all skilled Jews picked up in the capital and shipped to the east. With this list, Krupp submitted a request for 500 prized Jews and demanded immediate action.⁷⁵

With the extension of the war and Alfried's rise in power, the use of slave labor at Krupp increased. By the end of the war, Krupp had employed nearly a hundred

thousand slaves in over one hundred factories. Slaves were beaten and tortured regularly in Krupp's factories. The slightest infraction by a slave could bring on a life threatening beating. Shelter and food for the inmates employed by Krupp was inadequate at best. Many inmates were forced to sleep on the ground unprotected from the elements. While the cruelty and barbaric treatment of the slave laborers in Krupp's camps was unsurpassed anywhere in Germany, space simply doesn't permit an adequate description. However, to give some insight into the conditions at Krupp, General Adolf Westhoff of the OKW stated that Krupp's treatment of Russian prisoners did not meet with the Wehrmacht's approval.

While there is no evidence of Krupp ordering his slaves beaten or tortured, there is also no evidence of Krupp ever discouraging such punishments. There is evidence that Krupp withheld the prisoners' food allotment. Additionally there is evidence that Krupp was aware of the beatings and torture of slaves making him a full accomplice.

Drexel Sprecher a prominent Washington attorney observed the Nuremberg Trials and concluded that Krupp's treatment of slave labor was far worst than any other firm including I.G. Farben. Sprecher reasoned the cause lay in Krupp's one-man rule. His power was absolute.

The charge of slavery was the most serious charge lodged against Krupp. However, Krupp was equally guilty of plunder. Before the allied invasion of North Africa, Krupp ruled a vast empire stretching from the Ukraine to the Atlantic and from the Mediterranean to the North Sea. The bulk of this empire had been procured from their original owners in the occupied lands. Krupp toured Europe in a Luftwaffe fighter looking for plants to add to his empire. Using subterfuge the plants had been technically purchased, the reality was the plants had been signed over to Krupp under duress and threats of death from the Nazis.

One such plant actually three separate plants was the Elmag factories in Alsace. The plants had been seized and transferred to Krupp under the regulations covering enemy property. What sets the Elmag factories apart from the hundreds of other plants Krupp looted was the actions taken by the workers following the allied invasion of Normandy. Once the allies had established beachheads at Normandy workers started to disappear at an alarming rate, disappearing into the hills to await liberation. Krupp dispatched roughly 60 slave laborers to construct a camp for 1250 more. The workers at Elmag were so alarmed over the treatment of the slaves; they openly protested and threatened to strike. At Nuremberg, Ernst Wirtz the head of the concentration camp, was sentenced to eight years. As the allies closed in on the Alsace, Krupp removed the slave laborers and simply removed the factories to Bavaria.⁷⁶

The reader should note the actions of those workmen at Elmag. Even under the barbaric rule of the Nazis some men stood up and refused to be crushed by the yoke of fascist despots. Their defiance should be remembered and praised. Their actions points to the guilt of those that simply turned their backs to Nazi atrocities. Cowards should have no peace.

While Alfried's father, Gustav initially opposed Hitler; Alfried was an early supporter of Hitler and the Nazi Party. Alfried joined the party and the SS in 1931. Throughout the 1930s, Alfried remained a loyal contributor to Himmler and the party. In the SS, Alfried rose to the rank of colonel. McCloy's portrayal of Alfried as a young indiscriminate youth was nothing more than a smoke screen. Alfried was born

a year after Adolf Eichmann. Alfried in fact was part of the generation that included Martin Bormann, Heinrich Himmler and Reinhard Heydrich.

This brief look at Krupp totally destroys McCloy's argument that Krupp was just an irresponsible youth with no real authority. In fact, Krupp wielded an extremely large amount of power within the Third Reich. He was instrumental in starting the Nazi program of extermination through work. This brief look at the crimes of Krupp only scratches the surface; space simply does not permit a more detailed look. However, there is an abundance of literature to explore.

Thus, it should be no surprise McCloy's pardons were met with considerable controversy in the United States and Great Britain. McCloy's view of Krupp was a total fabrication. Nevertheless, this Nazi war criminal would receive an even greater reward in the span of ten short years after walking out of the doors of Landsberg Prison. At the end of those ten years, Krupp's industrial empire was the twelfth largest firm in the world and the only one solely owned.

"Good" Nazis like Krupp could count on being rewarded. However, the Jewish victims of Nazi war criminals could count on receiving nothing or at best a meager settlement for their slave labor. In 1959, under the threat of a lawsuit by an American lawyer representing Jewish survivors of the Krupp camps Krupp announced a voluntary settlement. A fund setting aside four million marks would pay each survivor \$750 for their ordeal in Krupp's camps. The payment figure was soon cut to \$500 when more survivors were found than Krupp had anticipated.⁷⁷ The fund ran out of money before all survivors had received their meager payment.

11: Cover Up

Friedrich Flick was another who walked out the doors of Landsberg Prison, along with Krupp. Flick was found guilty of one account of using slave labor at Nuremberg. For the most part the judges at Nuremberg were poorly qualified and hostile to the prosecution. The hostility of the judges to the prosecution was readily apparent in the trial of the industrialists. Three judges ruled that the director and owner of a corporation should not be held accountable for slavery and looting by his companies, unless the prosecution could prove he personally ordered each particular crime to be carried out. Such an erroneous ruling set up a defense of necessity, the corporate equivalent of acting under orders.

Amazingly, the legal precedent left by this ruling is that a nineteen year old soldier can be found guilty of war crimes for following orders but the head of a corporation employing thousands of slaves cannot be. There were also a couple of factors besides unqualified judges that contributed to such a bad decision.

First, the judges brought their own prejudices with them to Germany. The sad state of United States corporate law has left corporate directors and owners virtually

immune from prosecution regardless of the severity of the crime. No corporate executive in the United States was ever been tried for the death of an employee or consumer of the product regardless of the severity of the crime or the complicity of the executive. The judges had obviously brought along such beliefs.

Secondly, a state of panic was already emerging over the evils of communism and the prosecution was constrained to frame their prosecution as the crimes of individuals and not an attack on capitalism in order to avoid charges of socialism and communism.

Flick like Krupp was another steel and coal baron who employed roughly 48,000 slave laborers from the concentration camps. An estimated eighty-percent of these workers died. Between 1929 and 1932 Flick donated money to several right wing parties including 50,000 Reich Marks to the Nazis. In 1935, Flick joined Himmler's Circle and in 1937 joined the Nazi Party. Between 1936 and 1944, Flick contributed 100,000 Reich marks annually to Himmler's Circle.

Upon his release, Flick immediately sat about rebuilding his empire. By 1955, Flick owned over 100 corporations including a forty- percent share of Daimler-Benz AG. He was reportedly the richest man in Germany and the fifth richest man in the world. Upon his death in 1972, Flick left over a billion dollars to his son. The slave laborers have yet to receive any compensation from Flick.

The story of Flick does not end with his death or his legacy of unpaid slave laborers. While rebuilding his empire, Flick cultivated and rebuilt his political connections following his release from prison. That influence extends to the present. In 1975, his son sold a 29 percent share in Daimler Benz incurring a huge capital gain taxable under German law unless the profit was reinvested in before the end of 1978 in projects judged by the government to be 'especially beneficial to the national economy.' Although the son invested over half the money in the United States acquiring a 29 percent share in Grace Chemical, he was granted tax-exempt status.

One of the beneficiaries of Flick's was the Christian Democratic Party and German Chancellor Helmut Kohl. Former Nazis including Flick contributed handsomely to the Christian Democrats following the war. It is quite possible if the Allies had not relented in the 4Ds program Kohl may never have rose to power. In 1972, the old leader of the Christian Democrats, Rainer Barzel stepped down. After leaving politics Barzel accepted a lucrative post at a Frankfurt law firm. Barzel managed to earn \$700,000 in legal fees from the Flick Group for what *Der Spiegel* depicted as phantom services. Barzel's choice for a successor was none other than Helmut Kohl. Kohl has admitted to accepting payments totaling \$53,000 from the Flick group during the years 1977-79. The German press, however, reports the sums were four times larger.

In the case of Flick, there is no question he was a Nazi war criminal who exerted his power soon after leaving prison to influence the shape and policies of the post war government of Germany. There is no question of Flick's guilt of employing slave labor. There is no question that Flick refused to pay the victims in his slave labor camps restitution. Yet, within the space of less than ten years following the war he was a force behind the scenes in Germany's politics. One can only wonder who won the war

Flick's connections went far beyond the new German government extending as far as the White House through the Bush family. On March 19, 1934 the *New York*

Times reported the Polish government was fighting against American and German stockholders who controlled the Upper Silesian Coal and Steel Company. *The Times* reported further that the company had been accused of mismanagement, excessive borrowing, fictitious bookkeeping and gambling in securities. In December, warrants had been issued for several directors accused of tax evasion. They were German and fled to Germany for sanctuary. They had been replaced with Poles. Flick retaliated by restricting credits until the new Polish directors were unable to pay the workmen regularly. The *Times* noted that two-thirds of company's stock was owned by Flick and the other third was owned by US interests.

The owner of the US interest was none other than the Harriman Fifteen Corporation (HFC). President of this American corporation was George Walker, Prescott Bush's father-in-law. The sole directors of Harriman Fifteen were Prescott Bush and Averell Harriman. Harriman also served as chairman of Consolidated Silesian Steel Corporation. The holdings of Brown Brothers & Harriman of Consolidated Silesian were a small part of a larger partnership between Brown Brothers & Harriman and the German Steel Trust. The relationship between Brown Brothers & Harriman and the German Steel Trust was established through Thyssen in the 1920s. Flick was a major co-owner of the trust. The German Steel Trust was also one of the most generous donors to Hitler and his SS and SA before 1932. Additionally the Steel Trust figured prominently in the appointment of Hitler as chancellor. Prescott Bush and George Walker supervised the partnership between the Trust and Brown Brothers & Harriman. This relationship extended to Union Banking, which made Prescott and Walker bankers for the Trust. Union Banking was seized from Prescott Bush during the war for trading with the Nazis.

The relationship of Brown Brothers & Harriman with the German Steel Trust extended across the sea to England. Brown Brothers was an English firm that had merged with Harriman's firm after the stock market crash of 1929. In England, it continued to operate under its traditional name of Brown Shipley. Brown Brothers had a tradition that served it well in supporting Hitler. During the Civil War Brown Brothers were renown for their ships running the blockade and transporting cotton from the south to England.

In 1931, the Governor of the Bank of England was Montagu Collet Norman, grandson of the boss of Brown Brothers during the Civil War. Norman was known as the most avid of Hitler's supporters within British ruling circles. When the head of the Bank of England visited New York, he always stayed at the home of Prescott Bush. The Bush family dealings with the Nazis were extensive. A total of 23 corporations associated with Prescott Bush were seized from him during and after the war for trading with the enemy. Much of the Bush wealth came from the Nazis.

Thyssen was never charged at Nuremberg. However a German court later found him guilty and seized fifteen percent of his empire for reparations to the slave laborers he employed during the war. By the 1970s, Thyssen had reassembled a considerable empire spanning the globe. In the United States, Thyssen Inc was headquartered at 1114 in the W.R. Grace & Company building. Another holding of Thyssen's was Indian Head located at 1200 Avenue of the Americas, New York City. Indian Head was a wide ranging conglomerate, with 42 plants in the United States and annual sales of \$604 million. One holding of Indian Head was Peerless Pumps purchased in 1970. Another was Budd Manufacturing purchased for \$275 million in

cash. By buying in cash there was no SEC reports to file. Indeed both Thyssen Inc and Indian Head are not required to file SEC reports because they are privately held. Indian Head has since changed its name to Thyssen-Bornnemiza.

Following the war, the government of Germany vehemently denied the guilt of the war criminals, particularly that of the industrialists. The government was not alone in its denial; German business leaders were at the forefront in proclaiming German businesses innocent of collaborating with the Nazis. During the Cold War, only a few pamphlets and publications condemned the return of the Nazi industrialists. The corporations hired journalists and historians to flood the markets worldwide with material exonerating their corporations and placing the full blame on the Nazi leadership. The bulk of the material produced was nothing short of a whitewash. This propaganda blitz fits the Nazi's plan previously presented.

The control former Nazi businessmen exerted over the press came almost immediately after the war. In 1949, the autobiography written by Richard Willstätter, a Jewish Nobel Prize-winning chemist was published posthumously. Willstätter had fled Nazi Germany in 1939 and wrote his autobiography in exile in Switzerland. He included a short passage critical of the anti-Semitic remarks made by Carl Duisberg, the founder of I.G. Farben when Willstatter resigned from the University of Munich in 1924.

The short passage was unremarkable and would have passed through history unnoticed by all except for a few scholars if executives from Bayer had not intervened. Bayer was part of I.G. Farben. Heinrich Hörlein, a Bayer director and retired executive launched an all out attack besmirching the reputation of Willstätter and promoting the reputations of Carl Duisberg and Bayer. Horlein had found himself in the dock at Nuremberg but was acquitted. For a short term, an open debate persisted in Germany over the culpability of the German chemical industry and war crimes. Bayer and Horlein soon prevailed. The publisher under pressure agreed to delete the short passage in all future additions and the English translation.

German corporations still protect their image in the most ruthless fashion. Twenty-three years after the publishing of Willstatter's autobiography another controversy arosed. In 1972, F. C. Delius, a German satirist published a mock history of Siemens, coinciding with the 125th anniversary of the company's founding. Delius's book was not immediately recognized as a satire. Within a month, Siemens took action against the publisher. After three years of legal procedures a provincial appeals court in Stuttgart ruled that several of the book's claims, including the Auschwitz assertion, were false, and ruled that Delius's ideas, despite being presented as satire, were damaging to Siemens. In the settlement reached both parties agreed to have the lines in dispute blacked out in all future editions. The latest addition published in 1995 still has the lines blacked out.

While some Americans may feel smug and claim such censorship occurred in Germany, the English translation of Willstatter's book does not contain the passage that was offensive to Bayer. The censorship effort was not just in Germany, it was global.

Perhaps the best example of historical revisionism and whitewashing comes from the United States. In several chapters, the relationship between the pro-Nazi American First group with the American Security Council is mentioned. One member of both fascist groups was the founder of *Regency Press* publisher of many of the

smears made against President Clinton. The first two books published by *Regency* are prime examples of pro-Nazi sympathizers whitewashing the Nazi crimes. One of the books was critical of the allied bombing of Germany. The other book was critical of the Nuremberg Trials, in an effort to whitewash the Nazi crimes. Both books contain numerous factual errors and present a revisionist view of history that in no way conforms to the truth. A review of the current officers of *Regency* reveals the organization is still slanted to the hard right. Various officers are connected with such fringe right groups as the Claremont Institute and the American Enterprise Institute as well as the Republican Party.

The censorship and whitewashing of Nazi atrocities and collusion of German business with the Nazi continues to the present day in the United States. One of the largest publishers in the United States is the former Nazi publisher, Bertelsmann. Bertelsmann publishing empire includes Random House and Bantam Doubleday Dell, and it is a partner with Barnes & Noble in a new Internet bookstore. Bertelsmann also retains a large share of America Online, and owns book clubs, magazines, newspapers and music labels such as RCA; co-owns CLT-UFA, Europe's biggest TV and radio company. Bertelsmann also owns Brown Printing Company, although that information is conspicuously missing from the web pages of Brown Printing. Brown Printing prints many of the popular magazines including such titles as *Byte* and *Seventeen* and a host of scientific journals such as *Science* and *The New England Medical Journal*. Bertelsmann is the world's third largest media empire and the largest publisher of English-language trade books in the world.

Bertelsmann makes a concerted effort at hiding its Nazi past. In its official corporate history, Bertelsmann propagates the myth that the Nazis for refusing to follow the Nazi party line closed it. That simply is a myth and a lie. Bertelsmann was not closed by the Nazis, and Bertelsmann willingly cooperated with the Nazis. When investigative reporters inquired to Bertelsmann to verify their false claim of being closed by the Nazis all references to the Nazi era was removed from their web pages.

Throughout the 1930s Bertelsmann published books favored by Gobbels. Some of the titles published were *People Without Space (Volk ohne Raum)* and *Between the Vistula and the Volga*. The later title was an extremely anti-Semitic diatribe claiming the Jews massacred Ukrainian women and children.

Following the war, Bertelsmann's application for a publishing license was turned down. Heinrich Mohn, a member of the founders, principal owner and chief executive had conveniently omitted his membership in SS and his support for Hitler's Youth. In 1949, Mohn stepped down as chief executive and was replaced by his son Reinhard. Bertelsmann then reapplied for a publishing license. According to the densification files Reinhard served in the Luftwaffe and in the elite Hermann Goering Division.⁷⁸ With the Cold War already emerging and the failure of the 4Ds program evident, the license was promptly granted. It is hardly surprising that one cannot find an honest accounting of the Nazis and their collaborating industrialists published by the Bertelsmann empire when the company still tries to hide their own involvement with the Nazis.

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Besides freeing the Nazi industrialists, McCloy announced a drastic reduction

in the sentences of seventy-four of the remaining 104 cases, including commuting ten death sentences. Even McCloy's whitewashing committee, the Peck Commission, had recommended all death sentences for members of the Einsatzgruppen were justified. Only four of the Einsatzgruppen prisoners and Oswald Pohl death sentences were upheld.⁸⁰ The cold-blooded murderers of Malmedy would go free.

Not only did McCloy empty Landsberg of war criminals as high commissioner he also helped some of the most notorious war criminals escape from justice. One benefactor of McCloy's generous protection was the Butcher of Lyons, Klaus Barbie. The French were aware that Barbie was in the American Zone and requested the United States hand him over. McCloy's reply was brutally cold and refused the request. He turned down the French "because the allegations of the citizens of Lyons can be disregarded as being hearsay only."⁸³ McCloy was well aware his reply was a lie, as Barbie was identified on the CROWCASS list of war criminals for immediate arrest.

Others benefiting from American protection were Eichmann and Baron Otto von Bolshwing. The later directed the murder of Jews in Bucharest. In 1954, the CIA brought Von Bolshwing to the United States. Former CIA director Richard Helms justified such action by saying: "We're not in the Boy Scouts. If we'd wanted to be in the Boy Scouts we would have joined the Boy Scouts."⁸⁴ The protection rendered to Nazi war criminals and their use in the intelligence apparatus of the United States will be taken up in a following chapter in much greater detail.

Throughout his reign in Germany McCloy was plagued with one of the same problems that the allied army faced in their march across Germany. He was bedeviled throughout his time as High Commissioner with requests from priests and pastors demanding clemency for the convicted war criminals.

Cardinal Faulhaber, the head of the Catholic Church in Bavaria was a vigorous opponent of the denazification program and would readily offer help and protection to anyone whose employment was threatened by their Nazi past. The Cardinal found a sympathetic ear in Colonel Charles Keegan. Keegan was a soldier, but not an administrator and welcomed any help and suggestions to organize a post war government. Keegan only had one political advisor, and like his commander, George Patton was indifferent to politics.

At a news conference at his headquarters in Bad Tolz, Patton made the offhand remark: " This Nazi thing is just like a Democratic and Republican election flight."⁸⁵ Patton's remark brought a stern reprimand from Eisenhower. Patton was removed three days later. Nevertheless, Patton's remark symbolized the general apathy of the American Army about German history and Nazi policies.

Cardinal Faulhaber was not alone in his opposition to denazification. The Catholics and Protestant churches openly supported Hitler since 1933. Despite their exact knowledge of Nazi crimes they never withdrew their support. In May 1945, the German cardinals refused to accept the shared guilt of all Germans for the war and the unfolding story of the Holocaust and shamefully reaffirmed the 1934 concordat. In June 1945, in the first joint pastoral message, the bishops praised the clergy for having resisted the Nazis. Maintaining the Catholic schools was an act— according to the bishops— of supreme resistance and achievement and was praised by Pope Pius XII, who had extensive dealings with the Nazis and now used the church as a ratline to help Nazi war criminals to escape from Europe and justice.

Bishop von Galen told his flock: If anyone says that the entire German population and each of us is implicated in the crimes committed in foreign countries and especially in the concentration camps that is untrue and unjust accusation against many of us."⁸⁶ Theological support for political survival was at hand. The Catholic Church denied the possibility of collective guilt, because guilt was an individual matter.

The Protestant Church was slower at coming to such a self-serving conclusion. Of all the Protestant leaders Pastor Niemoller was the only Protestant leader to accept the collective guilt. Bishop Wurm at first accepted the collective guilt. Wurm's initial acceptance of the denazification program soon turned to total opposition largely due to Law No. 8. Law No. 8 originated from General Clay's anger in hearing that a butcher in Augsburg, who was a former Nazi, still gave preferences to former party members for the supplies he had available. Clay was outraged at learning of this butcher's practice. On September 26, 1945, Clay issued Law No 8, which required the dismissal of any party member or sympathizer from any employment other than common labor. Ironically, the butcher was self-employed.

While Law No 8 followed the guidelines for denazification, it was largely unenforceable. Once the law was issued, Bishop Wurm from Wurremberg led the campaign against the law. In the political vacuum left by Germany's defeat the clergy held enormous power. No other body had the organization or self-confidence. As the church's opposition to the 4Ds program intensified, their influence over the people also increased. Wurm's initial protest against Law No 8 was what he termed the dismissal of thousands of innocent civil servants who had been members of the Nazi Party. Wurm claimed many were politically indifferent to the Nazis and had simply joined the party to retain their job. There was some truth in the bishop's charges.

Nevertheless, Wurm had admitted to General Clay that many clergy including himself had joined the Nazi Party and supported Hitler believing it might produce a religious revival. Wurm even referred to *Mein Kampf* where Hitler had written that National Socialism and Christianity could work together. Wurm justified his beliefs in the signing of the concordat and the agreements between Nazi Germany and Britain before the war.

The American Religious Affairs Division listed 351 Protestant clergy as active Nazis. While the Catholic Church hid their Nazi priests in monasteries the Protestant church refused to remove its Nazi clergy from their churches. By October 1946, only three of the 351 active Nazi clergy had been removed.⁸⁸

Bishop Wurm was also a principal member of A Committee for Christian Aid to War Prisoners formed illegally in 1948. The committee was formed in Munich by a group of Nazi jurists, who had served as counsel for major war criminals. Dr. Rudolf Aschenauer and Ernst Achenbach were two prominent leaders behind the group. The group's purpose was to spread propaganda denouncing the war crime trials. The Nazis used Wurm and other leading clerics to camouflage their activities. Other prominent religious leaders within the committee were Cardinal Josef Frings, Bishop Johann Neuhaeussler from the Catholic Church and Bishop Meiser from the Protestant church. Cardinal Frings demanded a halt in the executions.

Under the sponsorship of Frings and Wurm, the group developed a wide network to save the war criminals from the hangman. They were supported by the Roman Catholic Church and the Protestant Evangelisches Hilfswerk. The later

organization had given shelter and jobs to hundreds of ex-Nazis especially Ribbentrop's diplomats.

Frings and Wurm also headed another group, The Committee For Justice and Trade. This group consisted of ex-officers, high government officials, jurists, educators, industrialists and church leaders. Its purpose was to raise money to assist all war criminals. The organization had a mysterious bank account (Konto Gustav) to which more than sixty industrialists deposited large sums regularly.¹⁰⁸

12: The New German Government & Old Nazis

In January 1946, a secret report issued by the Public Safety Branch revealed the true extent of opposition that General Clay and the occupying army faced. This report estimated that only one percent of the German population were committed anti-Nazis. In the same month David Robinson, an American negotiator for General Clay reported that German political leaders admitted that a free election then would bring a modified Nazi government to power.

Bishop Wurm was relentless in his opposition to the 4Ds program and pushed General Clay into setting up tribunals with two of the members German citizens to review and remove known Nazis from positions of power. Under pressure, Clay relented to the bishop's demands. The resulting tribunals made a mockery of justice.

Special Agent, Charles Hick visited the villages of Marktheidenfeld and Aschaffenburg after hearing rumors that the local denazification panels were dubbed Nazi Welfare Organizations by the locals. He reported that the conditions were far worse than could be imagined. The case against the Nazi wartime mayor, Wilhelm Siebenlist had collapsed. Siebenlist had made a fortune by exploiting his office under the Nazis and had been a longtime party member. This Nazi profiteer had fourteen witnesses willing to speak in his favor, including ten employees and there was only one witness for the prosecution, who was suspected to be a Nazi.

Hick first believed the case collapsed because of Horst Schutze, the prosecutor. Schutze had been jailed three times in three months for embezzlement and was a former Nazi Party member. Hick also thought Heinrich Muller, the second prosecutor, might also be to blame. Muller had been a long time party member, and had nine charges of fraud levied against him. However, Julius Listmann publicly claimed credit for Siebenlist's acquittal. Listmann was the tribunal's investigator and was the proud owner of a new car given to him by the former Nazi mayor.⁸⁷

The Siebenlist case was not exceptional. Rather, it was typified the findings of the tribunals across Germany. Much of the blame for the failure of the tribunals could be laid to the Catholic Church. Local priests created the impression that it was a sin to give damaging testimony. Instead it became an honor to testify that former Nazis were good churchgoers and not Nazis. Such testimonies soon became known as

fragenogen, or a pledge that the accused was whiter than white. The Catholic Church even went as far as to order its members not to work in any of the tribunals.

The Catholic priest in Steinach went even further. He convinced a practically illiterate panel that even the most rabid Nazis were just mere followers. The panel then ranked these rabid Nazis in the "lowest threat" categories. The priest had joined the Nazis in 1925. In Uffenheim, the local priest warned his followers not to speak to the prosecutor, who was a Jew that had just returned from Auschwitz. In Unterfranken and Mittelfranken, Nazi profiteers such as Hans Glas a former SS member, were fined only two thousand marks. Glas had an annual income of over two thousand marks. Xavier Lang another Nazi profiteer was also fined the same paltry sum. Lang had an income of over seven hundred thousand marks annually.⁸⁹

The American forces failed to protect the few tribunal members and prosecutors that were really anti-Nazi. Those members were subject to intimidation and assault from former Nazis. Some were murdered by the werewolves, an underground Nazi organization that continued a guerilla war after the surrender of Germany.

The primary reason for such opposition to the 4Ds program by the German clerics was simply a fear of the left, particularly communism. The churches sought their own revitalization and were very concerned over the growing menace of the perceived hordes of godless reds. Former Nazis were in positions to exploit this fear. In fact, that was precisely the plan revealed in the captured documents. A quote below from the July 28, 1946 edition of *The New York Times* by Bishop Wurm provides little doubt of his fears. "extreme left-wing elements are using denazification laws to destroy Germany's leading classes of educated men...There is something Bolshevistic about it."⁹⁰

This was the same argument that right wing elements in the United States were promoting. Many of those that were advancing such ideas in America's homeland had been supporters and sympathizers of the Nazis before the war. American Nazis, like their German confederates, felt the events of World War II did not lessen their right to rule.

The condition of Germany after the failure of the 4Ds program was perhaps best summed up by Strang and Steele, two British political officers that toured Germany. They reported that the Nazis remained a privileged class. The failure to remove Nazi foremen and shopkeepers left the Nazis in control of the daily lives of the German population. The anti-Nazis did not have the strength to challenge the former order. The foremost anti-Nazis had already perished in the concentration camps or were executed by Nazi courts.

The views of Strang and Steele deepened the British lack of interest in pursuing denazification further. Only American criticism prevented the British from fully removing themselves from the denazification program.

In 1952, McCloy returned to the United States and became a consultant for the Rockefeller financed Ford Foundation, a foundation that has close ties with the CIA and is closely associated with the Council of Foreign Relations. In 1953, McCloy became chairman of Chase National Bank, which soon merged into the Chase Manhattan Bank. After the assassination of John F. Kennedy, McCloy served on the Warren Commission. From then until his death he was involved in many dealings between the US government and other governments, private industry and banks.

McCloy's departure from Germany marked the beginning of a new phase of post

war Germany. Germany from then on was self-governed with little interference from the occupying armies. Adenauer had been elected as chancellor and his government was loudly proclaimed to be a democracy that had rid itself of the Nazi menace. Such assessments were overly optimistic. The Adenauer government was riddled with ex Nazis. Adenauer himself was compromised with his past associations with Nazis as well as being a benefactor of money from Nazis that were intent on reestablishing national socialism, such as Fredrich Flick, who gave generously to Adenauer's party.

The state of Adenauer's government can best be determined by looking at the records of two of the most influential men in the chancellery, Dr. Hans Globke and Dr Herbert Blankenhorn. Both men despite their loathsome records were entrusted by Adenauer to the rebuilding of the government.

Hans Globke served the Nazis as the top official in the Office for Jewish Affairs in the Ministry of Interior. He was directly involved in the formation of the racial laws and drafted the text of Hitler's race laws. Globke was also the author of the notorious Commentary that interpreted the Nuremberg laws, paving the way for the Holocaust. When the Nazis decided on mass extermination of the Jews, Globke's superior resigned as a matter of conscience. Globke filled his position. As chief legal advisor and head of Jewish Affairs Globke was a direct participant in the Holocaust.

On Spetemeber 28, 1960, *Der Spiegel* reported Globke had direct dealings with Eichmann. The article quoted testimony from war criminal Max Marten, who had been convicted of war crimes. Eichmann, had requested Marten to send 20,000 Jews in Macedonia to Palestine in 1943. Globke's permission was needed for the release however; Globke refused to release the Jews insisting on a strict adherence to Hitler's order for liquidation.⁹²

On October 30, 1955, *Der Welt* described Globke as the second in command of the German ship of state. The paper reported that Globke alone had access to Adenauer at all times. Globke used his power to appoint many Nazis to important positions within the government. Some suggested Globke had done more to renazify West Germany than anyone else.⁹³

McCloy and the Military Occupation Government had to have known of Globke's record. As there was criticism of his record from almost the beginning. On July 12, 1950, the legal expert of the Social Democratic Party, Dr. Adolf Arndt, spoke in front of the Bundestag describing Globke's record in detail. He accused Globke of committing mass murder with legal paragraphs. On October 16, 1951, Dr. Gerhard Luetkens, the Social Democrat's deputy, charged Globke before the Bundestag with packing the Foreign Office with ex-Nazis.⁹⁴

On June 11, 1958, *Deutshce Zeitung* in a full-page article explained how Globke was able to maintain rigid control over every ministry. As Secretary of State, Globke convened all cabinet meetings and determined the agenda. All appointments had to cross Globke's desk. Therefore, Globke was able to install loyal friends in every ministry.⁹⁵ Globke was also an old friend with Reinhard Gehlen, and provided Gehlen with his access to Adenauer. In 1955, when the federal Republic became a sovereign state, Gehlen's network of spies was openly recognized as an arm of the Bonn government. Gehlen's network was home to ex SS and other Nazis.

In effect once West Germany became a sovereign state, Gehlen's network was under the direct command of Globke.

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Another organization under the control of Globke was the Federal Press Department. Throughout the 1950s, the department was involved in several scandals in connections with the use of multimillion-dollar slush funds. Globke was charged with paying journalists 1,000 or 2,000 marks for political analysis. Such payments were obvious bribes to play along with Globke's agenda. Other funds were spent on friendly publishers. Additionally over 40,000,000 marks in secret funds must be added to these sums that is earmarked for discretionary use of the Chancellor and Secretary of State.⁹¹ It is obvious, Globke was adhering to the Nazi comeback plan.

Dr. Blankenhorn's record is as dark as Globke's record. Nevertheless, Adenauer was allowed to appoint Blankenhorn to rebuild the Foreign Office and he served as chief of the office for many years. The occupation government had been warned about him in a letter from Stettinius, Secretary of State to Robert Murphy on April 20, 1945. An excerpt from the letter follows below.

"While in Washington, Blankenhorn is known to have been active and aggressive as a propagandist working through mainly social contacts, for the Nazi party and Hitler. Racialism was one of his favorite subjects. While professing great sympathy for the United States, he was yet an ardent and convinced member of the Nazi party and was also a member of the SS."¹⁰⁹

Stettinius sent his warning letter after receiving from Murphy, an OSS report that had summed Blankenhorn up as truly and thoroughly anti-Nazi. Three weeks after Stettinius letter, Grew sent another warning to Murphy.

Long before the surrender of Nazi Germany in 1945, Nazi diplomats made extensive plans for a quick comeback. They had organized a Niederlage (defeat) section tasked with working out detailed plans to overcome any surrender. Many of the Nazi diplomats disappeared into harmless and previously prepared emergency shelters such as directors of orphanages or were employed by the Evangelical Relief Society.⁹⁶ The positions seemed harmless. Their intent was not.

Many of the Nazi diplomats were strongly implicated in war crimes. However, only a few of them were ever investigated by the allies in the Wilhelmstrasse Trial of 1949. As early as 1949, the *Neue Zeitung*, the official American newspaper in Germany warned preparations were underway for the Ribbentrop clique to recapture the Foreign Office. In 1950, when Adenauer asked Blankenhorn to establish a new Foreign Office, Blankenhorn presented Adenauer with the nucleus of the Ribbentrop group. Adenauer must have known that Blankenhorn was implicated in war crimes of deportation and mass murder. On April 22, 1952, the Swiss newspaper *Die Tat* reported that in the trial of Rademacher certain documents implicating Blankenhorn had never been introduced as evidence despite their presence in the prosecutor's files. The article stressed the Bonn Foreign Office had pressured the court not to introduce the incriminating files.⁹⁷

The persistent attacks by a few democratic papers over the reactivation of the Ribbentrop group was soon echoed by the Social Democratic opposition in the Bundestag. After two broadcasts on Bavarian Radio Network by Wilhelm von Cube, a fighting democrat, public anger was aroused. Von Cube had proven 85 percent of the

leading officials of the Foreign Office had been Nazi Party members and had served Hitler. The Bundestag then took up the investigation by investigating twenty officials. The Bundestag report confirmed that former Ribbentrop diplomats held domineering positions in the Foreign Office. The report noted they had done the utmost to whitewash their past records by exchanging affidavits—*Perilshiene* (false testimony that they had been resistance fighters). The report called for the immediate ouster of Dr. Werner von Grundherr, Dr. Werner von Barga, Dr. Kurt Heinburg and Dr. Herbert Dittmann. The report also recommended that seven other former Nazis be prevented from assuming diplomatic missions abroad.⁹⁸

Additionally the report also established that the Foreign Office had conspired to protect Dr. Rademacher. The report had clearly established Rademacher's guilt in the murder of 1,500 Jews in Belgrade. Rademacher was sentenced to only three years and eight months in prison. The court allowed him to remain free pending his appeal. Rademacher promptly escaped to Argentina where he was greeted as a hero that had escaped the clutches of Jewish jackals.⁹⁹

On October 23, 1952, in a debate before the Bundestag Adenauer admitted that two thirds of the diplomats in higher positions were former Nazis. He lamented that he could not build a Foreign Office without their skills and promptly ignored the Bundestag's report. After the 1953 election, Adenauer presented his second cabinet members as staunch democrats. However, the truth was this cabinet was full of Nazi Party and SS members. Few of those Nazis were ever removed from office.

One exception was the Minister for Expellees, Dr. Theodor Overlaender. Overlaender was the Reichsfuehrer of the German Alliance in the East. He had packed his ministry with ex-Nazis. However, he became the center of a storm when it was revealed that he was responsible for the liquidation of thousands of Jews and Polish intellectuals in July 1941. A special SS task force under his command had committed the mass murder when it occupied the Polish city of Lvov. In 1960, Overlaender was forced to resign.¹⁰⁰

In the early 1960s more than sixty, West Germany ambassadors and foreign diplomats were former Nazi party members who had worked with Rademacher in organizing the Final Solution. Hans Albers formerly assigned to Warsaw by Ribbentrop became ambassador to Nicaragua. George Vogel a former SS officer was appointed ambassador to Venezuela. The South America appointments are particularly noteworthy, since South America became a favorite destination of war criminals escaping from Europe.¹¹⁰

The Nazi penetration of the Bonn government was not confined to top key positions of the federal government but was an even greater problem in local governments. All across Germany various city governments, schools and the police were rife with former Nazis. Nazi penetration of the police was particularly acute in Germany's larger states such as North Rhine-Westphalia, Schleswig-Holstein and Bavaria. On October 16, 1959, the Social Democrats exposed twenty SS officers who held the top police positions in the state of North Rhine-Westphalia. The Social Democrats specifically charged that former SS officers held the chiefs of the criminal divisions in such cities as Cologne, Dortmund and Essen. The Social Democrats charged that former Nazis dominated the whole police organization and that promotion and appointments were awarded to reliable SS men.¹⁰¹

In March 1959, the government of Baden-Wuerttemberg reported to the Diet

that 152 former Gestapo officials were employed as state police. The chief of the criminal division in Stuttgart was Dobritz, a former Gestapo officer sentenced to death by a French court in absentia for torture and manslaughter.¹⁰²

In the late 1950s, an avalanche of reports, investigations and charges surfaced charging current police officials with war crimes. In April 1959, the State Prosecutor launched an investigation of 23 police officers in Berlin. All were suspected of the mass murder of 97,000 Jews in Bialystok, Poland. In July of 1959, the chief of the criminal division in the state of Palatinate, Dr. Georg Heuser was arrested for the liquidation of Jews in Minsk. Then the head of the criminal division in the city of Saarbruecken, Klemmer was arrested in 1959. Klemmer a former Gestapo officer admitted to ordering mass executions in the East. In January 1960, Georg Lothar Hoffmann chief of the criminal division in the state of Hesse was arrested. He was charged with mass murder in Maidanek concentration camp.

While other agencies of state and local government were just as infested with former Nazis, the infestation of the police was particularly odious. No citizen could report a war criminal without fear of reprisal especially when the criminal divisions of the police were under the control of former Gestapo and SS officers. With former Nazis in charge of the police citizens risked their lives and freedom if they challenged the Nazi line.

Again there is abundant evidence that this infestation of the police after the war by former Nazis was pre-planned before the war's end lending further weight to the credibility of the Nazi's comeback plan and its implementation. The November 1957 issue of the *Frankfurter Hefte* exposed the number of the news and publishing media that was willing to promote the Nazi line:

"In the Federal Republic there exist today 46 political associations of this character. The Nazi-militaristic wing is served by 30 newspapers, 68 Rightist book and magazine publishers, and 120 former Nazi publicists. In addition there are approximately 50 nationalistic youth organizations."¹⁰³

2

The failure to denazify Germany was largely due to a deliberate sabotaging of the 4Ds program by those seeking to protect the US corporations that had traded with Hitler throughout the war. Nevertheless, one cannot overlook the planning of the Nazis to regain power after the end of the war and their determination. General Otto Remer founded the Socialist Reichs Party, denied that the Holocaust ever happened and further claimed the allies had the ovens built after the war. In 1952, the Socialist Reichs Party was outlawed. Within the span of a few months authorities found that the Nazis had reorganized more than sixty *tarn* (camouflaged) groups in the state of Lower Saxony.

Perhaps one of the largest factors in the failing of the 4Ds program was the tragic death of Roosevelt a month before the surrender of the Nazis. The burden on Truman in his first year in office was immense, in the first month alone he had to deal with the surrender, and before the summer was out, the use of the atomic bomb and Japan's surrender. Truman had no idea of Roosevelt's Safehaven plan or the details

of the atomic bomb when he came to office. He therefore put his trust in his advisors.

One of the advisors Truman came to rely on was independent oilman Edwin Pauly. Pauly, like Forestal, was a spy for Allen Dulles within the Roosevelt administration and the Democratic Party. Pauly had been part of Roosevelt's Petroleum Administration for the War. Pauly also played a role in the selection of Truman as the vice presidential candidate in the 1944 election. Largely due to Truman's gratitude for Pauly's role in the convention, Truman appointed Pauly to be the US representative in the Allied Reparations Committee, despite his obvious conflicts of interest. Pauly was simultaneously made industrial and commercial advisor to the Potsdam Conference and given the rank of ambassador.

Using his position Pauly was able to help the Dulles brothers in shifting Nazi assets out of Europe. Pauly played a major role in helping the Dulles brothers and their clients. He knew that the bulk of the Nazi assets were located inside the western zone but deceived the Soviets long enough that Allen Dulles had enough time to spirit much of the remaining Nazi assets out of Europe.

After losing his nomination as Naval Secretary to replace Forestal, Pauly returned to the oil business. Pauly was soon embroiled in another controversy this one over Mexico and oil. In short, Pauly had been caught running a CIA shakedown of Mexican politicians. At one point, the CIA was using Permex as a business cover and as a money laundry for Pauly's political contributions. The CIA-Permex connection lasted for many years. One notable employee of Permex during these years is William Buckley Jr. Pauly was known to play both sides of the streets and was a committed Nixon supporter.

George Bush established Zapata Petroleum during this time and leased oil rigs to Pauly. Pauly was Bush's best customer. In 1959, Mexico changed its laws mandating oil companies had to be owned by Mexican nationals. Bush stood to lose his most lucrative account. Using a fiscal sleight of hand, Bush sold the Nola 1 rig, thus concealing a hidden American share of fifty percent. The only losers in the deal were the shareholders of Zapata according to *Barons*. Unfortunately, the details of the deal can now longer be scrutinized since the SEC destroyed all records for Zapata for the period 1960-1966. The destruction occurred shortly after George Bush was sworn in as vice president in 1981.¹¹⁹

Hundreds of other cases of Nazi war criminals in positions of power within the Adenauer government could be cited. A full disclosure of all Nazis within the new German government would literally fill volumes. Nevertheless, it is obvious from the examples already cited that the Nazis were still in positions of power in the post war government of Germany. What had gone wrong was not a mere series of errors or mistakes. Rather it was a well-organized and -financed plot. The understanding of which is critical in understanding the rise of fascism late in the 20th Century and attempts to take corporate fascism global in the form of so called free trade and globalization of the world's economy.

Perhaps, the best summary of what went wrong is given in a quote by James Stewart Martin of the Department of Justice's investigation team in Europe in his book *All Honorable Men*.

"We had not been stopped in Germany by German business, we had been stopped in Germany by American business. The forces that stopped us had operated

from the United States but had not operated in the open. We were not stopped by a law of Congress, by an Executive Order of the President, or even by a change of policy approved by the President ... in short, whatever it was that had stopped us was not 'the government.' But it clearly had command of channels through which the government normally operates. The relative powerlessness of governments in the growing economic power is of course not new ... national governments stood on the sidelines while bigger operators arranged the world's affairs."

Roosevelt understood this plot and planned accordingly. He knew that the industrialists would cover up their crimes. He had placed some of the suspected American supporters of fascism in positions where they could be watched closely by the British Intelligence service. He knew that evidence gathered in such a manner would be inadmissible in a court of law. However, Roosevelt realized this group of industrialists wielded far more power than the powers conferred onto the president of the United States. The only chance for success in bringing this group of traitors to justice lay with exposing their crimes and arousing the public opinion against them. He therefore planned leaking the evidence gathered to the press and counted on the reaction of the American people to demand full investigations. He had used the same tactic in foiling the coup attempt against him in the 1930s. Unfortunately the evidence and the plan were buried with Roosevelt and his pledge to bring all Nazis and their supporters to justice had died with him.

Moreover, there is evidence that total destruction of Germany was never part of the plan by the hidden powers. In May 1945, only a few days after the surrender of Germany a small group around William Stephenson, better known by his code name Intrepid formed a new company called British American Canadian Corporation S.A. This new corporation was based in New York but registered in Panama. On April 2, 1947, this corporation changed its name to World Commerce Corporation. The most remarkable aspect of this corporation was that with one exception all of its directors and almost everyone associated with it had connections with British or American intelligence.

All officers of the corporation were members of either the OSS or of Intrepid's network. Included in the list of officers was Sir Charles Hambro, George Muhle Merten, David Ogilvy, John Arthur Reid Pepper. The officers selected at the formation were Pepper, president, Ogilvy and Merten as vice presidents and Thomas William Hill, who gave his title as Intrepid's British Security Coordination in New York City.

Donovan apparently was not involved with either corporation until he became a director On October 23, 1947, at the same time Edward Stettinius, former secretary of state, joined. Stettinius had a considerable financial holding in the corporation. However, Donovan's law firm acted as legal advisers from the beginning. Among the legal advisers was Otto Doering.

Soon World Commerce Corporation (WCC) attracted a number of other prominent intelligence operatives to join as directors, officers or stockholders. Included in this group was Russell Forgan, Lester Armour, Sydney Weinberg, W.K. Eliscu, Lt Col Rex Benson and several others connected with the Canadian intelligence service. Others included Nelson Rockefeller, former head of the agency in charge of South America intelligence. John McCloy, former under secretary of war

also came on board as did Richard Mellon and Sir Victor Sassoon. When Frank Ryan took over as president, Stephenson provided him with connections to a group of men prominent in government, intelligence and finance. The WCC contact in Greece was a former member of the Greek and British intelligence services. In Thailand the WCC's contact person was a former OSS agent. In short almost all members of the WCC and its contacts were formerly connect with the intelligence services during the war.¹²⁴ Yet this remarkable company even with the backing to the world's financial elite would last only fifteen years. In 1962 the WCC was liquidated for tax reasons.

3

One of the first clues as to what this strange corporation of former intelligence experts was, emerged in a letter Donovan sent to General Clay, high commissioner, Robert Murphy, political advisor to Clay and General Charles Saltzman, assistant secretary for occupied areas at the State Department in November 1947. WCC's new president Frank Ryan wrote the letter. In the letter Ryan defined the general purpose of the corporation in the excerpt from the letter below.

"In our view the restoration of economic balance in Europe is fundamentally a problem of industrial and agriculture production. The purposes to be served by such development are the maintenance of population and the creation of internationally exchangeable values, which are essential in supporting the continuance of productive operations. The restoration of production and the continuing processes which involve the international exchange of goods and the fields of primary interests to World Commerce Corporation. In these directions we are prepared to cooperate with private industry and with official bodies."¹²⁵

Ryan advised Clay that WCC had its head office in New York City, close connections in all other major centers in the United States and also representatives in 47 other countries. Ryan's letter to Clay was more specific in regards to Germany as follows below.

"WCC is prepared to provide its full cooperation to the Joint Occupying Authority toward the restoration of production in Germany. World market and price reports, industrial investigations looking toward the development and submission of specific proposals and a general commercial information service are contemplated as proper elements of cooperative activity by WCC in Germany."

"WCC will submit offerings of raw materials, supplies or equipment which are required in Germany for the purposes of production.

WCC will submit bids for products of general commercial usage, which may become available for export out of German production.

WCC will develop and submit for coordinating the purchases, production and export sales of specific plant, of a group of plants or of an industry. These proposals will look toward a specifically integrated and self-supporting operation in which the facilities of the German producers on the one hand and the WCC on the other will be joined to accomplish the require result.¹²⁶

Here in a nutshell we have the reason for the existence of this strange and short-lived corporation staffed by former intelligence operatives connected with the wealthiest groups of the English speaking world. In short the British, Canadian and United States intelligence services were running a corporation to rebuild Germany, in direct violation of Roosevelt's orders.

Considering this corporation was formed only days after the war ended by a man who was at the top of the British intelligence services, suggests that the British never intended to destroy Nazi Germany. The inclusion of members of the OSS followed naturally as the OSS recruited heavily from Wall Street and families of the American industrial elite. It is also indicative that the world's financial elite led by the British had a plan from the beginning not to destroy Germany totally and to reduce the cost of rebuilding after the war to protect German industry from bombing. It cannot be stated with any certainty that the reliance of the RAF on the terror bombing of civilian centers throughout the war was part of this plan until further classified government documents are made available.

Such a plan would fit with the British policy towards Europe for the previous century. Up until the WWI, England was the dominant power in Europe and the British were determined to maintain it. England's strategic geographical location allowed it to block the sea-lanes of any European challenger to its power. The only serious threats to British power before WWI were France and Germany. Besides the threat of a blockade, Britain would foster wars between continental rivals, thereby weakening the dominant power on the continent. Using such tactics the cost to England in maintaining their hegemony in Europe was minimal. Throughout the later half of the 1700s and the 1800s England faced no serious threat to its position. Any potential threat was quickly dealt with.

However, towards the end of WWI a new threat to Britain rose. The Bolshevik Revolution in Russia presented a new threat to British imperialism if it were to spread beyond the borders of Russia. Between the war Britain regarded the Soviets as their prime enemy on the continent. Hitler's armies had come within sight of Moscow, but at a heavy price to both the Soviets and the Nazis. Churchill delayed any invasion of Europe as long as possible. He was following the long English tradition of allowing Britain's enemies to kill each other. Rather than a cross channel invasion he talked Roosevelt into an invasion of North Africa primary to protect the Suez Canal and British shipping lanes through it. He further delayed the Normandy invasion by promoting the invasion of Italy. Churchill then argued for an invasion through the Balkans, (What he termed Europe's soft underbelly) and thereby cutting the advancing Soviets off from central Europe.

It was only with Roosevelt's stern demand for a cross channel invasion after the meeting of the Big Three that Churchill acceded. Churchill favored an easy peace with Germany and only reluctantly accepted the Morgenthau Plan at Montreal. However, by this time Britain was reduced to beggar status and was desperate to hang on to its remaining empire and in no position to disagree if post war aid was at stake.

Thus, the formation of the World Commerce Corporation by one of England's top intelligence officers dovetails with the British conduct of the war. Certainly those in the top ranks of the OSS who came from Wall Street or families of leading American industrialists did not wish to see their assets in Germany destroyed and climbed aboard the WCC readily. The only question remaining unanswered is

whether the WCC was part of a larger formal policy of England or was it merely a plot by the elite in England to save themselves from financial ruin.

Historians have debated for decades if the Red House meeting informing the industrialists that the war was lost occurred. With the passage of time and the release of further documents it is now certain that the meeting did take place with the industrialists being informed that the war was lost and the need was to devise plans for a future comeback was at hand. Indeed the translated captured documents presented in Appendix II at the end of this chapter make it obvious that the Nazis had devised an elaborate plan for a comeback once hostilities ceased.

These plans had been carefully drawn by Bormann and had the support of Hitler. The plans relied solely on two proven methods and an indomitable loyalty to the fatherland and the Nazi Party. Bormann based his plans on the two successful methods the Germans used in WWI: the old German concept of total warfare and *tarnung*. *Tarnung* had proven itself as indispensable during WWI and in the aftermath. Indeed the chapter on the 1920s relates how successful the Germans were in hiding their capital assets and regaining those assets once hostilities ceased using *tarnung*. The following chapter will relate how successful Bormann's Action Feuerland was in creating German corporations in foreign countries and how most of these hidden assets escaped confiscation by the allies' Safehaven program.

Bormann's plan not only relied on carefully chosen Nazi agents placed in foreign countries, but also upon Nazi sympathizers in those countries. Previous chapters have presented a wealth of information of the Nazi element within the United States in arming Hitler, in sabotaging our war effort and even their participation in US elections during the 1930s. The evidence implicated individuals in Congress, the military, business and Wall Street. Once the sabotaging of the 4Ds program is viewed in light of the captured documents, it confirms the sabotage was systematic and part of Bormann's intricate and well-planned plot for the Nazis to regain power. This is further confirmed by the attitude of top IG Farben officials during their interrogation and trial. They were well aware; they would not suffer any harsh penalty and were indignant over having to suffer through the charade of an interrogation and trials.

The captured documents also confirm the distinct trends starting around 1943: the removal of officials that were steadfastly opposed to fascism, the rise in anti-Communism and the frantic peace efforts as presented in the previous chapter. These were all parts of the Nazi plot to regain power. Moreover, the captured documents note the connection between the Republican Party and the Nazis. Indeed the 1946 election played a pivotal role in the Nazi's plan as the Republicans gained a majority in Congress. Once they held the majority in Congress the 4Ds program was dead, there would be no decartelization or harsh peace. Business would be free once again to renew their cartel ties to I.G. Farben and other German corporations. Standard Oil had been bold enough during the war to confirm that it intended to renew their cartel agreements once the war ended.

Moreover the disruption of the Malmedy trials in both Germany and within the United States by such figures as Joe McCarthy reinforces the plot laid out in the captured documents. It is a well-documented fact that McCarthy received election funding from known fascists. However, this was only the beginning of Tail Gunner Joe's part in the Nazi plot for a comeback. He would later play a greater part in the removal of dedicated people from government offices that were staunchly opposed to

fascism.

4

This chapter has presented a wealth of evidence to show that the sabotaging of the denazification program was systematic and proceeded at the highest levels of the occupation army as well as the lower ranks. The young lieutenant that wrote Pa Watson of his efforts to place a former Dehomag official in a position of power probably thought he was doing his best for his country, while putting a feather in his hat for his return to IBM. It is highly unlikely that he was part of this plot. It is more likely he thought that he was aiding his country. Nevertheless, his actions and the actions of hundred of other young officers similar actions protected IBM and Watson from being charged with aiding the Nazis.

However, the real rot and corruption came at the top ranks of the occupation army and the military government. The top echelon of the military government was filled with American business leaders with ties to the Nazis. The Kilgore congressional committee questioned the wisdom of appointing such business leaders to the control board. Both Rufus Wysor, president of Republic Steel and Fred Devereux, vice president of ATT were singled out in the committee's 1946 report. Both served as section chiefs under General Draper. Wysor had signed several cartel agreements with Nazi steel companies and was particularly aggressive in defending cartels. However, the committee was powerless to prevent the appointment of such individuals or reverse their decisions. Therefore, the control board was able to act with impunity. General Draper had nothing to fear when he ordered the dismantling of an I.G. Farben plant to cease. John McCloy was able to free the war criminals on the flimsiest excuses with nothing to fear except a little bad publicity.

The sabotage conducted at the higher levels of the ranks revealed a larger plot of the part of the Nazi element within the United States to protect itself. Furthermore, the sabotage by Nazis within the United States was connected with and was an integral part of the Nazi's plans to regain power as revealed in the captured documents. These documents stressed that their agents and friends within the United States would help protect them. They were not disappointed when McCloy opened the gates to Landsberg prison. Once freed Flick proceeded to fund Nazis within the new political system in Germany. The result was a German government composed largely of former Nazis.

At the center of the sabotaging of the denazification program within the United States were three Wall Street firms: Brown Brothers and Harriman, Dillon and Reed, and Sullivan and Cromwell. At the very eye of this corruption was Prescott Bush, John Foster Dulles and Allen Dulles, three men that would rise in power. All were traitors to their country and all worked feverishly to cover up their own crimes and those of others. None gave up their Nazi connections, in fact the Bush family's connection to known Nazis became a campaign issue in the 1988 election.

The second part of the Nazi comeback plot involved provoking a war between the west and east. While the Nazis felt secure in their program of tarning and safely hiding a great deal of the treasure they looted, they realized their quickest and easiest way back to power would be during a period of war between the United States and the Soviet Union.

The Nazis recognized that the people of the United States harbored an abhorrent phobia towards communism and were wildly successful in exploiting it. General Clay's war warning from Berlin was the product of the Gehlen organization, a group of former Nazi intelligence officers and SS recruited by the OSS/CIA. Clay's message and the Gehlen group will be more fully discussed in a later chapter. Clay's message could be regarded as the first shot of the Cold War.

Furthermore, they were willing to provoke a war even if it meant propelling the world to the brink of a nuclear holocaust. It was the only part of the Nazi plot for a comeback that rested almost solely on Nazi sympathizers within the United States. The Nazis were not disappointed. Joe McCarthy would soon transform the nation into a feverish peak of mass hysteria in Red hunting. The Dulles brothers would rise to position of power to further the anti-communist hysteria. John Foster Dulles would have a large role in the start of the Korean War. Any government official dedicated to fighting fascism would be removed from office often by branding them as a communist.

Throughout his administration Truman faced a hostile congress with a Republican majority during which the anti-communism hysteria would reign supreme. Old fascist supporters such as Fred Hartley, who was a staunch backer of fascism and Japan on the floor of the House would be rehabilitated. Within less than 10 years of having his companies seized from him for trading with the enemy, Prescott Bush would be elected to congress. He would face no charges of treason. Bush would play a pivotal role in the selection of Richard Nixon as vice presidential candidate in 1952. Nixon had gained his first step in politics by agreeing with Allen Dulles to hide the evidence from captured Nazi documents that would have implicated Dulles as a traitor. In return Dulles agreed to finance Nixon's first election campaign. Much of Nixon's funding for his race for the House of Representatives was provided for by the same New York banks that helped to fund the Nazis. Moreover, the man Nixon replaced was dedicated to remove the last traces of fascism in Europe and was a sharp critic of the direction the 4Ds program was taking in going soft on the Nazis and cartels. He had to be removed and the native fascists within the United States missed no tricks in branding Voorhis as a communist.

Indeed every Republican president and vice president since Eisenhower with the two possible exceptions of Agnew and Cheney have either direct ties in aiding the Nazis and Nazi war criminals or strong family ties which are directly linked to the Nazi cause.

Throughout the early years of the Cold War every brush fire or hot spot that flared up had an element of Nazi intrigue in it. The Cold War would drag on to span four decades. It was the early 1960s when the Cold War reached its feverish peak of hysteria as the world stood on the brink of a nuclear war during the Cuban Missile Crisis. It also marked the turning point in the Cold War. President John F. Kennedy against the advice of his advisors chose a path of détente with Khrushchev. However, there was no greater threat to the Nazi's plot than peaceful negotiations between the Soviets and the United States. Once, détente was established between the two superpowers the Nazi plot to regain power was dead. Indeed following the crisis, test ban treaties were completed and the Cold War was reduced to a series of small brush fires in the third world.

However, the full extent of the Nazis in fermenting the Cold War will never be

realized until all of the classified documents from World War II and the post war period are released. The Nazi plan for a comeback had two fatal flaws. The plan had called for their comeback to take place about fifteen years after the end of the war. The Nazis failed to consider that the allies would divide Germany. While the Allies had plans to reunite Germany as soon as possible, the Nazis had failed to realize the extent of the anti-communism hysteria, which could be achieved in the United States. Basically they overplayed their hand.

With the rising tide of anti-communism being whipped up by Nazi sympathizers in the United States the Allies soon decided upon a permanent division of Germany. The Korean War appeared too quickly for the Nazis. Germany was still divided and while reconstruction had proceeded at a rapid pace in the west, the Nazis still faced a large force of allied forces in their homeland. They had overplayed their hand. The Fourth Reich would indeed rise but it would not rise in Germany.

It would rise in the United States.

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132. *The Last Hero*, p. 634-639.
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134. *The Last Hero*, p. 775-777.
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138. *The Conquerors*, p. 190-191.
139. *The Conquerors*, p. 208.
140. *The Conquerors*, p. 236-237.
141. *The Conquerors*, p. 63.
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Berghahn Books, 2000, p. 99.

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Appendix

OSS Personnel Jobs Following the War

Joseph Alsop, — unsuccessful Republican Governor candidate in Connecticut 1962
Republican National Committeeman

Victor Anfuso—Democratic Congressman from Brooklyn 1950-62, Justice of the New
York Supreme Court

Alexander Barmine— Chief of Russian Branch of the US Information Agency during
Eisenhower administration.

Thomas Beale— Jamaica ambassador 1965-1968

Andrew Berding—personal press aide for John Foster Dulles

John Blatnik—Minnesota congressman

David Bruce— Ambassador to England, France, Germany and representative to Paris
Peace Talks

Ralph Bunche— Under Secretary-General of United Nations until 1971

Oliver Caldwell—Assistant Commissioner of the US Office of Education during
Kennedy Administration

John Calhoun, Deputy Attorney General during Eisenhower administration

Douglas Cater— presidential advisor

Marshall Carter— Deputy Director CIA 1962-65, Director NSA code breaking 1965-69

William Cary—Chairman US Securities and Exchange during Kennedy
administration

William Casey—CIA Director

Ray Cline—CIA Deputy Director 1962-1969 Director of State Department Intelligence
1969

William Colby—CIA Director

Philip Combs—Assistant Secretary of State during Kennedy administration

Philip Crowe—ambassador to Ceylon, Union of South Africa, Norway

Emillo Daddario, Democratic congressman form Connecticut elected 1958

Douglas Dillon—Treasury Secretary

Allen Dulles— CIA Director
William Eddy— ambassador Saudi Arabia 1944-46
Alan Evans— State Department Intelligence 1947-59
Gilmore Flues—Assistant Secretary of Treasury during Eisenhower administration
John Gardener—Secretary Of Health Education and Welfare 1965-68
George Garrett— Ireland ambassador 1947-1953
Arthur Goldberg—Secretary of Labor 1961-1962, Supreme Court Justice 1962-1965
Unsuccessful Democratic Governor Candidate for New York 1970
Stanton Griffs—ambassador to Poland, Egypt, Argentina, Spain
Murray Gurfein— federal judge that ruled on the Pentagon Papers case
John Haskell—US defense advisor to NATO 1955-60
Richard Helms—CIA Director
Richard Heppner—Deputy Assistant Secretary of Defense during Eisenhower
Roger Hilsman—Special assistant to CIA Executive Officer during the Kennedy administration
Harold Hoskins—State Department Foreign Service Institute 1955-61
Lawrence Houston—General Counsel of CIA
Fisher Howe—State Department 1948—1958
John Hughes— Ambassador to NATO 1953-55, Free Europe Committee 11958
Thomas Karamessines—CIA Director for Plans 1967
Paul Kattenburg—State Department, recommended total disengagement from Vietnam
Henry Kellerman—UNESCO 1956-61
Lyman Kirkpatrick, Executive Director CIA until 1965
Carl Kaysen—presidential advisor
Ridgeway Knight—Ambassador to Syria, Belgium, Portugal
William Macomber—State Department special assistant to John Foster Dulles
William Langer—Director of CIA Board of National Estimates 1950 Presidential Intelligence Advisory Board 1961
Walter Mansfield, federal judge New York City
William Maddox—Foreign Service until retirement
Edwin Martin— Argentina ambassador 1964-1968.
Leonard Meeker—State Department legal advisor 1965-1969 Romania ambassador 1969
Clark McGregor—Minnesota congressmen elected in 1960, Assistant to Nixon for Congressional relations 1970.
Francis Pickens Miller, unsuccessful Democratic for Virginia Governor 1949
Robert Murphy—Ambassador Belgium, Japan, Under Secretary of State 1959-1960
Joseph Rendon, unsuccessful Republican congressional candidate from New Mexico 1954, part of Guatemala coup in 1954.
Theodore Ryan—Republican Minority leader and president pro tem of Connecticut State Senate 1953-57
Walt Rostow—presidential advisor 1966-69
Sidney Rubenstein—security advisor to US mission to NATO
Robert Schow—Assistant Director CIA 1949-51 chief of Army Intelligence 1956-58
Walter Bedell Smith—CIA Director 1950-53
Charles Stelle, State Department 1951-56, delegate to Nuclear Test Ban Conference

Charles Thayer—State Department, resigned 1953 after being attacked by McCarthy
Marget Tibbets—ambassador to Norway
Paul Van der Strict— special assistant to CIA Director until 1971
Stuyvesant Wainwright, Republican congressman New York 1952-60
George White—investigator for Kefauver Committee
Hubert Will, federal judge Chicago
Hugh Wilson—Director of Foreign Affairs Section of Republican National Committee
John Wiley—ambassador to Colombia, Portugal, Iran, Panama
Frank Wisner— top level CIA agent 1948-1962
J. Evelle Younger— District Attorney of Los Angles 1964-68 Attorney General State of California
John Zuckerman—Deputy Director of Bureau of International Business Operations, Department of Commerce during Kennedy administration

A Pledge Betrayed

Appendix 2 Captured Documents

Captured Nazi Documents:

Directive of the German High Command on Political Warfare in the U.S.A

The following directive was issued by the Chief of the Intelligence Division of the German High Command, Admiral Walter Wilhelm Canaris, in 1944. The document lays bare the basic German strategy of scaring the U.S.A. with Bolshevism but —at the same time—recommends a long-range policy of Russo-German collaboration.

SECRET STATE MATTER

OKW-Abwehr

March 15, 1944

At a meeting of the representatives of the Foreign Office, the Security Division, ("SD") and the Department of Defense, ("Abwehr"), the following resolutions were adopted for unified action by all our agents in foreign countries:

- 1. Utilize to the fullest extent all available possibilities in neutral and enemy countries, in order to support our military efforts with political and propaganda campaigns.*
- 2. Our goal is to crush the enemy's plan whose object it is to destroy forever the German Reich militarily, economically, and culturally.*

The new regulations put into effect by the political leaders for the dissolution and disintegration of the enemy bloc should be carried out more intensely. We must do our utmost to create a state of confusion and distrust among our enemies. Such a state of disunity would enable us to sue for a quick separate peace with either side. While it is true that the efforts made in that direction have failed so far due to the implacable hate policy of Roosevelt and Churchill it does not mean that some day, under different conditions, the unnatural front of our enemies could not be broken. Roosevelt's electoral defeat this year could have immeasurable political consequences.

The political and military leaders are of the opinion that Germany cannot expect any mercy from the Soviets; on the contrary, should the war take a turn for the worse, we must assume that the Slavs will do everything in order to retaliate against the harsh treatment we have inflicted upon them. In spite of everything, no effort should be spared to stir up, through carefully directed propaganda, political animosity inside the Anglo-Saxon countries which would enrage the Soviets to such a degree that, as a consequence, they would welcome a chance to conclude a separate peace with Germany.

In the event of a negotiated peace, or should we be defeated, Germany would have everything to gain-in the long run-by joining the East.

Right now, the chances for a separate peace with the West are a little better, especially if we succeed, through our propaganda campaign and our confidential channels, to convince the enemy that Roosevelt's policy of "unconditional surrender" drives the German people towards Communism.

There is great fear in the U.S.A. of Bolshevism. The opposition against Roosevelt's alliance with Stalin grows constantly. Our chances for success are good, if we succeed to stir up influential circles against Roosevelt's policy. This can be done through clever pieces of information, or by references to unsuspecting neutral ecclesiastical contact men.

We have at our command in the United States efficient contacts which have been carefully kept up even during the war. The campaign of hatred stirred up by Roosevelt and the Jews against everything German has temporarily silenced the pro-German bloc in the U.S.A. However, there is every hope that this situation will be completely changed within a few months. If the Republicans succeed in defeating Roosevelt in the coming presidential election, it would greatly influence the American conduct of war towards us.

The KO-leaders abroad and their staffs have innumerable opportunities of constantly referring to Roosevelt's hate policy. They must use in this campaign all the existing contacts and they should try to open up new channels. We must point to the danger that Germany may be forced to cooperate with Russia. The greatest caution has to be observed in all talks and negotiations by those who, as "anti-Nazis," maintain contact with the enemy. When fulfilling missions, they have to comply strictly with instructions.

German Plan for Psychological Warfare in the U.S.A.

(Memorandum from Dr. Colin Ross to the German Foreign Office, 1943.)

On July 27, 1943, the German Foreign Office expert on the U.S.A., the geo. politician Dr. Colin Ross, suggested in a fifteen page memorandum a "Plan for an Ideological Campaign in the United States."

Recognizing Germany's inability to bring the war to a victorious end, Dr. Colin Ross proposed the immediate implementation of a carefully planned psychological warfare to undermine the anticipated U.S. military victory. Dr. Ross regarded American public opinion as the weakest link because the American people seemed especially susceptible to scare propaganda hinting that a defeated Germany would join the ranks of Bolshevism. The memorandum, which was addressed to the German Secretary of State in the Foreign Office, von Steengracht, became the guidepost for Germany's highly successful blackmail diplomacy in post-war America. Here follow some significant parts of the memorandum.

PLAN FOR AN IDEOLOGICAL CAMPAIGN IN THE UNITED STATES

The Prerequisites for psychological warfare

- 1. Analyze the spiritual temper of world public opinion.*
- 2. Evaluate correctly the ideological weapons available.*
- 3. Put before the eyes of the world a strategic concept which will impress not only our own people, but also the neutrals and our enemies.*
- 4. Select the most effective tactical methods for the accomplishment of*
- 5. Co-ordinate the ideological campaign in support of our military and economic warfare.*

The more the prospects for outright military victory diminish, the more urgent becomes the necessity for all-out psychological warfare. In analyzing this problem we can disregard completely the possibility of total victory through military might alone, because in such a case psychological warfare is superfluous. However, in the case of total military collapse, we must continue the struggle by means of psychological warfare until the day arrives when weapons can speak again. In my opinion it is important to point to this ultima ratio now and emphasize it more than ever before. Psychological warfare will prove especially successful in the U.S.A. where many groups (weite Kreise) are fed up with the war. . . .

Under all circumstances we should prepare ourselves for the worst, not in a spirit of defeatism, but in order to cope more effectively with defeatism in the hour of collapse. It is important that we see to it that our enemies, especially the Americans, should not bask themselves in the sun of victory or that they enjoy the role of being the liberators of Europe. Therefore, it is necessary to set up a far- flung organization in every country which, under enemy occupation, must carry on the task from the underground. We must do everything possible to impress upon American public opinion that after the liberation of Europe they will become involved in an endless maze of insoluble contradictions. However great their sacrifices may be they will end up in a blind alley exactly as it happened in 1918 under Wilson's grandiose planning.

We have to use the argument that if the enemy succeeds in stamping out

"Fascism" or "Nazism" there will remain only Bolshevism. Thus, a Germany threatened by the Anglo-Americans with dismemberment, will throw herself completely into the arms of the Soviets, and in that way will make Bolshevism unconquerable.

This is the time to make up the balance sheet and to start with large scale preparation in order to meet the coming invasion. Our defense must not remain limited to military measures alone but must employ every available weapon of psychological warfare. The ideological offensive is the order of the day.

American Documents: Germany's Preparation for a Comeback

On March 30, 1945 the U.S. State Department announced that "reliable information collected by Allied Governments clearly indicates that the Nazi regime in Germany has developed well arranged post-war plans for the perpetuation of Nazi doctrines and domination. Some of these plans have already been put into operation and others are ready to be launched on a widespread scale immediately upon termination of hostilities in Europe:'

From the official release, the following parts are quoted:

Nazi Party members, German industrialists and the German military, realizing that victory can no longer be attained, are now developing post-war commercial projects, are endeavoring to renew and cement friendships in foreign commercial circles and are planning for renewals of pre-war cartel agreements. An appeal to the courts of various countries will be made early in the post-war period through dummies for 'unlawful' seizure of industrial plants and other properties taken over by Allied governments at the outbreak of war. In cases where this method fails German repurchase will be attempted through 'cloaks' who meet the necessary citizenship requirements. The object in every instance will be to re-establish German control at the earliest possible date. German attempts to continue to share in the control and development of technological change in the immediate post-war period is reflected in the phenomenal increase in German patent registrations in foreign countries during the past two years. These registrations reached an all-time high in 1944. The prohibition against exporting capital from Germany was withdrawn several months ago, and a substantial outflow of capital has followed to foreign countries.

German technicians, cultural experts, and undercover agents have well-laid plans to infiltrate foreign countries with the object of developing economic, cultural and political ties. German technicians and scientific research experts will be made available at low cost to industrial firms and technical schools in foreign countries. German capital and plans for the construction of ultra-modern technical schools and research laboratories will be offered at extremely favorable terms since they will afford the Germans an excellent opportunity to design and perfect new weapons. This Government is now in possession of photostatic copies of several

volumes of German plans on this subject. The German propaganda program is to be an integral part of the over-all post-war program. The immediate aim of the propaganda program will be directed at removing Allied Control measures by 'softening-up' the Allies through a subtle plea for 'fair treatment' of Germans and later the program will be expanded and intensified with the object of giving re-birth to all Nazi doctrines and furthering German ambitions for world domination. Unless these plans are checked they will present a constant menace to post-war peace and security."

Excerpts of statement by William L. Clayton, former Assistant Secretary of State, to the sub-committee of the Committee on Military Affairs, U.S. Senate.

The second matter I should like to discuss relates to the current and urgent problem of frustrating German attempts to hide abroad a stake for another gamble at world domination.

The Department of State has abundant evidence that the Nazis, in anticipation of military defeat, made careful plans to carry on in Foreign countries a wide range of activities necessary to support an eventual resurgence of German power. For this purpose plans were made, and carried out in part, to transfer abroad sufficient funds and specially trained personnel to carry on pan-German activities, even while the Allied armies were in occupation of Germany.

"The success of German efforts to carry on in foreign countries activities inimical to the United Nations must depend on their ability to mobilize funds to support the execution of their plans. Consequently, they have made strenuous efforts to move abroad assets of all kinds, which can be converted into funds for the financing of hostile activities.

Our safehaven program is a combined effort of the Department of State, the Treasury Department, and the Foreign Economic Administration to deny to Germany, in the interests of justice and future security, the economic power arising from (a) the organized looting (a) occupied countries, (b) the flight of German capital in anticipation of defeat, and (c) the German capital investment already located abroad when the war began.

"Our investigations have yielded a considerable amount of information which indicates the schemes and devices which the Germans' planned to use in order to safeguard their foreign holdings and transfer additional property abroad. In many cases they have concealed their interests in foreign properties through holding companies as cloaks. In other cases they have abandoned formal voting control but retained a firm grip on manufacturing concerns through domination of technical processes. They have transformed their holdings into bearer shares in order to take advantage of the fact that the title to such shares can be traced only with extreme difficulty. Moreover, the Germans have also taken advantage in some countries of administrative inefficiency and corruption. The extent to which this can be said in every neutral country to have been the fault of private individuals alone is problematical.

The Germans systematically looted all manner of valuable property, not only

to satisfy the esthetic sensibilities of such celebrated collectors as Goering, but to acquire wealth cheaply for concealment abroad.

Looting reached its all-time low when gold was picked from the teeth of gas chamber victims. A more subtle form of outright looting was outright purchase with occupation currency from fearful sellers.

Report on Germany's War Potential On July 10, 1945, Senator Kilgore of the Subcommittee on War Mobilization, submitted the following report to the Senate Military Affairs Committee, a part

Mr. Chairman, we have the honor to submit to you a preliminary report on the sub-committee's studies of German resources for a third world war. In its report of November 1944 on Cartels and National Security, your subcommittee found that the Germans systematically engaged in economic warfare as a prelude to military conquest. Our investigations even at that date supported the conclusion that-

The German aggressors have begun to pursue a strategy which they found successful a quarter century ago; they are already deploying their economic reserves throughout the world in preparation for a third attempt at world domination. . . .

Germany in defeat remains a major threat to the peace of the world. The Germans, who have twice within the century launched the most devastating wars, have already set in motion plans for a third attempt to enslave the world. No peace making can be successful which does not at the outset thwart these plans and destroy Germany's potential for war making. This is the indispensable condition to peace in Europe. Lasting world peace requires also the unconditional defeat of Japan and the smashing of her war potential. . . .

Germany today is better prepared to implement her plot for world conquest than she was at the end of World War I. Her major resources include (1) the world's third strongest industrial economy; (2) tremendous industrial recuperative power; (3) a world-wide network of economic and political reserves and a system of commercial interrelationships penetrating the economies of other nations; and (4) the science of aggression perfected by her leading Industrialists, militarists, and politicians to reverse the decisions of the battlefield.

Germany is an industrial giant whose economy for half a century was developed by the Junker-industrialist clique as an engine of war... The strength of Germany's war machine lies not only in her over expanded metallurgical and chemical industries, but in her enormous industrial flexibility and recuperative power, displayed before and throughout the war... It appears that if Germany had held out 6 months longer she would have been sending more destructive V-2 bombs to smash the heart of New York. Germany's recuperative power rests on her greatly expanded machine-tool industry, her reserves of skilled scientists and technicians. Except for the United States, Germany remains the outstanding machine shop in the world. German science provided the synthetic fuels and rubber which enabled her armies to drive relentlessly over Europe. German scientists and technologists created new and diabolical weapons.

In the period between World War I and World War II, Germany created economic, political, and espionage outposts throughout the world. In the United States, Germany retrieved many of the properties which had been seized during the First World War. She penetrated so deeply into key industries of Latin-American

countries that a State Department official testified before the subcommittee that liquidation of the German-controlled enterprises would have crippled the economies of a number of these countries. The Germans also made strong inroads into the economies of Spain, Sweden, Switzerland, Turkey, Portugal, Finland, Bulgaria, and Roumania ... German-owned or dominated firms not only served to procure raw materials, increase German trade, and obtain much-needed foreign exchange for Germany, but they acted as centers of espionage and as intermediaries for the financing of Nazi political activities ...

During the war, in an endeavor to maintain intact its assets in enemy countries, it used the neutral countries as a cloak for German ownership or control...

Despite the strenuous efforts of the United States and the cooperation of a number of the Latin-American countries, the evidence is unmistakable that German influence is still strongly entrenched in this hemisphere, particularly in Argentina. The United States itself may be one of the most important safe havens for German assets. There is over a half-billion dollars of seized assets held in unnamed Swiss accounts, which are now blocked by the United States on reasonable suspicion that these assets may in fact be German...

... Leading German industrialists, militarists, and politicians have at their disposal a long and carefully developed science of aggression. This science rests on a series of major deceptions: (a) that the war of aggression is the product of a few Nazi fanatics; (b) that the German economy is a normal civilian economy and should be maintained as such; (c) that the entire network of relationships between German cartels and monopolies of other countries is essential to the conduct of international trade and industrial progress; (d) that German science and German scientists are an instrument of human progress; and (e) that the Allies have less to fear from Germany than they have to fear from one another.

The evidence shows that German industry has been dominated by a number of combines and domestic monopolies, chiefly in the basic industries, and that the leaders of these combines, together with the Junkers and Nazis, were Germany's principal war makers. Constituting a kind of economic general staff, immediately after Versailles and with the assistance of the Weimar Republic which they infiltrated, they began to consolidate their position within the country and secretly to rearm Germany. By manipulating reparations, by planned bankruptcy, by Government subsidies and tariff protection, and by masterful use of international cartel relationships they disarmed their prospective victims and with the assistance of those prospective victims, perfected their own war machine. Hitler and the Nazis were late comers in these preparations. It was the cartel and monopoly powers-the leaders of the coal, iron and steel, chemical, and armament combines-who at first secretly and then openly supported Hitler in order to accelerate their ruthless plans for world conquest. By 1931 the coal cartel, one of the most powerful industrial combines in Germany, openly placed a royalty on every ton of coal sold, whether domestically or abroad, in order to finance the Nazi Party. . .

A witness before the subcommittee, who only recently interrogated some of Germany's key industrial leaders, now jailed, pointed out that these leaders confidently expect to be rescued from their present plight by powerful British and American friends who were their former cartel affiliates... These industrialists

remain the principal custodians of Germany's plans for future war.

... Your subcommittee finds that the German economy was developed as a war economy, and that its vast industrial potential remains largely undamaged by the war; that Germany has a world-wide network-including even the United States-of commercial relationships and economic, political, and espionage outposts which she could mobilize for another war; that the leading German industrialists are not only as responsible for war crimes as the German General Staff and the Nazi Party, but that they were among the earliest and most active supporters of the Nazis, whom they used to accelerate their plans for world conquest, and that these industrialists remain the principal custodians of Germany's plans for renewed aggression...

The experience of the years following World War I demonstrates conclusively that without the active understanding, support, and participation of the people as a whole, the efforts of a few commissioners and even an army corps can avail nothing against the desperate schemes of a determined and skillful group of German leaders who have thoroughly indoctrinated their own people and systematically deceived the rest of the world.

The Nazis extracted the fillings of its victims after being informed by Degussa that the company could refine it into marketable gold bullion. Degussa was awarded an exclusive contract with the Nazis to refine all gold. The company was also joint owners with I.G. Farben of Degesch, a firm that produced Zyklon-B cyanide tablets used in the gas chambers. Due to the hoard of gold fillings stacking up at Auschwitz, Degussa built a smelter there. The bullion was then shipped back to Berlin and commingled with the Nazis gold stash. Undoubtedly some of it made its way back to the banker in charge of United Steel Works, Prescott Bush.

Gold Fillings, Auschwitz & George Bush

1/16/03

From the Streets of Little Beirut

By Glen Yeadon

There were little warning signs but few were paying attention when George Bush the poppy ran for president in 1988 and 1992. First during the campaign it surfaced that one of his campaign staffers was a distributor of pro-Nazi propaganda. Before the ink was dry on the individual's resignation, further revelations showed there were in fact a number of ex-Nazis on Bush's campaign staff including Laszlo Pastor and Yaroslav Stetsko. Pastor was a member of the Hungarian Arrow Cross during WWII and served as an envoy to Germany. The Arrow Cross was known to be

excessively brutal even to their Nazi allies. Stetsko served as the prime minister of the short lived Ukrainian puppet government. During the short reign of this puppet regime over 100,000 Jews were slaughtered in Lvov. George Bush's insensitivity towards victims of the holocaust is underlined by his employment of Fred Malek, a well-known collaborator with former Nazis in both his presidential campaigns.

Upon winning the presidential race, George Bush, the poppy placed his assets in a blind trust headed by his close friend William Stamps Farish III. That appointment should have triggered alarm bells that something very dark and sinister is buried in the Bush family's past. His grandfather William Stamps Farish sold the Japanese the gasoline used in the attack on Pearl Harbor. Likewise, the elder Farish supplied Hitler's war machine with oil and tetraethyl lead. George Bush's father, Prescott was close friends with the elder Farish and remained so even after the elder's testimony before congress provoked Harry Truman to cry out "This is Treason."

In fact, during the war, Prescott had three companies seized from him for trading with the Nazis. To understand the web of intrigue and follow the money from the Holocaust to the Bush family we need to start with the period immediately surrounding WWI. By 1916 August Thyssen could see that Germany had already lost the Great War and he needed to protect his fortune. His eldest son had been groomed to run the family steel business in the Ruhr. His second son Heinrich discreetly changed his citizenship from German to Hungarian and married the Hungarian aristocrat Baroness Margrit Bornemisza de Kaszon. Near the end of the war August Thyssen opened the Bank voor Handel en Scheepvaart in Rotterdam. Holland was a neutral country during the war and the new bank would serve as the perfect location to launder funds from the Thyssen Bank in Berlin and protect his fortune from allied financial demands. At the end of the war Heinrich now going by the name of Baron Thyssen Bornemisza de Kaszon moved to Rotterdam and became the principal owner of the Bank voor Handel en Scheepvaart. All that remained to be done in August Thyssen's plan was to set up an American Bank.

In 1922, Averell Harriman traveled to Germany to set up a branch of W.A. Harriman in Berlin. Harriman had hired George Herbert Walker, George Bush's grandfather to run both the New York and Berlin branches of his expanding investment firm. During his stay in Germany Harriman had met the Thyssen family and agreed to help the Thyssens set up an American bank.

In 1923, Germany was in economic shambles and Thyssen met with his friend General Ludendorff, who advised him that Germany's hope lied with Hitler and the Nazi Party. Thyssen soon became a financial backer of the Nazis and Hitler.

Early in 1924, Hendrick J. Kouwenhoven, the managing director of Bank voor Handel en Scheepvaart, traveled to New York. Meeting with Walker and the Harriman brothers, they founded the Union Banking Corporation. In 1926, August Thyssen died the eldest son Fritz expanded the Thyssen empire by creating United Steel Works. Thyssen also brought Fredich Flick on board. The Thyssen-Flick union was designed to suppress the union movement. As a result of the merger of Thyssen and Flick, George Walker hired his son in law Prescott Bush to manage the United Steel Works account. One division of United Steel Works consisted of both Consolidated Silesian Steel Corporation and the Upper Silesian Coal and Steel Company. Both were located in the mineral rich Silesian area of Poland. The arrangement was extremely profitable for all four men: Thyssen, Flick, Walker and

Bush until the depression started in 1929. Congressional investigations after the war showed that United Steel had supplied 50.8 percent of the pig iron in Nazi Germany and likewise was a major supplier of all other ferrous based metal products needed by Hitler's war machine. Hence, one of the largest munitions makers in Nazi Germany was funded by Prescott Bush, the father and grandfather of two future US Presidents.

Due to the depression, Harriman merged with Brown forming the Brown Brothers and Harriman firm. Internally the stock of Consolidated Silesian Steel Company was held by the Harriman 15 Corporation formed by Harriman and Bush. Two thirds of the stock was owned by Flick. By 1934, with Hitler in solid control of Germany the profits from the Thyssen-Flick union soared to over a hundred million. Both Union Bank and the Bank voor Handel en Scheepvaart were overflowing with money. Prescott Bush became managing director of Union Bank and took over the day-to-day operations of the German plan.

In 1939, the Nazis invaded Poland ending a dispute over taxes between Consolidated and the Polish government. The Nazis original plan was to replace the workers in Polish factories with Soviet prisoners. However, that portion of the Hitler-Stalin agreement was never implemented. Consolidated Silesian Steel Corporation was located near the Polish town of Oswiecim. When the plan to use Soviet prisoners as forced labor fell through, the Nazis began shipping Jews, communists, gypsies and other minority populations to the camp the Nazis had set up. This was the beginning of Auschwitz. The reason Auschwitz was located there was because of the abundant supplies of coal which could be processed into aviation fuel. I.G. Farben soon built a plant near Auschwitz to take advantage of not only of the nearby coal deposits but also of the slave labor supply available at Auschwitz. According to a Dutch intelligence agent, Prescott Bush managed a portion of the slave labor force in Poland.

Thyssen and Flick sold Consolidated Steel to UBC. Under the complete control of Harriman and Bush's management, the company became Silesian American Corporation, which became part of UBC and Harriman's portfolio of 15 corporations. As the 1930s progressed and it became clearer that war was imminent, Bush and Harriman hired the Dulles brothers to conceal the Nazi money and ownership in Union Bank. In concealing the involvement of the Nazis in Union Bank, Prescott Bush and Harriman undoubtedly knew that they were already engaged in an activity that was probably illegal and certainly not in the best of interests of their country. Once war broke out however, Bush's activities on the behalf of the Nazis through Union Banking became tantamount to treason.

The reader should understand that the concealing of Nazis assets located in the United States through a maze of corporate shells often based in Switzerland was an integral part of the German battle plan. In fact, the Nazi had a word for it, tarnung or to camouflage. The primary aim of these concealed Nazi corporations was to wage economic warfare by creating production bottlenecks for their adversary. The reader should also be aware that two Americans were present during the secret meeting of the German elite that brought Hitler to power. Those two Americans were John Foster and Allen Dulles.

Two of the directors of Union Banking Groninger and Kouwenhoven, were Nazi directors of the Bank voor Handel en Scheepvaart, formerly the von Heydt Bank. Von Heydt was also a Nazi and has been identified as the intermediary between the

Guaranty Trust and Adolf Hitler. Both Groninger and Kouwenhoven contributed lavishly to Himmler's Circle of Friends. There were over forty firms around Auschwitz using slave labor from the death camp. Soon the Nazis had a massive store of gold from dental fillings, glasses and jewelry. The Nazis extracted the fillings of its victims after being informed by Degussa that the company could refine it into marketable gold bullion. Degussa was awarded an exclusive contract with the Nazis to refine all gold. The company was also joint owners with I.G. Farben of Degesch, a firm that produced Zyklon-B cyanide tablets used in the gas chambers. Due to the hoard of gold fillings stacking up at Auschwitz, Degussa built a smelter there. The bullion was then shipped back to Berlin and commingled with the Nazis gold stash. Undoubtedly some of it made its way back to the banker in charge of United Steel Works, Prescott Bush.

On October 20, 1942 the United States government seized Union Banking under the Trading with the Enemy Act. During that summer, *The New York Tribune* had exposed Bush and Thyssen whom it called Hitler's Angel. Union Bank's books revealed a myriad of Nazi money and holding companies. Officials realized they had only scratched the tip of the iceberg. On November 17, 1942, the government seized Silesian American Corporation and placed its operation under the Government Alien Property custodian office.

Following the war, authorities seeking to locate the Dutch Royal family's jewelry discovered the transaction papers of the Silesian American Corporation in the books of Bank voor Handel en Scheepvaart. The bank manager, H.J. Kounhoven came under intense scrutiny and was shocked by the discovery. Soon Kounhoven traveled to New York to inform Prescott Bush. Dutch authorities date the meeting as soon after Christmas 1947. Two weeks later, the otherwise healthy Dutch banker died of a heart attack. Coincidentally, this was the method of choice of the Gehlen network for liquidating people. The Nazis had perfected a method of inducing heart attacks that autopsies could not detect.

On February 8, 1951, Thyssen died in Argentina. Following his death, the Alien Property Custodian released the assets of the Union Banking Corporation to Brown Brothers Harriman. The remaining shareholders quietly cashed in their remaining shares. Prescott Bush received \$1.5 million for his share in Union Banking's blood money.

This brief article has only scratched the surface of the sordid association of Prescott Bush with the Nazis as he had yet a third company seized from him during the war. In his first run for senator, Prescott was defeated after his position within the eugenics movement was disclosed. George the poppy has followed in his father's footsteps and retained many of the same family connections with the Nazis. For instance, as chairman of the Republican Party he presided over the formation of the Ethnic Heritage groups of the Republican Party. This was a reward for the Nazi quislings from Eastern Europe for helping in the election of Nixon as president. When two or more ethnic groups were vying for control over a particular group invariably the group with close ties to the Nazis won out. George also shows the same intense interest in population control. Perhaps it was for his beliefs in eugenics, George appointed Draper as his expert on population. Or perhaps it was more of a reward for past services rendered by Draper to the Bush family. Draper was the former general placed in control of the military government's economic division after

the war. Draper was a rabid racist and member of the Eugenics Society. He was also a former employee of Dillion and Reed, the large Wall Street brokerage house that floated the largest German bond offerings including one for United Steel Works. In his position as economic czar of Germany, he stopped the dismantling of an I.G. Farben plant and was in the ideal slot to protect his former clients that armed Hitler, including Bush.

The same close associations are apparent with Bush junior. One interesting pattern in international relations is readily observed that the Israeli government moves to the hard right whenever a Bush is in the Oval Office. Considering, Israel has one of the best intelligence agencies in the world and a perhaps the most extensive data base on the holocaust, could the Israeli hard-liners be blackmailing the Bushes? Do they have a smoking gun that would at once end the political aspirations of the entire Bush clan as well as place the family wealth at risk for damages suffered during the Holocaust? One researcher already says the family wealth is at risk in such suits; the ties are that strong.

Any reasonable person understands that the tragedy of 9-11 was allowed to happen. Only the White House can order the interceptors to stand down, once an aircraft deviates from its flight plan or contact is lost. Within 30 minutes of the time the golfer's plane that decompressed failed to follow directions from the control tower a fighter was alongside and shadowed the plane until it ran out of fuel and crashed in the midwest. The story that no fighters were available is simply a lot of bullshit. There are probably no less than a dozen or more airports within range of New York and Washington DC with fighter squadrons on standby. Yet, Bush wants us to believe that the entire East Coast was left unprotected with no fighters to provide air cover including the restricted airspace over the White House. The 9-11 tragedy was the Reichstag fire and the so-call Patriot Act, the enabling act for another fascist government.

With American blood about to stain the sands of the Mideast why hasn't the media focused on the merchant of death, who armed Saddam? They would need to look no further than George Bush, the poppy and Vice President Dick Cheney. Poppy Bush is rubbing his hands with glee counting potential profits for his Carlyle Group. The group holds stocks in defense industries that armed Saddam during the Reagan years and provided arms for the US military. This is the way the Bush family makes it money. Just ask Prescott. It didn't take Dick long to learn that secret. After the first Bush administration in which Cheney was the head of defense, he became head of Halliburton. While at Halliburton, Dick sold hundred of millions of dollars worth of dual use equipment to Iraq.

Stand behind the young soldiers and wave a flag for them, as they are mere canon fodder for this fascist clique. Don't wave a flag for the most corrupt administration in the history of the country that's hell-bent on installing a fascist regime beholdng to no one other than corporate interests.

Your freedom depends on it.

Timeline of Treason: The Bush Family Connections to the Nazis

1833: Skull and Bones Society formed at Yale.

1897: Union Pacific Railroad (UPR) bankrupted.

1898: Union Pacific Railroad sold to Edward Henry Harriman & partner, Judge Robert Scott Lovett. The deal was managed by Kuhn Loeb brokerage of which Felix Warburg was a partner.

1902: Paul and Felix Warburg immigrate to the United States.

1904: German Alfred Ploetz founds the Archive for Racial and Social Biology, which becomes the chief journal of the German eugenics or race hygiene movement. Ernst Haeckel popularized eugenics in Germany.

John D. Rockefeller issues "Occasional Letter No.1" detailing plans to mold the people, reduce national intelligence to the lowest common denominator, destroy parental influence, traditional and customs, and eliminate science and real learning, "in order to perfect human nature".

Eugenics laboratory established at Cold Springs Harbor on Long Island constructed by Charles B. Davenport. Cold Springs Harbor was also the location of the estates of both Dulles brothers. Cold Springs facility is funded in excess of \$11 million by the Harrimans and the Rockefellers.

1907: Samuel Bush elected President of Buckeye Steel Castings Co. in Columbus, Ohio. For his entire career, Samuel Bush supplied Wall Street railroads with castings. Later Bush became a close advisor of President Hoover and was the first president of the National Manufacturers Association. (NAM). NAM has a history of supporting fascism and later in the 1950s, members of NAM led by Robert Welch formed the John Birch Society.

Indiana passes the first eugenics law.

1909: The Rockefeller Foundation was established. The Rockefellers supported the eugenics movement including the Kaiser Wilhelm Institute in Germany.

1911: John Foster Dulles joins Sullivan and Cromwell.

1913: Federal Reserve Bank created. Paul Warburg served as a governor of the bank during WWI. At the same time, his brother Max was the head of the German Secret Service.

1914: With war close at hand Percy Rockefeller took control of Remington Arms & appoints Samuel F. Pryor as CEO.

1915: Dulles' uncle Robert Lansing was appointed Secretary of State. Lansing recruited his nephew to go to Nicaragua, Costa Rica and Panama on the pretext of company business but in reality to sound out the Latin Americans on aiding the US war effort. Costa Rica was led by the vicious dictator Federico Tinoco. Dulles advised Washington to support the dictator, as he was anti-German. Dulles also encouraged the Nicaragua dictator Emiliano Camorro to issue a proclamation suspending diplomatic relations with Germany. In Panama, Dulles offered to let Panama waive the tax on its annual canal fee as long as Panama would declare war on Germany.

1917: Prescott Bush joins the Skull and Bones. Both his son and grandson George and George W. likewise were Skull and Bones members. Brown Brothers & Harriman had an exceptional number of members during the 1930s.

1918: Robert Scott Lovett elected president of Union Pacific. Samuel Bush appointed to facilities division of the US War Industries Board chaired by Bernard Baruch & his assistant, Clarence Dillon.

1919: George Herbert Walker forms W.A.Harriman & Co. Walker is president and CEO.

Averell Harriman, son of Edward Harriman is the chairman. Averell would later serve as US Ambassador to the USSR 1943-1946 and as US Secretary of Commerce 1946-1948.

Dulles brothers involved in the treaty negotiations after the war.

1920: Averell Harriman and George Walker gain control of German Hamburg-Amerika Line. The deal was arranged through the chief executive German Hamburg-Amerika, William Cuno, & Max Warburg of the shipping line's bankers, M.M. Warburg. The name of the firm was changed to American Ship & Commerce Corp. Samuel F. Pryor of Remington Arms had been involved in the deal & now served on the board of the renamed corporation. Cuno was later a heavy contributor to Nazi Party funds

1922: Averell Harriman opened a Berlin branch of W.A. Harriman. A U.S. government memorandum dated Oct. 5 1942 to the Executive Committee of the office of the Alien Property Custodian indicates that sometime prior to 1924 Harriman was in Europe and met with Thyssen. They agreed to set up a bank for Thyssen in New York. Additionally, the memorandum indicates Thyssen's agent; H. J. Kouwenhoven traveled to New York before 1924 in regard to this connection.

The Model Eugenic Sterilization Law was published by Harry Laughlin. The law led to the sterilization of over 20,000 Americans and served as the basis of the Nuremberg laws adopted by the Nazis.

1923: Fritz Thyssen begins to contribute to the Nazi party.

1924: W.A.Harriman & Co invested \$400,000 in setting up Union Banking Corp to act in partnership with the Thyssen-owned Bank voor Handel en Scheepvaart in Holland. Prescott Bush brought into the firm to manage Union Bank. Prescott was the son in law of George Walker and son of Samuel Bush. Union bank is now in the position to transfer funds back and forth for Thyssen's United Steel.

Coinciding with the Dawes Plan, which is discussed elsewhere in this chapter John Foster, Dulles arranged a large loan for Krupp. For the loan Dulles had called Leland Harrison, assistant secretary of state on a Saturday to soft pedal the item in the news. Harrison was infuriated because the department had issued a circular asking to see foreign loans before American funds were exported. Dulles knew however, that Harrison had no authority to stop the loan. Dulles wanted to avoid the State Department's scrutiny as to whether German factories were producing military hardware. Sullivan and Cromwell at Dulles behest accepted the assurances of Krupp that all military hardware had been destroyed.

Ethyl Corporation formed jointly by Standard Oil and General Motors.

1925: By 1925, I.G. had established powerful allies inside the Republican administration. The then Secretary of Commerce, Herbert Hoover appointed a nine-member board, Hoover's Chemical Advisory Committee. Seated on the committee were Walter Teagle (Standard Oil of New Jersey), Lamot du Pont, Frank Blair (President of Sterling) and Henry Howard (Vice-president of Grasselli). Despite the extensive ties the four had with I.G. they sat on a committee whose role was to help

America's chemical industry fight off the I.G. cartel

1926: Prescott Bush promoted to Vice-President of W. A. Harriman & Co. Clarence Dillon of Dillon Read, set up the German Steel Trust with Thyssen & partner, Fredrick Flick. According to the terms, Dillon Read would handle the Trust's corporate banking in return for two Dillon Read representatives being on the board of the German Steel Trust. Albert Voegler was the chief executive of the German Steel trust was. Voegler was another industrialist that was instrumental in bringing Hitler to power. He also held directorships in Thyssen's Dutch bank and the Hamburg-Amerika Line. Union Bank was not in partnership with Flick's empire, Silesian Holding Co. Walker, Bush and Harriman owned a third of Flick's holding company and called their share Consolidated Silesian Steel Corp.

American I.G. founded as a holding company controlling I.G. Farben assets in the United States. Some board members were Edsel Ford, Charles Mitchell (President of Rockefeller's National City Bank of New York), Walt Teagle (President of Standard Oil), Paul Warburg (Federal Reserve chairman and brother of Max Warbug, financier of Nazi Germany's war effort and Director of American I.G.) and Herman Metz, a director of the Bank of Manhattan, controlled by the Warburgs. Three other members of the Board of Governors for American I.G. were tried and convicted as German war criminals.

Allen Dulles joins Sullivan and Cromwell.

1927: John Foster Dulles director of GAF Company (American I.G.) until 1934.

1929: Standard Oil and I.G. Farben begin cartel negotiations. Harriman bank bought Dresser Industries, supplier of oil-pipeline couplers to Standard and other companies. Prescott Bush became a director and financial czar of Dresser, installing his Yale classmate Neil Mallon as chairman.

1930: Dulles arranged for the wealthy Czech family, the Petscheks to sell their interest in Silesian Coal to George Mernane. Mernane was used merely to hidthe Petscheks interest. Dulles then sold the shares to his friend Schacht, the Nazi economic minister. After the sale, Dulles became director of Consolidated SilesianSteel Company. Its sole asset was a one third interest in Upper Silesian Coal and Steel Company. The remainder of the shares was controlled by Fredrick Flick.

1931: W.A Harriman merges with the British firm Brown Brothers. Thatcher Brown, Prescott Bush and the two Harriman brothers were the senior partners in the new firm of Brown Brothers and Harriman. Robert Lovett son of Robert Scott Lovett and a close friend of Prescott Bush became a partner in the new firm. Lovett would later serve as Asst. Sec. for Air during the war, as Under Sec. Of State 1947-1949, as Deputy Sec. of Defense 1950-1951 and as Secretary of Defense 1951-1953. Prescott Bush ran the New York office while the London office of the new firm was ran by Thatcher Brown. Montagu Collet Norman, governor of the Bank of England and close friend of Prescott Bush often staying with the Bush family on his visits to New York was a partner of Brown Brothers. He also was a well-known Nazi sympathizer. His grandfather had been boss of Brown Brothers during the Civil war when Brown Brothers were directly responsible for shipping seventy five percent of the cotton from the south to England.

Precott Bush and George Walker hosted host of the Third International Congress of Eugenics. The purpose of the event was to call for the sterilization of fourteen million Americans.

Bank of International Settlements formed.

1933: On January 4, 1933, Hitler was invited to the Schroeder Bank by a group of industrialists. The industrialists gave Hitler the money to overcome his financial problems in turn for a pledge to break the trade unions. Present at this meeting were two Americans John Foster Dulles and Allen Dulles.

Hitler assumes power.

Max Warburg selected by Prescott Bush to be the American Ship & Commerce Line official representative on the board of the Hamburg- Amerika Line. Warburg was a long time advisor of Hjalmar Schacht, the Nazi's Economic Minister and an executive in the Reichsbank. Warburg was also a close friend with Montagu Collet Norman.

An agreement to coordinate all trade between Germany & America was reached in Berlin after negotiations between Hitler's Economics Minister, Hjalmar Schacht & John Foster Dulles. As a result Oliver Harriman, Averell's cousin formed a syndicate of 150 firms to conduct all business between Germany and the United States.

North German Lloyd Co. merged with Hamburg-Amerika Line in Hamburg. Christian Beck a long time Harriman executive was placed as manager of 'freight & operations' in North America for this newly merged company. Emil Helfferich, an ardent Nazi was appointed chairman of this new company called Hapag-Lloyd. Nazi security guards were now on all ships of the company.

William S. Farish was appointed chairman of Standard Oil by John D. Rockefeller. Farish was close friends with Hermann Schmitz, chairman of I.G. Farben. Farish hired Ivy Lee, to write pro-I.G. Farben and pro-Nazi propaganda and get it into the U.S. press. He hired Nazi German crews for Standard Oil tankers. In addition, he hired "Emil Helfferich," chairman of the Hamburg-Amerika Line, as chairman also of the Standard Oil Company subsidiary in Germany. Karl Lindemann, board member of Hamburg-Amerika, also became a top Farish-Standard executive in Germany. The interlock placed Farish and Prescott Bush in a small group of Hitler supporters. Both Emil Helfferich and Karl Lindemann were authorized to write checks to Heinrich Himmler, chief of the Nazi SS, on a special Standard Oil account. This account was managed by the German-British-American banker, Kurt von Schroeder. According to U.S. intelligence documents reviewed by author Anthony Sutton, Helfferich continued his payments to the SS into 1944, when the SS was supervising the mass murder at the Standard-I.G. Farben

Auschwitz and other death camps. Helfferich told Allied interrogators after the war that these were not his personal contributions-they were corporate Standard Oil funds.

1934: The US Senate Nye Committee hearings revealed Samuel Pryor, chairman of Remington Arms & founding director of both the UBC & the American Ship & Commerce Corp. had joined in a cartel agreement with I.G. Farben. The committee also uncovered that the Nazis were armed with mostly American arms.

E. W. Webb, president of Ethyl Corporation was advised that Washington had learned of the intention of "forming a German company with the I.G. to manufacture ethyl lead in Germany. The War Department indicated that there was considerable criticism of this technological transfer. The Ethyl Company was then advised by the Army Air Corps that "under no conditions should you or the Board of Directors of the Ethyl Gasoline Corporation disclose any secrets or 'know-how' in connection with the

manufacture of tetraethyl lead to Germany.

With Hitler in solid control of Germany, the profits from the Thyssen-Flick union soared to over a hundred million. Both Union Bank and the Bank voor Handel en Scheepvaart were overflowing with money. Prescott Bush became managing director of Union Bank and took over the day-to-day operations of the German plan.

John Foster Dulles was publicly supporting the Nazi philosophy. In 1935, he wrote a long article for the Atlantic Monthly entitled "The Road to Peace." He excused Germany's secret rearmament as an action taking back their freedom. Knowing what he did about Inco and Germany's munitions industry Dulles was misleading in asserting Germany's, Italy's, and Japan's desires for peace. Later in the 1930s, Dulles helped organize the American First group. A month before Pearl Harbor he donated \$500 to the group. Later he would claim no association with the group. Dulles continued his support of the Nazi line right up to the time Germany invaded Poland. Dulles excuse for the Poland invasion was much like blaming the victim for the crime. 1935: Ethyl Corporation signed a joint production agreement with I.G. Farben in Germany to form Ethyl G.m.b.H. and with Montecatini in fascist Italy for the production of tetraethyl lead. The directors of Ethyl Gasoline Corporation at the time of this transfer: E.W. Webb, president and director; C.F. Kettering; R.P. Russell; W.C. Teagle, Standard Oil of New Jersey and trustee of FDR's Georgia Warm Springs Foundation; F. A. Howard; E. M. Clark, Standard Oil of New Jersey; A. P. Sloan, Jr.; D. Brown; J. T. Smith; and W.S. Parish of Standard Oil of New Jersey.

John Foster Dulles narrowly missed being indicted in a case of Union Electric Company of Missouri, a subsidiary of the North America Company. The SEC had discovered the company operated a slush fund to bribe legislators. The fund received kickbacks from its local lawyers and an insurance company. The firm had bribed the entire Missouri legislator. SEC general counsel Travis Lane cynically attributed the failure to the grand jury to indict Dulles was due to his charm.

Nuremberg Laws passed in Germany paving the way for the Holocaust.

1936: The Schroeder Bank in New York merges with the Rockefellers to form Schroeder, Rockefeller & Company, Inc. Carlton P. Fuller of Schroeder Banking Corporation became president and Avery Rockefeller, became vice president.

1937: By the end of January 1937, Dulles had merged all his cloaking activities into one client account, Brown Brothers Harriman-Schroeder Rock. Schroeder, of course, was the Nazi bank on whose board Dulles sat. The 'Rock' was the Rockefellers of Standard Oil, who were already coming under scrutiny for their Nazi deals. At the request of Prescott Bush Dulles had cloaked the Bush-Harriman dealings with the Nazis.

1939: Hitler invades Poland the war starts in Europe.

Farish's daughter Martha married Averell Harriman's nephew, Edward Harriman Gerry.

Consolidated Silesian Steel Corporation was located near the Polish town of Oswiecim. When the plan to use Soviet prisoners as forced labor fell through, the Nazis began shipping Jews, communists, gypsies and other minority populations to the camp the Nazis had set up. This was the beginning of Auschwitz. The reason Auschwitz was located there was because of the abundant supplies of coal which could be processed into aviation fuel. I.G. Farben soon built a plant near Auschwitz to take advantage of not only of the nearby coal deposits but also of the slave labor

supply available at Auschwitz. According to a Dutch intelligence agent, Prescott Bush managed a portion of the slave labor force in Poland.

1940: Allen Dulles served on the board of the Schroeder bank. Johns Foster Dulles served as the legal counsel for Schroeder Bank. Schroeder Bank acted as a financial arm of the Nazis.

1941: Pearl Harbor bombed and war is declared.

1942: Leo Crowley, the US Alien Property Custodian ordered the seizure of all property of Hapag-Lloyd in Aug. In October, US Alien Property Custodian seized the stock shares of the Union Banking Corp. of New York, whose shareholders were: Chm./Dir. E. Rowland Harriman; Pres./Dir. Cornelis Lievens (banking functionary for the Nazis); Treasurer/Dir. Harold D. Pennington (of Brown Brothers Harriman); Dir. Ray Morris (of Brown Brothers Harriman); Dir. Prescott S. Bush; Dir. H.J. Kouwenhoven (Dir./Chief foreign financial exec. of German Steel Trust); Dir. Johann G. Groening (Industrial Exec. In Nazi Germany).

In the same month, the United States government seized two additional companies: Seamless Steel Equipment Corp. & Holland-American Trading Corp both ran by Union Bank.

In November, the Nazi assets of Silesian-American Corp were seized leaving the American partners to carry on with business. Seizure of the whole company would have been detrimental to the war effort.

On March 25, 1942, U.S. Assistant Attorney General Thurman Arnold announced that William Stamps Farish had pleaded "no contest" to charges of criminal conspiracy with the Nazis. Farish was the principal manager of a cartel agreement between Standard Oil and I.G. Farben. The cartel built an industrial plant to produce artificial rubber and gasoline from coal at Auschwitz to take advantage of the slave labor.

The Deutsche-Amerikanische Petroleum A.G. (DAPAG), the Standard Oil subsidiary in Germany, was 94-percent owned by Standard Oil of New Jersey. Standard Oil of New Jersey was represented in the inner circles of Naziism by Karl Lindemann, director of DAPAG and member of Himmler's Circle of Friends and by board member Emil Helfrich, who was an original member of the Keppler Circle. Karl Lindemann connections extended into the international banking area as director of several banks, including the Dresdner Bank, the Deutsche Reichsbank, and the private Nazi-oriented bank of C. Melchior & Company

1945: The Treasury Department revealed to congress that United Steel produced the following percentages of war munitions for the Nazis: Pig iron 50.8%; Pipe & tubes 45.5%; Universal plate 41.4%; Galvanised sheet 38.5%; Heavy plate 36%; Explosives 35%; Wire 22.1%. This is the same firm Prescott Bush acted, as banker for. In effect, Prescott was Hitler's American banker.

Allen Dulles sought out a young Naval Officer that had been put in charge of some captured Nazi documents. If the documents surfaced it would have revealed Dulles as a traitor. In a deal to bury the documents, Dulles agreed to finance the young man's first political race. This was the beginning of the political career of Richard Nixon.

Project Paperclip begins to import Nazis into the United States.

1946: Nixon defeated Jerry Voorhis for congress with the help of an influx of money from New York centered banks.

1947: Following the war, authorities seeking to locate the Dutch Royal family's jewelry discovered the transaction papers of the Silesian American Corporation in the books of Bank voor Handel en Scheepvaart. The bank manager, H.J. Kounhoven came under intense scrutiny and was shocked by the discovery. Soon Kounhoven traveled to New York to inform Prescott Bush. Two weeks later, the otherwise healthy Dutch banker died of a heart attack.

1950: Prescott Bush defeated in his political race due to his background association with the American eugenics movement.

1951: Union Bank liquidated. The Bush family received \$1.5 million from its interest in Union Bank.

1952: Prescott Bush elected to senate.

Prescott Bush instrumental in the selection of Nixon as vice presidential candidate.

1953: John Foster Dulles appointed Secretary of State.

Allen Dulles appointed Director of the CIA.

With money from Brown Brothers and Harriman, George Bush forms Zapata, a front for the CIA.

1954: CIA under the direction of Allen Dulles help span a coup against Jacobo Arbenz in Guatemala to aid United Fruit. Schroeder Bank was partnered with United Fruit in the banana business. Allen Dulles was a sitting board member of Schroeder Bank. Both John Foster Dulles and Allen Dulles had investments in firms with heavy investments in United Fruit. In addition, the American ambassador at the UN was a stockholder of United Fruit and President Eisenhower's personal secretary was the wife of United Fruit's public relations director. The Dulles brothers convinced Eisenhower that Arbenz was a threat to American national security and got his approval to develop a plan to get rid of the Guatemalan President.

1961: C. Dillon appointed Secretary of Treasury.

The Bay of Pigs fiasco. Two of ships were named Houston and Barbara. The CIA code name for the Bay of Pigs was Operation Zapata, tying George Bush to the operation. Additionally in 1981 the year before George Bush was elected vice president all of the SEC records of Zapata between 1960 and 1966 disappeared.

John Kennedy fires Allen Dulles after the Bay of Pigs.

1963: John Kennedy assassinated.

1964: George Bush campaigns against the Civil Rights Act in his bid for election. He lost the election.

1966: George Bush elected to congress.

1968: Nixon elected President.

1969: Zapata attempted to buyout United Fruit another company with strong ties to the CIA and involved in the overthrow of reformed-minded Central American countries.

1971: George Bush appointed as ambassador to the United Nations.

1972: Watergate scandal erupts during Nixon's reelection campaign

George Bush appointed chairman of the Republican Party. Bush proceeds to set up the ethnic heritage groups in the party. In short, these groups are nothing more than a haven for Nazi émigrés from Eastern Europe. Members of the Republican Heritage Groups Council included Lazlo Paszor, Hungary Arrow Cross member, Radi Slavoff, Bulgarian fascist, Nicolas Nazarenko former SS officer in the Cossack Division, Florian Gaddu, Romanian Iron Guard member, Method Balco Slovakian

fascist. Both Allen Dulles and Nixon believed these émigrés were useful in getting out the vote.

1975: Colby reveals information about secret domestic operations by the CIA: Mokingbird, Mk-Ultra. Cheney seeks Colby's removal.

1976: George Bush appointed CIA director by President Gerald Ford, a former member of the pro-Nazi group, American First.

George Bush allowed the execution of Chilean dissident Orlando Letelier by the fascist regime of Pinochet. Bush was fully informed of the operation of the Chilean Operation Condor program to execute dissidents. Operation Condor was an extensive operation by several South American countries led by Chile to conduct assassinations world wide of dissidents to the fascist military regimes in South America.

1984: Arbusto Energy Inc founded by George W Bush is sold after proving to be a failure.

1988: Silverado Banking Savings & Loan shut down by regulators. Neil Bush son of the Vice President and candidate for President was a director. The seizure and investigation had been delayed to after the election.

Fred Malek, a well-known Nazi collaborator was part of Bush's campaign for President. Malek would again serve Bush in his 1992 race for reelection. Several Bush campaign staffers forced to resign after it was disclosed they were ex-Nazi war criminals including Laszlo Pastor and Yaroslav Stetsko.

William Draper served as head of Bush's campaign funding. Draper's grandfather had founded the Pioneer Fund to promote eugenics.

1989: George Bush takes oath of office as President. Places his assets in blind trust managed by William Farish, grandson of the William Farish that supplied Hitler with gas.

1990: Following the Gulf War, Bahrain awarded an offshore drilling contract to Harken Oil; a firm affiliated with George W. Bush the son of the President. George W. sells his stake in Harken and one week later the share price collapses.

1992: George Bush pardons all of the principal players in the Iran-Contra scandal.

1996: George Bush, the poppy praises Sun Myung Moon in Buenos Aires. The Moon organization is full of ex-Nazis and closely affiliated with the World Anti-Communist League which is also full of ex-Nazis.

2000: George W. Bush appointed President by 5-4 vote of the Supreme Court.

2001: Bush ordered military to stand down so the 9/11 attack could take place giving him a mandate to wage war and curtail freedom.

Patriotic Act passes restricting our constitutional freedoms at the urging of George W. Bush.

Vesting Act 248: The Seizure Of Union Bank

[Vesting Order Number 248]
ALL OF THE CAPITAL STOCK OF UNION BANKING CORPORATION AND CERTAIN INDEBTEDNESS OWING BY IT

Under the authority of the Trading with the enemy Act, as amended, and Executive Order No. 9095, as amended, and pursuant to law, the undersigned, after investigation, finding:

(a) That the property described as follows:

All of the capital stock of Union Banking Corporation, a New York corporation, New York, New York, which is a business enterprise within the United States, consisting of 4,900 shares of \$100 per value common capital stock, the names of the registered owners of which, and the number of shares owned by them respectively, are as follows:

Names	Number of Shares
E. Roland Harriman.....	3,951
Cornelius Lievensse.....	4
Harold D. Pennington.....	1
Ray Morris.....	1
Prescott S. Bush.....	1
H. J. Kouwenhoven.....	1
Johann O. Groeninger.....	1
Total.....	4,900

17 F.R. 5205.

all of which shares are held for the benefit of Bank voor Handel en Scheepvaart, N. V., Rotterdam, The Netherlands, which bank is owned or controlled by members of the Thyssen family, nationals of Germany and/or Hungary.

is property of nationals, and represents ownership of said business enterprise which is a national, of a designated enemy country or countries (Germany and/or Hungary);

(b) That the property described as follows:

All right, title, interest and claim of any name or nature whatsoever of the aforesaid Bank voor Handel en Scheepvaart, and August Thyssen-Bank, Berlin, Germany, and each of them, in and to all indebtedness, contingent or otherwise and whether or not matured, owing to them, or each of them, by said Union Banking Corporation, including but not limited to all security rights in and to any and all collateral for any or all of such indebtedness and the right to sue for and collect such indebtedness.

is an interest in the aforesaid business enterprise held by nationals of an enemy country or countries, and also is property within the United States owned or controlled by nationals of a designated enemy country or countries (Germany and/or Hungary);

and determining that to the extent that any or all of such nationals are persons not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of the aforesaid designated enemy country or countries (Germany and/or Hungary), and having made all determinations and taken all action, after appropriate consultation and certification, required by said executive order or Act or otherwise, and deeming it necessary in the national interest, hereby vests such property in the Alien Property Custodian, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

Such property and any or all of the proceeds thereof shall be held in a special account pending further determination of the Alien Property Custodian. This shall not be deemed to limit the powers of the Alien Property Custodian to return such property or the proceeds thereof, or to indicate that compensation will not be paid in lieu thereof, if and when it should be determined that such return should be made or such compensation should be paid.

Any person, except a national of a designated enemy country, asserting any claim arising as a result of this order may file with the Alien Property Custodian a notice of his claim, together with a request for a hearing thereon, on Form APC-1, within one year from the date hereof, or within such further time as may be allowed by the Alien Property Custodian. Nothing herein contained shall be deemed to constitute an admission of the existence, validity or right to allowance of any such claim.

The terms "national", "designated enemy country" and "business enterprise within the United States" as used herein shall have the meanings prescribed in section 10 of said executive order.

Executed at Washington, D. C., on October 20, 1942.

[SEAL] LEO T. CROWLEY,
 Alien Property Custodian.

[F. R. Doc. 42-11558; Filed, November 6, 1942; 11:31 a. m.]

George W. Bush, The Neocons, & The Nazis: Ties That Bind

8/21/04

From the Streets of Little Beirut

By Glen Yeadon

Numerous writers have compared the Bush tactics with those used by Hitler, while others have documented the connection between Prescott Bush and the Nazis. However, there is much more to what has led the Bush regime to transform the United States into a fascist police state. Few people are aware that it is the Republican Party which paid for Nazi broadcasts in the 1930s or that the GOP employed Nazis in election campaigns. Fewer are aware that Herbert Hoover conspired with top Nazi officials in Berlin to unseat Roosevelt in the 1940 election. Others have forgotten that George Bush senior as chairman of the Republican Party set up the ethnic heritage groups of the party as havens for former Nazis or that he employed known Nazi war criminals on his campaign staff.

Moreover, as the New York Republican convention nears convening, it is increasingly obvious that protestors will be dealt with brutally. New weapons such as a sound blaster developed for the military are already in place in New York blurring the lines between the military and civilian affairs. Over fifty protestors are being tightly watched and tailed, their only crime is their opposition to Bush. The Republican governor has suggested that free speech is not a right but a privilege that can be revoked. Additionally there is a massive operation going on in Florida and other states to deny Blacks their right to vote. Finally the Bush administration is using terror alerts to frighten voters and to condition them to the possibility of a canceled election. These and similar tactics are no different than the tactics Hitler's brown shirts employed.

**The fascist philosophy underlying the present Bush administration.
(See accompanying diagram.)**

<http://www.spiritone.com/~gdy52150/bushadmin.html>

There are numerous connections between the Bush family and the Nazis. Moreover, the philosophy of the neocons within the Bush administration has already been connected with fascism. However, no article has attempted to present an overview of the fascist connections within the Bush administration. This article will begin to outline the fascist connections between the present Bush administration and the Nazis, using a two-prong approach. The philosophical roots of Bush and the neocons can be traced back to one of America's notorious fascists.

Several authors have already noted the link between senior members of the Bush administration and the fascist Leo Strauss. However, exploring further the philosophical roots of Bush administration, we see that this connection leads back to the robber barons and the empire of J.P. Morgan. Due to the natural congeniality between the robber barons and the corporate state of fascism, most of America's leading industrialists became America's leading supporters of fascism. They were responsible for bringing Hitler to power and for building Hitler's war machine.

Strauss is nominally portrayed as a Jewish refugee from Nazi Germany. However, Strauss wasn't the hapless Jewish refugee that he is purported to be. Strauss adopted Zionism at the age of 17. There is a close and sinister association

between Zionism and the Nazis. Many of the Zionists supported Hitler and the Nazis. In fact, the Nazis concluded a transfer agreement with the Zionists. The Zionists were attempting to limit the choices available for Europe's Jews to two choices: immigrate to Palestine or perish in the Holocaust.

As a student, Strauss began studying the philosophers that provided the basis for fascism: Nietzsche, Heidegger, and Schmitt. He became a devoted lifelong follower of their philosophy. Strauss's philosophy and views became increasingly fascist as his studies progressed. The hallmark of Strauss's philosophy was his belief in totalitarian government. He rejected all principles of natural law and believed in keeping the masses ignorant and in general servitude.

Strauss left Nazi Germany with the warm commendation of the Nazi jurist and philosopher Carl Schmitt. Schmitt was personally responsible, in 1934, for arranging a Rockefeller Foundation scholarship for Strauss, which enabled him to leave Germany, to study first in France and then England. He arrived in the United States from Britain in the fall of 1937. Briefly appointed Research Fellow in the Department of History of Columbia University, he then became a member of the graduate faculty at the *New School for Social Research* in 1938.

The *New School of Social Research* was founded in 1919, a year after Willard Straight's death from influenza. Straight had been a partner of J.P. Morgan. He believed that America's security depended upon the British fleet and that it was in the United States own interest to enter the war. At the same time, he saw the war as an opportunity for American bankers and industrialists to make substantial gains internationally at the expense of Britain. Morgan was an anglophile and believed in the entry of the U.S. in the war. In 1915, Straight left the Morgan empire for a position with the *American International Corporation*, itself affiliated with the *National City Bank*.

In 1914, Straight and his wife Dorothy (maiden name, Dorothy Payne Whitney) invited Herbert Croly to edit the first edition of the *New Republic*, a new magazine funded by Straight. During WWI, J.P. Morgan was obsessed with the media and endeavored to control it. Providing backing for the *New Republic* had a threefold purpose for Morgan. Firstly, it would keep him abreast of the thinking in left-wing circles. He even had an inside man in the communist press. Secondly, Morgan believed a magazine such as the *New Republic* allowed the left to blow off steam, thus acting as a safety valve. Finally, he also believed it would give him a power of veto on any actions originated by the left, in case they ever went radical.

Funding the *New Republic* was not the only effort funded by Morgan to gain control of the press. In 1915, he got together 12 leading men within the newspaper business and commissioned them to determine how one could control the national press. They agreed that, to control the national press, all that was needed was to control 25 of the most influential papers. Morgan immediately sent emissaries to purchase the editorial policy of the 25 selected papers. Morgan also used his money to form the American Legion and to craft it into a union busting and redbaiting group of hired thugs that ran amok during the 1919 Red Scare terrorizing and murdering countless union leaders and leftists.

The *Council on Foreign Relations* (CFR) was another Morgan front group aimed at controlling the American people. The CFR evolved out of the Rhodes Roundtable group during WWI. Most of the early members were Morgan employees

who had met their English counterparts during the Paris Peace Conference. The CFR was a bridging group between the Morgans and the Rockefellers, and the Rockefellers provided much of the financial support. As the Rockefeller fortune came to outgrow the Morgan fortune, the CFR became more dominated by the Rockefellers. Percy Rockefeller, a Skull and Bones member who served on the board of the Morgan Guaranty Trust further strengthened the bridge between the Morgan and Rockefeller dynasties.

The *New Republic* certainly fits the blueprint of Morgan's efforts to control the media. Initially, all outside contributions had to be unanimously approved by its editorial board. The *New School for Social Research* followed in the footsteps of the *New Republic*. Straight's widow and the wife of another J.P. Morgan partner, Mrs. Thomas Lamont, were instrumental in establishing the *New School*. Two years later in 1921, Alvin Johnson, the assistant editor of the *New Republic* was named Director of the *New School*. Strauss remained at the Morgan-connected *New School for Social Research* for ten years. In 1948, he accepted a position at the Rockefeller founded University of Chicago.

Not only was Strauss a promoter of fascist ideology, but his entry into the United States and his work there through most of his life was supported financially by two of the most powerful American fascist families. While the dealings of the Rockefeller-owned Standard Oil Company with the Nazis during the war allowed the family the thin pretense that they were not personally involved, other actions by the Rockefeller family confirm their fascist ideology. It was the Rockefeller Foundation that provided funding for much of the Nazi research into eugenics, including the funding for the twin research conducted in the concentration camps by Mengele.

Strauss's connections to the neo-cons within the Bush administration are well known at this point. Numerous other neo-cons serving in the Bush administration or the *American Enterprise Organization*, who funded the *Project for the New American Century* (PNAC), were students and followers of Strauss. Not only can this be seen in their dictatorial approach but it is also visible in their strong pro-Israeli views. An interesting aspect of Strauss's tenure at the University of Chicago is that it is during his tenure that both David Rockefeller and John Ashcroft received their degrees from the University of Chicago.

The Rockefeller family played a key role not only in funding Strauss but also in destroying the economies of Third World nations. The Rockefellers have used the University of Chicago and their various family foundations to promote an economic policy of ruin. The laissez-faire economics promoted by the Chicago school has failed numerous times in the past and was one of the leading causes of the 1929 stock market crash and resulting Great Depression. Such economic policies only lead to global fascism and corporate rule, which are the prime goal of the Rockefeller family.

This is evident in David Rockefeller's support of free trade agreements, the World Trade Organization and the World Bank. These trade organization and agreements have impoverished much of the Southern Hemisphere with their draconian demands for privatization and cuts in social spending. Moreover, these trade agreements effectively reduce the government's role to that of an enforcer of corporate policies. All of these free trade agreements contain a clause setting up a tribunal comprised of corporations to settle all disputes, including claims against the government. The clause effectively bypasses the court systems in signatory countries.

In effect, these clauses confer supreme sovereignty to multinational corporations who answer to no one. Under these clauses, corporations are free to claim environmental laws, labor laws and other laws are harmful to the company and cause it financial loss, which results in massive settlements against the government and in the overturning of needed laws.

One of the chief advocates of these free trade agreements is Dick Cheney, who has promised David Rockefeller that he would deliver a hemisphere trade agreement before the end of the current Bush administration.

Such unconstitutional trade agreements have become commonplace as a result of the Rockefellers' ability to control and direct economic thought in the United States. In essence, the Rockefellers maintain a monopoly on economic theory. To understand how they gained such control brings us back to the 1920s. During the 1920s, two economists rose to prominence: Ludwig von Mises, and Friedrich A. Hayek. Both were helped by Rockefeller money. Von Mises toured the United States in 1926. The tour of American Universities was sponsored by the Laura Spelman Rockefeller Foundation and was greatly successful in promoting the views of the Austrian School of Economics. Hayek tutored personally David Rockefeller in economics.

In 1950, von Hayek was brought to the United States to teach at the University of Chicago. He didn't teach economics, he was actually made a professor on the Committee on Social Thought. This was an exceptionally dangerous position for a man that held the views von Hayek did. In 1945, von Hayek's *The Road to Serfdom* was published. This poorly written book was an attack on the concept of the nation-state. In it, von Hayek argued that the nation-state was a hindrance to peace, and socialism led to totalitarian systems, which treated their citizens as serfs. In place of the nation-state von Hayek proposed a supra-national authority or world federation consisting of the financial elite.

This elite would then be free to rule the world according to their own interest. In 1947, von Hayek created the *Mount Pelerin Society*, made up of the financial elite of Europe, as a first step toward his supranational authority. In the years since, the *Mount Perlin Society* has been influential in creating numerous "conservative" think tanks, which promote free market economic policies for the Establishment. The society has expanded to include the following think tanks: the Heritage Foundation in 1973, the Fraser Institute in 1974, the Manhattan Institute in 1977, and the Pacific Institute for Public Policy Research in 1978.

The influence of the Chicago University on modern economics is unprecedented. Since 1969, most of the Nobel prizes in economics have been awarded to the free traders, despite the spectacular failures of laissez-faire economies.

Economists who dare publish articles opposing the thought of the Chicago University, are quickly ridiculed, their works dismissed, and their careers wrecked. All this is a testimony to the power of the Rockefeller family and its control over economy and free thought.

The connection between the University of Chicago and fascism was renewed in the 1960s under Pinochet in Chile. It was the "boys from Chicago", students of Milton

Friedman, who destroyed the economy and reduced the citizens to serfdom in Pinochet's fascist Chile, where dissent was eliminated by right-wing death squads.

According to von Hayek's views, corporations are given the status of sovereign nations while the nation-states are reduced to mere quislings of the corporate state and enforcer of their laws. This is the same agenda as that of the World Trade Organization, the International Monetary fund and the many so-called "free trade agreements." Many of the Bush neocons are further linked with von Hayek by their beliefs in Mandeville. (Von Hayek rejected the idea that man was created in the image of god and traced his philosophical ancestry to the early eighteenth century Satanist, Bernard Mandeville.)

At this point, it becomes clear that the Bush administration's philosophical roots are clearly grounded in fascist ideology and in the fascist dogma of the corporate state. That these roots come from two of America's richest families confirms fascism as a top-down revolution by the elite to maintain their control and power. The fascist roots of the Bush regime are manifested in the operative side of its philosophy, through the Psychological Strategy Board under Nelson Rockefeller. C D Jackson served in the Eisenhower administration; he was in charge of the psychological warfare. Both Bruce and Howell Jackson were part of the PNAC project, the blueprint for the Bush regime.

The operative route: how the fascists manifested themselves. (See accompanying diagram.)

<http://www.spiritone.com/~gdy52150/bushadmin.html>

A return to the partners of J.P Morgan provides the operative connection between the Bush administration and fascism. Thomas Lamont was a prominent figure in the 1934 fascist plot to remove Roosevelt from office. The plot called for retired Marine General Smedley Butler to lead the force —much of it consisting of American Legionnaires— to take over the White House. Roosevelt would be given a chance to step down and to cooperate with the plotters. If Roosevelt refused to let the business leaders seize power, then the plotters would kill him.

However, Butler was an honorable man, and he leaked the information concerning the plot to Roosevelt. Roosevelt knew he could not simply dismiss it when it was connected with several leading industrialists and bankers. To foil the plot, Roosevelt leaked information about it to the press. The resulting commotion in the front pages of the country's newspapers undermined any efforts by the plotters to proceed.

Butler described his military career as follows.

"War is just a racket. A racket is best described, I believe, as something that is not what it seems to the majority of people. Only a small inside group knows what it is about. It is conducted for the benefit of the very few at the expense of the masses.... I helped make Mexico, especially Tampico, safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefits of Wall Street. The record of racketeering is long. I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912 (where have I

heard that name before?). I brought light to the Dominican Republic for American sugar interests in 1916. In China I helped to see to it that Standard Oil went its way unmolested."

A third partner of J. P. Morgan, Henry Davison, financed the Yale Aviation Club, of which his son Trubee was a member. Many of the Aviation Club members were also members of the Skull and Bones secret society at Yale. The club gained fame during WWI. Robert Lovett led the unit during the war. Artemus Gates was another member. Trubee was injured in a crash during training and never saw combat.

The most interesting aspect of this group of college aviation buffs is how many of them later served in WWII on the targeting selection committee. Henry Simpson, Secretary of War and a former Bonesman, appointed John McCloy as his Assistant Secretary of War in charge of intelligence. Robert Lovett was appointed Assistant Secretary of War for air. Directly under Lovett was Trubee Davison. Davison held the position of assistant chief of staff at A-1. Artemus Gates served as Assistant Secretary of the Navy for air. James Stillman Rockefeller served with the Airborne Command and Airborne Center as assistant chief of staff.

Clearly the Department of War, and particularly the command for air had an unusually high number of members from the Yale Aviation Unit and the Skull and Bones. Moreover, these individuals all had extensive ties to Wall Street firms, which had a history of doing business with the Nazis. Certainly they were able to influence the target selection in the air campaign against Germany. Lovett was a lifelong advocate of what amounts to terror bombing, the bombing of civilian centers.

The air campaign against Germany left eighty percent of the homes destroyed. Factory production was only reduced by twenty percent. However, much of the reduction in factory production came about not by damage to the factories, but from delays and shortages of parts caused by the disruption of the transportation system from bombing damage. For example, Cologne was a city targeted for massive bombing attacks. While the city lay in ruins, the Ford and I.G. Farben plants escaped all but minor bomb damage. In Berlin, a city that had been reduced to rubble from the bombing campaign, the Allies chose the I.G. Farben building for their headquarters. It had escaped all but minor damage from the bombs.

Robert Lovett and Prescott Bush were both Bonesmen employed by Brown Brothers and Harriman. In fact, many of the top directors and partners of Brown Brothers & Harriman were Bonesmen. It was one of the main firms on Wall Street to have extensive dealings with the Nazis.

The deals with the Nazis were so extensive at Brown Brothers & Harriman that Prescott Bush had 23 firms seized from him for trading with the enemy. Five firms were seized from Bush in 1942, another 18 firms were seized shortly after the war. The 18 firms had been allowed to operate during the war only because seizing them had been judged detrimental to the war effort and their continued operation posed little risk to the Allies.

Before the firms were seized, Prescott Bush hired the Dulles brothers to conceal the Nazi ownership in these firms. Any window of deniability slammed shut the minute Bush hired the Dulles brothers to conceal the Nazi's ownership. This is when it becomes treason by both Bush and the Dulles brothers. It confirms that both

parties knew that the continued operation of these companies was in violation of U.S. policy and of the Trading with the Enemy Act. Moreover, it confirms that both parties freely chose to aid the Nazis when the U.S. was at war with Nazi Germany.

The Wall Street law firm of Sullivan and Cromwell employed both John Foster and Allan Dulles. Throughout the 1930s and the early 1940s, the Dulles brothers were busy cloaking Nazi ownership of numerous corporations and their cartel arrangements with I.G. Farben. Not only was their work treasonous in and of itself, it also delayed the production of war materials and munitions.

Aside from his 23 corporations seized for violating the Trading with the Enemy Act, Prescott Bush was a leader in the American eugenic movement. The American eugenic movement was successful in the passage of sterilization laws in many states for anyone judged unfit. These laws served as the basis of the Nuremberg Laws passed by the Nazis. Much of the Nazi eugenic research was funded, even during the war, with money from the Rockefeller Foundation and the Carnegie Foundation. The Harriman's were also large financial backers of the movement.

After the war, John Foster Dulles, with the aid of Rockefeller money, led a world tour of third-world nations stressing the danger of population expansion of nonAryan races. George Bush, Prescott's son, has followed in his father's footsteps in setting up population control in third-world nations through the UN. In his first political race, George Bush campaigned against the Civil Rights Act of 1964 and as a member of congress he warned of the danger of too many Black babies. While population control may be a laudable goal, in the hands of the Bush family it becomes another eugenic tool aimed at eliminating nonAryan races.

Moreover, Cold Springs Harbor, the center of eugenic research in the 1920s and 1930s is still operating. It is currently a leader of the human genome project. While the genome project will undoubtedly provide many future medical benefits, Cold Springs remains firmly under the control of the same families involved in the American eugenics movement. Current directors William Gerry and Allen Dulles Jebson are the grandsons of Harriman and Allan Dulles respectively.

The genome project provides the ideal cover to develop a genome-specific bioweapon, a weapon with the sole purpose of committing genocide on a massive scale. Such a weapon has been described by the PNAC as a politically useful tool. The PNAC is the road map George W. Bush is following as a "War President."

This is not the only link between the Rockefeller Foundation and questionable programs. In 1931, with funding from the Rockefeller Foundation, Dr. Cornelius Rhoads infected human subjects with cancer cells. Rhoads later established the U.S. Army Biological Warfare facilities in Maryland, Utah, and Panama. It was named the U.S. Atomic Energy Commission. While there, he began a series of radiation exposure experiments on American soldiers and civilian hospital patients.

Following the war, Allan Dulles faced an investigation for treason. While Dulles was crafty enough to escape the charges, one of those aiding him in covering up his crimes was Richard Nixon. While still serving in the navy, Nixon was given some captured documents to review. The contents would have revealed Allan Dulles as a traitor. In exchange for burying the documents Dulles agreed to fund Nixon's first political campaign. Nixon's campaign benefited from large contributions from a large New York bank connected with Brown Brothers and Harriman.

Captured Nazi documents reveal they had a comeback plan. Their plan to regain

power after the war revolved around using their friends or other fascist sympathizers in other countries—and particularly in the United States—to do their bidding while rebuilding Germany. The documents note that, as late as 1944, the Nazis were hoping for a Republican victory in the presidential election because they would get an easier peace. The second part of their plan aimed at provoking a war between the U.S. and the Soviet Union, which would allow the Nazis to retake power in Germany without U.S. intervention.

Politically, Eisenhower had a tin ear, and he was politically naïve. When John Foster Dulles approached him in Europe to run for election in 1948, Eisenhower had no foreign policy concept formulated. He was easily swayed by Dulles' idea of massive nuclear retaliation, which led to the appointment of Dulles as secretary of state. While Eisenhower was no Nazi and expressed his hatred of Nazis and Germans in his letters to his wife, he allowed the American Nazis like the Dulles brothers to gain a great deal of control over his administration. Eisenhower appointed Allan Dulles as CIA Director, and Prescott Bush and John Lovett were Eisenhower's close golfing buddies. Prescott Bush was also the driving force in selecting Richard Nixon as Eisenhower's running mate. Nelson Rockefeller was appointed to head the Psychological Strategy Board. Numerous employees of Sullivan and Cromwell, the two Wall Street firms most involved with the Nazis, held important positions within the administration.

John McCloy and General Draper, both from the former Control Council of Germany, fulfilled important roles in the Eisenhower administration. Nothing was left to chance in the rebirth of the Nazis. In postwar Germany, the three most powerful figures: John McCloy head of the Control Council, Lewis Douglas, the head of the Finance Division of the Control Council and Chancellor Konrad Adenauer, were all brothers-in-law. They all had wed daughters of Fredrick Zinsser, a partner of JP Morgan.

While the American Nazis succeeded in gaining partial control of the Eisenhower administration and were able to stoke the fires of the Cold War, they failed to secure total control. Although these American Nazis managed to dupe the tired old general, they never succeeded in completely tricking him. Even after suffering a debilitating heart attack the old general refused to turn over the reins of power to Nixon, a man he loathed. Before leaving office, Eisenhower realized he had been duped and left us his rather cryptic warning about the military-industrial complex, suggesting the dangers of corporate rule.

Since 1960, Eisenhower's warning has gone largely unheeded. Beginning with the rise of fascism and the elitism within the Reagan administration, the military keeps taking up a bigger portion of the budget, social welfare has been largely eliminated—just as it was eliminated in Nazi Germany. Today, under the regime of George W. Bush, it is clear that the corporations within the military-industrial complex are in control of the country. It allows Dick Cheney to pad his retirement account at Halliburton with millions of dollars of Halliburton overcharges for services not delivered in the Iraq War. Meanwhile, many of the soldiers are sent into combat without body armor.

A recently disclosed top-secret document from the NSC reveals that the NSC staff were instructed to cooperate fully with Dick Cheney's Energy Task Force as it considered the "melding" of two seemingly unrelated areas of policy: "the review of

operational policies towards rogue states," such as Iraq, and "actions regarding the capture of new and existing oil and gas fields." The document suggests that Cheney's Energy Task Force was actually a discussion for geostrategic plans for oil, putting the issue of war in the context of the captains of the oil industry sitting down with Cheney and laying grand, global plans. This would confirm Bush's plans for regime change in 60 countries and his support for rebel forces opposing the democratic government of Venezuela as well as the increasing hostility of the Bush administration towards Iran.

Too many people still believe that fascism can't happen here. It is happening here today. The Gestapo is firmly in place in the form of Ashcroft's justice department. The FBI no longer serves to protect the citizens; instead it is being used to protect this regime, by such means as the gagging of Sibel Edmonds, for instance. The FBI is no longer primarily charged with criminal investigation instead its being used to enforce this regime's policies and finally the FBI, other federal law enforcement agencies and the military are illegally spying on anyone opposed to this regime. Moreover, Representative Porter Goss, Bush's choice to head the CIA has introduced legislation that would allow the CIA to conduct operations inside the United States including arbitrary arrests of American citizens.

Ike's military-industrial complex, the PNAC document, the World Trade Organization, free trade agreements, and the George W. Bush regime are all parts of the many-headed Nazi Hydra in America.

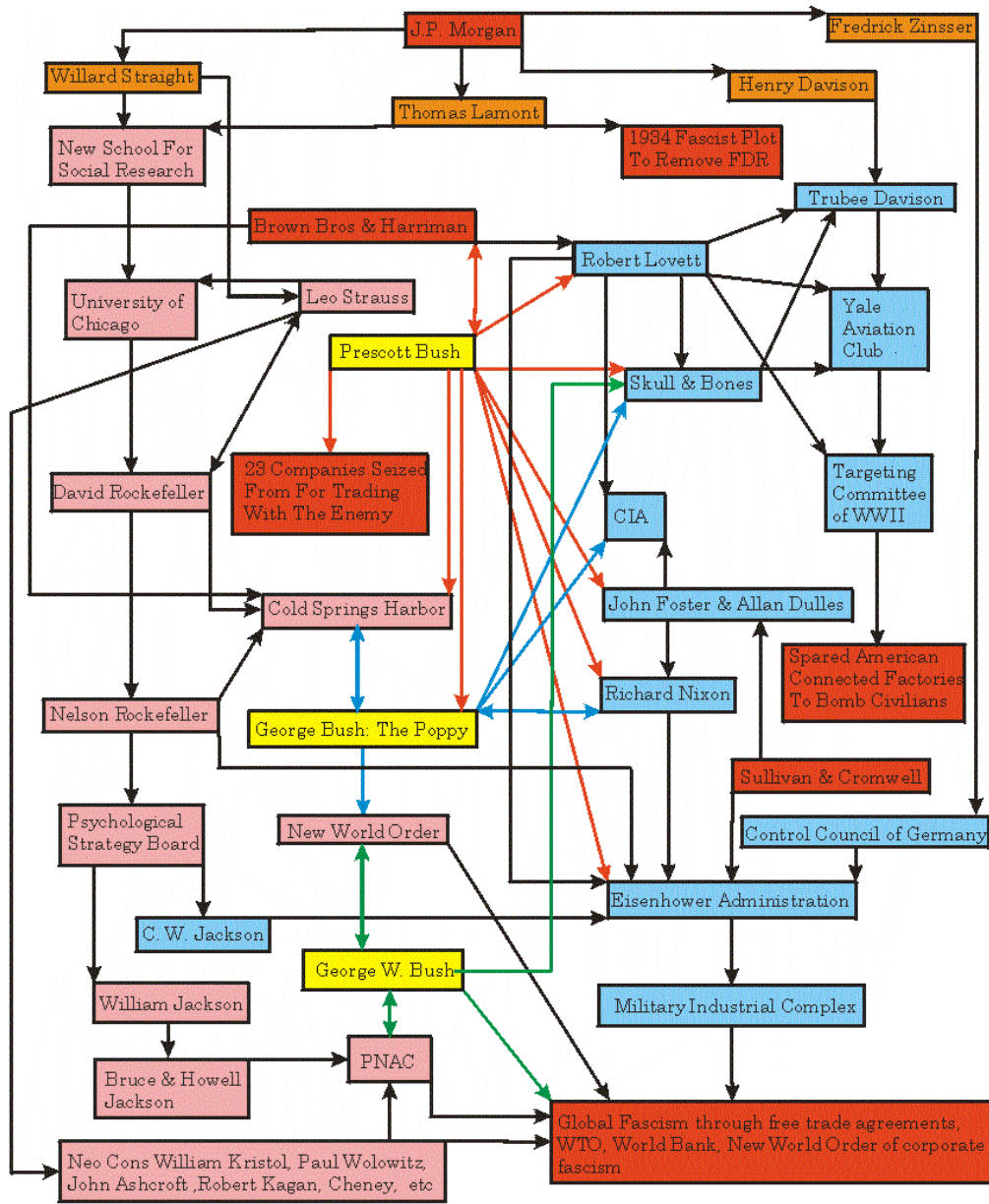
If George Bush declares a red alert or martial law or manages to steal another election, will you be one of the first sent to the concentration camps? Will you go quietly like a lamb? Will you allow the Gestapo to haul away your neighbor, your wife, your son or daughter? Will you live next to the crematories with your head in the sand as the Germans did? Or will you oppose the regime and help reestablish the constitutional republic?

The time to decide is now, tomorrow may be too late. The corporate state of fascism has risen from the ashes of 9/11 like a giant phoenix. It will consume all that opposes it. The Fourth Reich has risen. Beware. Your life and freedoms depend on it.

For greater details into these connections and others and complete documentation click the link below to the *Nazi Hydra in America*.

<http://www.spiritone.com/~gdy52150/nazihydra.html>

[George W. Bsh, The Neocons & The Nazis: Ties That Bind—Diagram](#)



Key: **Deep Red**—starting organizations and individuals and end point results
Yellow—the Bush family
Salmon—the philosophy branch
light blue—the operative branch
burnt orange—J.P. Morgan partners

CHAPTER 8

Nazi Gold

1: The Merkers Treasure

Nazi gold—the words crackle with an electrifying terror like a bolt of lightning slicing through the sky. No two words are more liable to trigger images of Nazi intrigue and brutality. Unfortunately, there are as many false tales of Nazi loot, as there are true. No single aspect of WWII has caused more controversy, more myths, and more bewilderment. Even after over fifty years since the end of the war a sea of controversy still remains. Equally important, but seldom mentioned, is the hoard of loot collected by the Emperor of Japan. Both hoards contained enormous quantities of gold, silver, platinum, jewels, art, and other valuables looted from a third of the world.

The other reason adding to the controversy is the extreme complexity of the subject. An all-encompassing view of Nazi gold is nearly impossible as it involves the Vatican, the Swiss banks, South American banks, the Bank of England, the Federal Reserve, the Nazis plans for a rebirth. Additionally top Nazi officials skimmed some of the gold and valuables into individual hoards. Moreover, the allies never reported all the gold they recovered and what the Soviet Union recovered remained hidden behind the Iron Curtain and is only now becoming known. How much of the treasure has been recovered is largely a game of guessing, as the bitterly disputed estimates vary widely. The only certainty surrounding the hoard is that much of it remains unaccounted for. Moreover, much of the wealth was most likely spent rebuilding Germany after the war. The wealth seized from the victims of the Nazis funded at least partially the so-called European miracle in rebuilding Europe following the war.

The Nazis had precise plans for a comeback as already detailed in earlier chapters. These plans rested on their ability to conceal their ill-gotten loot from the allies. Some of the hoard had been squirreled away safely in secret Swiss bank accounts. Other portions were shipped to South America (primarily to Argentina) for safekeeping. One of the conduits to Argentina was under the control and direction of Martin Bormann.

Probably no other Nazi has more words written about him than Martin Bormann does. His fate has only recently been determined. However, the valuables that he shipped to Argentina in his project Action Feuerland are still clouded in a fog of mystery and intrigue.

There are several accounts about the fate of Bormann some plausible others bordering on the preposterous. The more common and believable account had Bormann reaching South America and living out his life there. An equally likely account has Bormann dying during the last days of the Third Reich while trying to escape from Berlin. In a third account Bormann escaped to the Soviet Union and

lived out his life there. General Gehlen started this account. He claimed to have recognized Bormann in a crowd at a soccer game as the television camera panned the spectators. Lately, two ridiculous accounts have emerged. One named Bormann as a Soviet mole inside Hitler's inner circle. The other claimed that a British commando unit rescued Bormann from Berlin in order to recover the Nazi treasure. He then lived out his life in the English countryside.

Obviously, it would have been advantageous for Bormann to be declared killed in Berlin if he had survived. Nevertheless, recent DNA taken from one of the skulls found in Berlin matched closely to an uncle of Bormann. The skull still had glass shards between the teeth. If this evidence were indeed correct, it would suggest that Bormann being unable to escape from Berlin committed suicide.

Before DNA testing was available, considerable controversy over the identity of the skull existed. In fact, the skull was caked with red volcanic clay not found in the soil around Berlin but closely matching the soil of Paraguay. Nevertheless, the government turned the remains over to the family which had the remains cremated and the ashes scattered at sea hoping to settle the controversy for all-time.

Moreover, there were credible sightings of Bormann in South America until the 1960s. Considering the skull was caked with red clay; it appears that Bormann died in South America and later his body moved to Berlin. That view would be much more likely than believing he died in Berlin. There are hundreds of creditable reports since the end of the war until the 1960s of sightings of Bormann at various locations in Europe and later in South America. Believing Bormann died in Berlin requires discrediting all of these reports. Thus his ultimate fate is still unknown and clouded in a sea of controversy.

However, the ultimate fate of Bormann is of only secondary importance to this chapter. What is of more concern is the fate of the assets he spirited out of Germany to Argentina. Two of the best books covering Bormann and South America are *Aftermath* by Ladislav Farago and *Martin Bormann: Nazi In Exile* by Paul Manning. Both have been discredited to some degree. Manning was a reporter during WWII and has written two books on WWII that are regarded as classics. Manning admits that Allen Dulles deceived him in regards to South America. The question then remains why Dulles would deliberately deceive the author. As we shall see later in the following chapters Allen Dulles had a lot to hide.

While the Nazis had concrete plans to ship much of their gold and valuables to other countries, the United States had plans to recover these valuables. A good deal of the American effort to recover the Nazi gold fell under Operation Safehaven. However, no one realized the enormous size and complexity of the task until early April 1945. Late in the evening of March 22, 1945, elements of Lt. Gen. George Patton's Third Army crossed the Rhine. What at first was a trickle of soldiers crossing the Rhine soon turned into a raging flood of troops.

By noon on April 4, the Third Army had captured the village of Merkers. During the 4th and 5th of April a detachment of CIC (counterintelligence unit) questioned displaced persons in the vicinity. Many of these displaced persons told the CIC that unusual activity had been observed around the Wintershal AG's Kaiseroda potassium mine at Merkers. Further, these rumors suggested the Reichsbank had hidden its gold reserves there. The information was passed up to G2 and they immediately issued an order to exclude civilians from the area.

At a roadblock the following morning, two female displaced persons approached the roadblock and questioned by the guards. One was pregnant and on the way to Keiselbach to see a midwife. Guards at the roadblock then drove the two women back to Merkers. On entering Merkers the jeep driver asked the women what type of mine Kaiseroda was. They told him it was where the Nazis had hidden their gold and other valuables.

By noon on April 6, this information had reached Lt. Col. William A. Russell. He proceeded to Merkers and questioned several displaced civilians who confirmed the story. Additionally, Russell learned that Dr. Paul Ortwin Rave, curator of the German State Museum in Berlin as well as an assistant director of the National Galleries in Berlin, was present to care for the paintings. Russell then confronted the mine officials with the information. He also questioned Werner Veick, the head cashier of the Reichsbank's Foreign Notes Department who was also at the mine. Rave admitted to his role of caring for the paintings. Veick told Russell the entire gold reserve of the Reichsbank was hidden in the mine.

The military wires were now blazing with requests for reinforcements to guard the mine. At first Russell requested the 712th Tank Battalion be ordered to proceed to Merkers to guard the entrances to the mine. The Ninetieth Division Military Police provided additional forces to guard the mine entrances. By evening, five more possible entrances to the mine were discovered and that one tank battalion was not sufficient to guard all entrances. Maj. Gen. Herbert L. Earnest then ordered the First Battalion of the 357th Infantry Regiment to proceed to Merkers and reinforce the 712th. Russell also informed an XII corps G5 officer of what was going on at the mine.

On the morning of April 7th additional entrances to the mine were located. Guards were placed at each of the additional entrances. At 10 AM, Russell and two other officers along with Rave and mine officials entered the main entrance. The main shaft took them 2200 feet below the surface. In the main tunnel they found 550 sacks of Reichsmarks. Further down the tunnel they found the main vault. The vault was behind a three-foot thick brick wall and enclosed an area at least 100 feet wide. In the center was a heavy bank vault door.

Patton was informed the mine had been entered and a large quantity of Reichsmarks found, but no gold. As Patton's forces continued their lightning advance into Germany, Patton ordered the 357th Infantry Regiment except for the First Battalion, to move out and join the Ninetieth Infantry Division. Patton also ordered the door to the vault to be blown open.

Early on April 8, Russell, accompanied by a public affairs officer, photographers, reporters, and elements of the 282nd Engineer Combat Battalion, reentered the mine. The door was easily blown open. They entered what was termed Room 8. The size of the hoard was simply stunning. Stretched before them was a room about 75 feet wide and 150 feet long. The room was lighted but not ventilated.

Lying before them were over seven thousand bags, stretching all the way to the back of the room. The bags were laid out in twenty neat rows about knee-high and separated by roughly two and a half feet. All the bags were marked. Along one side of the room they found bailed currency stacked. At the back of the room were 18 bags and 189 suitcases, trunks and boxes; each carefully marked. Each label was marked with the name Melmer. It was obvious that these containers belonged to the SS. It was also the first clue to the complexity and scope of the Nazi looting of Europe.

Some of the seals on the bags were broken so the stash could be inventoried. The inventory revealed there were 8,198 bars of gold bullion; 55 boxes of crated gold bullion; hundreds of bags of gold items; over 1,300 bags of gold Reichsmarks, British gold pounds, and French gold francs; 711 bags of American twenty-dollar gold pieces; hundreds of bags of gold and silver coins; hundreds of bags of foreign currency; 9 bags of valuable coins; 2,380 bags and 1,300 boxes of Reichsmarks (2.76 billion Reichsmarks); 20 silver bars; 40 bags containing silver bars; 63 boxes and 55 bags of silver plate; 1 bag containing six platinum bars; and 110 bags from various countries.¹ In other tunnels a large quantity of artwork was found. The hoard also revealed the brutality of the Nazi regime. Included in the inventory were bags of gold fillings in teeth containing gold fillings extracted from the victims of the concentration camps.

Once aware of the enormous size of the hoard, Patton considered the matter to be political and immediately requested that it be turned over to SHAEF. Eisenhower appointed Colonel Bernard D. Bernstein, deputy chief, Financial Branch, G-5 Division of SHAEF. On April 15, a convoy with constant overhead fighter protection moved the treasure to the Reichsbank in Frankfurt.

By mid August, the gold had been weighted and appraised. The gold was valued at 262,213,000 dollars. The silver was valued at 270,469 dollars. Additionally, a ton of platinum and eight bags of rare coins had not been appraised. Early in 1946, the gold was turned over to Inter-Allied Reparation Agency and eventually turned over to the Tripartite Commission for the Restitution of Monetary Gold. The Tripartite Commission returned the gold to the central banks of the countries it was looted from as soon as possible. However, due to the Cold War, some of the gold was not distributed until 1996.

The distribution of the Merkers gold, however, is not without controversy.

No-account was taken of how much of the gold recovered was from the smelting of dental gold. Interesting enough, the army microfilmed the records of the Reichsbank's Precious Metals Department in 1948. These records were turned over to Albert Thoms, who was working for the successor bank to the Reichsbank. These records have since disappeared in Germany and were not relocated until the 1990s.

No other cache of gold and valuables was found in Europe to rival the size of the Merkers find. Although one of the caches of the Golden Lily, the Japanese Emperor's looted treasure, reportedly unearthed by Marcos in the Philippines was larger. The only other possible cache from Europe that could rival the Merkers find would be the Ustasis'. However, the gold and valuables looted by the Ustasis has never been located and the best evidence suggests that it was smuggled out of Europe through the Vatican-CIA ratline. How much of the Ustasi's cache made it into the Vatican vaults is still shrouded in secrecy and mystery. Several other smaller caches were located, mostly in the alpine region of Austria, where the Nazis tried to stage a final last stand.

There is no controversy about what the Merkers treasure contained. That is known with certainty. The controversy stems from where the gold came from and how it was distributed. Moreover, another controversy abounds about what extent the Merkers hoard was of the total Nazi treasure.

In order to reach an estimate about the extent of the Nazi looting the gold

reserves of the Nazi's trading partners can be used to set an upper bound. Only a handful of countries hiding under the umbrella of neutrality continued to trade with the Nazis during the war. The table below reflects the change in gold reserves of Nazi Germany's primary trading partners.² The figures are in millions of dollars.

Country	1939 reserves	1943 Reserves	Increase
Spain	42	104	62
Sweden	160	456	294
Turkey	88	221	234
Portugal	79.5	447.1 (1945)	367.6
Switzerland	503	1040	537

Obviously, not all the increase can be attributed to the Nazis. However, the figures do set an upper limit. Further, since the only currencies not accepted globally were the German Mark, Italian Lira, and Japan Yen, the neutral countries continued to accept the US dollar and British pound. Additional evidence comes from the declared deposits of Swiss banks which had soared from Swiss Franc (SF) 332 million in 1941 to SF 846 million in 1945. Again not all the increase in deposits cannot be attributed to the Nazis but it does set an upper limit of half a billion dollars.

The figures above compare favorably with the latest estimates available. The latest evidence stemming from President Clinton's initiative reports the Swiss received \$440 million dollars in gold from the Nazis, of which \$316 million dollars was looted.⁴ Additionally the report from Clinton's initiative shows that one million dollars of gold was transferred to the Dresdner Bank and the Deutsch Bank; both banks were private commercial banks. These banks then sold the gold in Turkey for foreign currency. The report continues that over \$300 million dollars in Nazi gold reached Portugal, Sweden, Spain, and Turkey.

The Foreign Office conducted a vigorous campaign warning neutral countries about accepting gold from the Nazis. The United States Department refused to support the measure until July 1943, when the alarming increase of gold reserves of the neutral countries became apparent. Even then the support from the State Department was at best cool.

The countries listed above are not mere accidents. Without the raw materials supplied by Sweden, Spain, Portugal, and Turkey, the Nazis would not have been able to conduct war. Sweden supplied vitally needed high-grade iron ore. Turkey supplied Hitler with chromate. Portugal and Spain supplied wolfram. All three metals were needed to produce war munitions and heavy armor. Chromates were used to harden steel for armor while wolfram or tungsten was used primary in machine tools. Nazi sources for both metals were extremely limited and they were forced to rely almost one hundred percent on these countries.

Considering South America was a prime refuge for the Nazis after the war it is instructive to look at changes of the gold reserves of South American countries, particularly Argentina. Argentina's gold reserves increased from 313.83 metric tons in 1940 to 1064 tons in 1945.³ The increase in the gold reserves of Argentina in terms of dollars, was a whopping \$635,000,000 dollars. To put that figure in perspective

the U.S. budget for 1940 was approximately \$9.4 billion dollars. Brazil also saw an increase in gold reserves from 45 metric tons in 1940 to 314 tons in 1945, or an increase of about \$228,000,000 dollars.

The above reserve figures shed some light on the destination of some of the Nazis' loot. How much of the increase in South American gold reserves came from Germany near the end of the war to finance the Nazis' planned comeback is still unknown. However, gold was only one small part of the Nazis' comeback plan. Even more valuable to the Nazis' plan were the amounts of bearer stocks, bonds and the number of Nazi front corporations established worldwide by Bormann. These corporations held valuable patents and would produce a steady income stream to finance the Nazi underground.

2: Safehaven Operations

Before looking at the recovery of other hoards and the Nazis that made it to South America, one must look at the various methods and programs the Allies took to recover Nazi gold. Poland took the first action taken to prevent the Nazis from looting. Polish authorities had moved their gold reserves to Romania before the Nazi invasion of Poland. Unfortunately for the Polish government, the Nazis soon overran Romania and seized the Polish gold reserves.

Several other European countries followed a similar path. France officials at the National Bank shipped their treasure to the United States. At the end of 1939, Belgium authorities entrusted the French with \$223 million for safekeeping. Soon after the German invasion of the Low Countries, Belgium urged France to ship their gold to London aboard military cruisers. However, the French transferred the gold to Dakar, in its West Africa colony of Senegal. After the fall of France and negotiations with Vichy France, the Nazis received the Belgium gold.

Within the first hour of the Nazi invasion of Holland, Dutch authorities had shipped their gold reserves in Amsterdam to England. The second boat containing the Dutch gold reserves stored in Rotterdam, carrying 11,012 kilograms of gold, struck a mine near the coastline and was marooned. By 1942, the Nazis had recovered most of the gold aboard. Other European countries failed to take any precautions and the Nazis seized their gold reserves as soon as they overran the country. Thus most of the gold reserves in the central banks of Europe fell to the Nazis except for France's and a portion of Holland's.

The first action taken by the United States was Executive Order 8389 signed by Roosevelt on April 10, 1940, freezing the Norwegian and Danish assets in the US. Eventually, every European country was included except for England. Also included in the freezing of assets were China and Japan. By freezing the assets of a country once the Nazis overran it; the Nazis were prevented from using the assets within the United States to further their gain.

In July 1942, the United States issued the blacklist of individuals and companies. This list of Proclaimed List of Blocked Nationals prohibited trade in the Americas with any name appearing on the list. Names appearing on the list were deemed hostile to the defense of the Americas. Throughout the war names were continually added to the list, which reached several thousands names by the wars end.

On January 5, 1943, the Inter-Allied Declaration Against Acts of Dispossession Committed in Territories Under Enemy Occupation or Control, better known as the London Declaration, was announced. The measure declared the allies would no longer recognize the transfer of property in occupied countries, even if it appeared legal. The allies were aware the Nazis were forcing people in occupied countries to sell or transfer their property to them. Up to this date the Nazis had painstakingly created the illusion that such transfers were legal.

On February 22, 1944, the United States announced the Declaration on Gold Purchases. The United States declared that it would no longer recognize the transfer of looted gold from the Axis. The United States further declared that it would not buy gold from any country that had not broken relations with the Axis. England and the Soviet Union made similar declarations.

In July and August of 1944, the Bretton Woods Agreement was reached. The agreement called on the neutral countries to prevent disposition or transfer of assets in the occupied countries. On August 14, 1944, the US, UK, Swiss War Trade Agreement was reached. The agreement required the Swiss to reduce trade with the Nazis.

On December 6, 1944, Operation Safehaven was organized.

On December 10, 1944, the State Department released a paper urging a soft-line towards Switzerland. This date marks the first step in sabotaging the efforts to return the assets to the victims of the Holocaust. In essence, it is a continuance of the feud between the Treasury Department and the State Department on the terms of peace and the 4Ds program of the previous chapter.

In February 1945, the Yalta Conference agreed that reparations would be exacted from Germany. The conference also established the groundwork for the Allied Reparations Commission.

Operation Safehaven by far is the best known and the largest operation the Allies launched to recover assets looted by the Nazis. Leo T. Crowley, Director of the Foreign Economic Administration (FEA) first proposed the need for a Safehaven organization in a letter, to the Secretary of the Treasury on May 5, 1944. Moreover, William T. Stone, Director of FEA's Special Areas Branch, called for including the British as well as various other US agencies in a letter to Livingston T. Merchant in the State Department, on May 15, 1944. Since, Safehaven involved elements from both the State Department and the Treasury; it was plagued from the very beginning by the intense rivalry between the two departments. Safehaven would suffer the same fate as the 4Ds program that led to the hindrance and prosecution of war criminals and the denazification of Germany.

In May 1944, Samuel Klaus, Special Assistant to the General Counsel of the Treasury Department, proposed a plan for a fact-finding mission to neutral countries dealing with the problem of hidden Nazi assets. The initial planning for the trip included just Klaus and Herbert J. Cummings, a State department official. Once the

Treasury Department was aware of the trip, the Treasury department sent several officials to catch up with the Klaus delegation. From August to October, Klaus visited London, Stockholm, Lisbon, Madrid, Barcelona, and Bilbao to encourage implementing the Safehaven program. The mission canceled plans to visit Switzerland and Portugal. The mission was only marginally successful. In his final report, Klaus outlined his current thinking in broad areas of concern, as the excerpt below shows:

"It [Safehaven] is only in its narrowest, and relatively less important, aspects flight of enemy capital. In its most important aspects it is the use of neutral countries as bases for maintaining the assets, skills and research necessary for the conversion of Germany to a war basis at an appropriate future date. The hiding out of stolen jewels or pictures, even if it exists, is truly important from the point of view of war crimes retribution. But the presence of I.G. Farben personnel in Spain, the expansion of Siemens production in Sweden, or the presence of German military technicians in Argentina are of more far-reaching significance, and constitute as well the most difficult Safehaven activities."⁵

Klaus had found the situation in Spain the most troubling. There the US Ambassador, Carlton Hayes was entirely unsympathetic with the Safehaven's investigations, although Spain was the country most damaging to Safehaven's objectives. In fact, the OSS had to operate in Spain out of Portugal due to the ambassador, who would identify to the Spanish police the undercover agents as intelligence agents. Hayes insisted on censoring all incoming and outgoing messages from the OSS. Hayes even blocked transmitting Safehaven material for a time.⁶ Hayes was definitely friendly to a fault with the Franco regime; however, he is credited for keeping Spain from joining the Axis. Such an alliance probably was never part of the Nazi's plans. Just as Hitler recognized that he needed a neutral Switzerland to obtain foreign currency and launder gold through, the Nazis most likely recognized the need for a neutral port on the Atlantic to receive supplies through. A good example, of the dependence of the Nazis on a neutral Atlantic port was the importation of gasoline through Spain after Hitler invaded the Soviet Union.

Hayes was aware of the importation of oil into Spain. On February 26, 1943, he commented the oil products available in Spain were considerably easier to get than on the East Coast of the United States. Hayes revealed the gasoline and petroleum products available equaled the full capacity of Spain's tanker fleet.⁴³ This gasoline was supplied by none other than Standard Oil, from its oil fields in South America. It also presented the Roosevelt administration with a Pandora's Box of dilemmas. Forcing Standard to stop the shipments mostly likely would have resulted in Standard interrupting the supply of oil to the United States. At one point in the war, Standard had threatened to interrupt the supply. Secondly, the most likely response of US citizens suffering through the limited supply of gasoline available through ration cards would have been to rebel against the rationing system on learning that an American company was supplying the Nazis with oil. A similar commotion could be expected of the troops, many of which were drafted into service. With the President's hands effectively tied, the oil shipments to Spain continued. If you are rich enough, even treason is not considered a crime.

As originally proposed, Safehaven was to be entirely operated by FEA, with

guidance from the Treasury Department on the financial and informational side and guidance from the State Department on the policy setting side. However, the intense rivalry between the State Department and the Treasury Department, and differences with Britain weakened the role of the FEA. Resolution VI of the Breton Woods Conference gave Safehaven firm legal footing. The resolution stemmed from Polish and French proposals about blocking funds in neutral countries to prevent the Nazis from using looted assets. On December 2, Treasury, State, and FEA agreed to the roles of the participating agencies. Each agency was given some measure of individual operational freedom. All the data and intelligence was to be centralized in London.

In the fall of 1944, the long-standing debate over treatment of neutrals arose between the FEA and State Department. The FEA wanted to keep the controls in place while the State Department wanted to lift the economy blockade after the end of hostilities. By this time, the State Department had the stronger voice in the operation of Safehaven. In October, 1944, Morgenthau, Treasury Secretary, Joseph O'Connell, General Counsel for Treasury, and Harry Dexter White, Director of Monetary Research for the Treasury Department, agreed that Treasury—trained agents should be dispatched to supplement the staff of Embassies in neutral countries.

On December 6, 1944, the State Department released its long awaited Circular Instruction to U.S. Missions about Safehaven matters. The release of the Circular marked the beginning of the political and diplomatic phases of Safehaven under the Department of State.

Collecting data and evaluating the data were largely confined to the OSS. Within the OSS, Safehaven was confined to the SI (Secret Intelligence) and X2 (counter-intelligence) divisions. X2 often played the dominant role within the OSS, especially with the more important neutrals of Switzerland, Portugal and Spain. X2 was particularly involved in the German effort to transfer looted assets to foreign countries. For the OSS, this meant little more than a redirection of its intelligence operations to obtaining economic data. Cooperation between the OSS and Safehaven was on an informal basis until November 30, 1944. At the end of November, instructions sent out to all OSS stations detailed the intelligence requirement expected to be generated by the Safehaven program. In substance, Safehaven was piggybacking on already active OSS operations.

Under such conditions, it is hardly surprising that Safehaven was dependent on the personalities of the various OSS station chiefs. As already mentioned, the OSS operation in Spain was compromised because of the ambassador. In Switzerland, Allen Dulles was the station chief. Dulles had already been exposed by an earlier operation in a joint program with the British of spying on Americans and was suspected of being sympathetic with the Nazi cause. Dulles had deliberately been sent to Switzerland where he would have the most temptation to help his clients. By the time Dulles had reached Berne, he was aware that he was being watched. Dulles knew he was unable to use official channels to help his clients in the United States. Thus, Dulles used his Vatican connections to help the Nazis and Vatican couriers to help his clients in America, as the Vatican couriers held diplomatic immunity. The Vatican readily agreed to help Dulles in their zeal to regain their own assets in Germany and further their fanatical anti-communism philosophy.

Declassified files show that Slovenian bishop, Gregory Rozman, was trying to

arrange the transfer of huge quantities of Nazi-controlled gold and Western currency that had been discreetly secreted in Swiss banks during the war. The bishop had been sent to Berne with the aid of Dulles' friends within the intelligence service. For a few months, the Allies were successful in preventing Rozman from receiving the funds. Then suddenly, Rozman had the funds for his Nazi friends residing in Argentina. Dulles had fixed it. This action may be only the tip of the iceberg. In 1945, the U.S. Treasury Department accused Dulles of laundering the funds from the Nazi Bank of Hungary to Switzerland. Similar charges were made against Dulles' agent Hans Bernd Gisevius, who had worked as an OSS agent while serving at the Reichsbank. The State Department quickly took over the case from the Treasury, after which the investigation was silenced and quickly dropped.⁷ Gisevius may have also been involved in the ratlines.

In fact, Dulles' career in Berne during WWII is marked by several money laundering cases. After the Nazis tipped Dulles off that the Swiss codes had been broken, Dulles shifted his operation to the banks of Belgium, Luxembourg and Liechtenstein, using a roundabout route through Japan aided by Vatican couriers.⁸ After the end of the war all the banks in these countries refused to allow allied investigators to look at their books. One of Dulles' dirtiest tricks may have been an effort to buy more time to move Nazi gold through Switzerland. A former East Bloc intelligence officer has confirmed that Dulles warned the Nazis the Japanese code had been broken at a crucial time. Shortly after warning the Nazis, the SS suddenly told the High Command to use tighter code security and to stop using the radio. They suddenly stopped using Ultra and switched to couriers. For once, the Allies had no information on the German battle plan. This most likely explains how the German's were able to launch the Battle of the Bulge as a complete surprise.¹³

Dulles and his comrades certainly exerted a large amount of influence to ensure US investments in Nazi Germany were not seized for repartitions. In Switzerland, the SS had purchased a large amount of stock in American corporations and laundered their money through the Chase and the Corn Exchange banks. Even more brazen was the case of Pan Am clippers hired by W.R. Grace Corporation to transport Nazi gems, currency, stock and bonds to South America. The operations were the product of Dulles' money laundering for the Nazis.¹¹ Several American officers readily admit that much of the Nazi gold was never turned over to them. One officer admits to being in a huge vault filled with gold, gems and currency that never appeared in any US files.⁹

Dulles had been a backer of Germany for a longtime and he envisioned Germany as a bulkhead against the Soviets. The young Lt. William Casey was another OSS agent that shared Dulles' views of a German bulkhead. Casey served in the SI division in France and the Lowlands after they were recaptured. In a report from Paris, Casey wrote that Safehaven was a valuable field of endeavor, especially because of the potential for leverage with German financial circles, etc., in the future.¹² Following the war, Casey entered a career on Wall Street before becoming a director of the CIA under Reagan.

In 1946, Dulles's men simply changed their OSS uniforms and became the War Department Strategic Service Unit. Sometimes they were War Department Detachment and others the Document Disposal Unit. In effect, there were two factions left over of the OSS. One a liberal faction took orders from the President and

the other under the control of Dulles. The latter faction was hoping for a conservative victory by Dewey so they could unleash their émigré army against the Soviets. Dulles had a secret ally in Region IV around Munich, where the Counter Intelligence Corp (CIC) was helping to recruit ex-Nazis.¹⁴

Given Dulles' close association with German industrialists, he was unwilling to give attention to Safehaven that Washington expected. In November 1944, with the Allies now in control of France, a land route to Switzerland had been reestablished, which made it possible to send an X2 agent to Berne to help run the Safehaven program there. By April 1945, X2 in Berne had unearthed a large amount of information on Nazi dealings. Included in the dealings:

Gold and bonds looted from Europe and received by certain Swiss banks.
Additional funds sent by the Deutsche Verkehrs-Kreditbank of Karlsruhe to Basel.
Stocks and bonds held in Zurich by private firms for the Nazi Party.
Hoards of Swiss francs credited to private accounts in various Swiss banks.
Cash and property held in Liechtenstein.
Over 2 million francs held by the Reichsbank in Switzerland.
Forty-five million Reichsmarks held in covert Swiss bank accounts.¹⁵

Such information gleaned in less than four months by the X2 agent only confirms the information that has surfaced over the years that Dulles was working hard for the Nazis in hiding their loot, especially considering Dulles was a friend with the American Director of the Bank for International Settlements and top Nazi banking officials.

After the investigation into his money laundering Dulles resigned from the OSS and returned to New York. He then sought out Thomas McKittrick the former head of the Bank of International Settlements. The Nazis had moved a large amount of their assets from Switzerland to Argentina. Dulles soon went to work for a staggering number of Argentinean clients. Dulles and Donovan agreed that every effort should be made to sabotage Truman and the liberals. To this end, Dulles conned Donovan into serving on the board of the World Commerce Corporation of which Dulles was the lawyer. The Nazi money flowed in a circle from Germany to the Vatican then on to Argentina and then back to Germany. The Argentina economy boomed from the influx of the Nazi money. The so-called economic miracle of 1950s came from the same money the Nazis looted from Europe in the 1940s.¹⁰

From the beginning, Safehaven was an ambitious project with several goals besides its immediate goal of forcing the neutral countries to stop trading with the Nazis. The Secondary goals of Safehaven are listed below.

To restrict German economic penetration outside the borders of the Reich.
To prevent Germany from sequestering assets in neutral countries.
To ensure that German assets would be available for postwar reparations and to rebuild Europe.
To prevent the escape of those members of the Nazi ruling elite who had already been marked down for war crimes trials.¹⁵

Although Safehaven was a large and ambitious program, it was terribly

understaffed. Until the surrender of the Nazis in May 1944, SI agents assigned to Safehaven had to concentrate first on strategic information before devoting any time to Safehaven. Well-trained additional agents simply were not available. Secondly, Safehaven was plagued from the very beginning with the long running feud between the Treasury and State departments and to a lesser extent by British hesitation to employ harsh measures. Finally, the success of Operation Safehaven was proportional to the willingness of the neutral countries to comply with the Allies demands to stop trading with the Nazis. Finally, the operations of Safehaven were oftentimes (during the war and especially after the end of the war) left in the hands of CIC, Counter Intelligence Corp or the CID Criminal Investigation Division of the military. When Patton's troops rolled into Dachua, there were no officials available to arrest the remaining SS guards, they were simply left to wander away unmolested.

3: Bormann's Aktion Feuerland

The British Ministry of Economic Warfare (MEW) estimated the Merkers hoard was only twenty percent of all the gold Germany held. In August 1945, the Bank of England estimated there would only be enough gold available at the maximum for a 58% restitution against the claims. This only included the claims from the central banks and not the private claims. Where did the rest of the gold go? To this day the CIA (in reference 12) denies the Nazis had a plan for a comeback despite captured Nazi documents showing otherwise. Even members of Congress and in particular members of the Kilgore Committee were aware of Nazi plans for a comeback. The translations of the Nazi comeback plans are located in the appendix of the preceding chapter. They come from documents captured near the end of the war. To understand where the missing gold went, we need to look at the German plans for a comeback.

The Nazis definitely had organized plans for a comeback. At the center of the plan was Martin Bormann, the Reichsleiter. Bormann had risen through the ranks to Party Secretary, the number two spot in the Nazi hierarchy. Hitler had entrusted Bormann with ensuring the Reich would be able to stage a comeback once hostilities ceased. The meeting in the Red House was the beginnings of Bormann's effort to expand his plan to include industrialist and top ranking office. The meeting had been the result of Bormann's order. However, Bormann did not attend the meeting.¹⁶ The Treasury Department has a transcript of the meeting from a captured document. The SS agent conducting the meeting told the group that all industrial material was to be evacuated to Germany immediately; admitting the battle for France was lost. He also assured the gathering the "Treason against the Nation Law" about foreign exchange was repealed. At a smaller conference that afternoon, Dr. Bosse of the German Armaments Ministry indicated the Nazi government would make huge sums available to industrialists to help secure bases in foreign countries. Dr. Bosse advised the industrialists that two main banks could be used for the export of capital: Schweizerische Kreditanstalt of Zurich and the Basler Handelsbank. He also advised

the industrialists of Swiss cloaks that would buy Swiss property for a five-percent commission. A month later, Bormann countermanded Hitler's scorched earth policy to preserve Germany's industrial base.

Bormann knew the Nazis had lost the war once the allies landed in Normandy on D-Day. He gave himself nine months to place into operation his flight capital program to find a safe haven for the Nazis' liquid assets. Essentially, the Alsace-Lorraine area would serve as a microcosm for his plans. Germans owned the controlling interest in many of the French banks in the area. A German majority ownership also controlled many of the factories. In essence, Bormann would rely on *tarnung* (see chapter 3 for the German practice of *tarnung*) to hide German corporations. Bormann was close friends with Schmitz, a director of I.G Farben and studied I.G.'s method of *tarnung* extensively. Bormann sorted his records and then shipped them to Argentina via Spain. Bormann began his flight capital, already having control of the *Auslands-Organisation* and the *I.G. Verbindungsmanner*. Both organizations placed spies in foreign countries disguised as technicians and directors of German corporations.

By the time, the Battle of the Bulge was raging; Bormann had already been very successful in moving assets out of Germany. In 1938, the number of patent registrations to German companies was 1,618 but after the Red House meeting it had risen to 3,377. Bormann had also created a two-price system with Germany's trading partners. In it, the lower price was the price cleared or settled at the end of the banking day, the higher price was retained on the books of the neutral importer. The difference accumulated to a German account, becoming flight capital on deposit. Under this system Bormann amassed about \$18 million kroner and \$12 million Turkish lira. Balance sheets in Sweden showed Bormann acquired seven mines in central Sweden.¹⁷ Bormann created 750 new corporations. The corporations were scattered across the globe and represented a wide array of economic activity from steel and chemicals to electrical companies. The firms were located as follows: Portugal 58, Spain 112, Sweden 233, Switzerland 234, Turkey 35 and Argentina 98. All the corporations created by Bormann issued bearer bonds, so the real ownership was impossible to establish.¹⁸

Bormann had several means of dispersing the Nazi assets. He used the diplomatic pouches of the Nazi's foreign policy minister, von Ribbentrop, to send gold, diamonds, stocks and bonds to Sweden twice a month. A similar pattern was used to ferry more valuables to South America. In addition to Bormann's *Aktion Feuerland* project, Bormann allowed other Nazis to transfer their own valuables through the same channels.

In Turkey, both the *Deutsche Istanbul* and the *Deutsche Orient* banks were allowed to retain all their earnings rather than send them back to Berlin. The earnings were mere bookkeeping items that were ready to be transferred anywhere in the world.

In 1941, German investments in United States corporations held a voting majority in 170 corporations and minority ownership in another 108 American corporations. Many of these corporations were part of the I.G. Farben cartel. Additionally, American corporations had investments in Germany totaling \$420 million. With his program for flight capital well on its way, Bormann gave permission for Nazis to once again buy American stocks.

The purchase of American stocks was usually done through a neutral country, typically Switzerland or Argentina. From foreign exchange funds on deposits in Switzerland and Argentina, large demand deposits were placed in such New York banks as National City, Chase, Manufacturers Hanover, Morgan Guaranty, and Irving Trust. Manning reports that over \$5 billion dollars of American stocks was purchased in such a manner. ¹⁹ These same banks were active in supporting Germany. In addition, every major Nazi corporation transferred assets and personnel to their foreign subsidiaries.

The United States and Britain never could fully grasp the extent of the Nazi flight capital. John Pehle provides an interesting insight to why the United States was unable to stop Bormann and his movement of Nazi assets to neutral countries. Pehle was the original director of the Foreign Funds Control. Pehle's reasoning is given below:

"In 1944, emphasis in Washington shifted from overseas fiscal controls to assistance to Jewish war refugees. On presidential order I was made executive director of the War Refuge Board in January 1944. Orvis Schmidt became director of Foreign Funds Control. Some of the manpower he had was transferred, and while the Germans evidently were doing their best to avoid Allied seizure of assets, we were doing our best to extricate as many Jews as possible from Europe."²⁰

Pehle's explanation seems overly simple. Additional personnel would have been useful and more could have been accomplished. However, the real problem was the rot and corruption within the United States. The leaders of America's largest corporations were all in sympathy with the Nazis and almost all of them had invested heavily in Nazi Germany. Additionally, there were many in Congress that sympathized with the Nazi cause. The mood in Congress was one of "get the boys home and get on with business." When Orvis Schmidt testified before congress to the extent of the Nazi infiltration of neutral countries before the end of the war, it fell on deaf ears. An excerpt of his testimony is given below.

"The danger does not lie so much in the fact that the German industrial giants have honeycombed the neutrals, Turkey and Argentina, with branches and affiliates which know how to subvert their commercial interest to the espionage and sabotage demands of their government. It is important and dangerous however, that many of these branches, subsidiaries and affiliates in the neutrals and much of the cash, securities, patents, contracts and so forth are ostensibly owned through the medium of secret numbered accounts or rubric accounts, trusts, loans, holding companies, bearer shares and the like by dummy persons and companies claiming neutral nationality and all of the alleged protection and privileges arising from such identities. The real problem is to break through the veil of secrecy and reach and eliminate the German ability to finance another world war. We must render useless the devices and cloaks which have been employed to hide German assets."

We have found an I.G. Farben list of its own companies abroad and at home— a secret list hitherto unknown— which names over 700 companies in which I.G. Farben has an interest."²¹

The list referred to in the quote list does not include the 750 companies Bormann set up. Following the war Schmidt testified again to congress as follows:

"They were inclined to be very indignant. Their general attitude and expectations was that the war was over and we ought now to be assisting them in helping to get I.G. Farben and German industry back on its feet. Some of them have outwardly said that this questioning and investigation was in their estimation, only a phenomenon of short duration, because as soon as things got a little settled they would expect their friends in the United States and England to be coming over. Their friends, so they say would put a stop to activities such as these investigations and would see that they got the treatment which they regarded as proper and the assistance would be given to them to help reestablish their industry.²²

Here again we see how the 4-D program was sabotaged. In fact, in every country liberated there was a great reluctance to disturb the machinery of money and industry connected to Germany through cartel agreements. The German presence was reduced but not eliminated. The cloaked ownership ensured continuity for the Nazis. Even the Grand Duchess, Charlotte of Luxembourg, had her own ideas. On returning home from exile, the Duchess dismissed the United States investigative team and ordered them out of the country. On June 26, 1945, chairman of the US Senate subcommittee on military affairs, Elbert D. Thomas, commented on Luxembourg. An excerpt of his comments follows.

" We had a mission in Luxembourg which was obtaining quite a bit of information on the steel cartel until the Grand Duchess returned. Information was then blocked off from us and the mission had to retire with what information they had already collected. There was much to learn about the way in which small states like Luxembourg had been used by the cartels. The episode suggests that some rulers, whom we have befriended, may be expected to assist the cartelists in their postwar efforts to regain dominance."²³

What the Grand Duchess had learned from her finance minister was simple. Don't tamper with the cartel. Luxembourg had made a vast amount of money and there was every indication that they stood to make a great deal more. All that Luxembourg needed to do was readjust the stock ownership to please the Allies. Powerful friends of the Bormann organization had understood what was at stake and planned accordingly. Scattered across the globe in various control points such as Wall Street, Washington, London and Paris was a group of bankers that were well aware of the financial benefits of cooperating with the Nazi underground.

The Nazi plans rested on American fears of communism. Free enterprise and property rights were to take center stage while morality was conveniently dismissed as superfluous. Such was the case in the four to one vote by the appeals board to free Richard Freudenberg, the largest shoemaker in Germany. Freudenberg was a regional economic adviser to Bormann and a die hard Nazi. He was in the automatic arrest category. Ambassador Murphy expressed the argument of free enterprise in his comments in defense of Freudenberg. This is the same Murphy that was part of the control council. His comments follow below.

"What we are doing here through denazification is nothing short of a social

revolution. If the Russians want to Bolshevize their side of the Elbe that is their business, but it is not conformity with American standards to cut away the basis of private property. This man is an extremely capable industrialist, a kind of Henry Ford."²⁴

In testimony given at Nuremberg, Herman Schmitz praised Bormann for the manner in which he spread German assets around the globe. Of particular interest was Schmitz's view of what lay in-store for the directors of I.G Farben once the war was over. The passage follows below.

"We can continue. We have an operational plan. However, I don't believe our board members will be detained long. Nor will I. But we must go through a procedure of investigation before release so I have been told by our N.W.7 people who have excellent contacts in Washington."²⁵

The last phrase in the quotation above, "who have excellent contacts in Washington," should have set off alarm bells of the U.S. prosecuting team at Nuremberg. Here is direct proof of people in power in Washington collaborating with an integral part of the Nazi war machine. Where was the follow up investigation determining who those contacts were? There are reasons why many files for WWII have not been released. Besides revealing the industrialists and congressional members mentioned in the previous chapters as traitors such files would reveal many career employees of the State Department and the military-intelligence community as traitors.

Instead of being investigated, like so many other productive leads, it was dropped. This attitude of top I.G. Farben directors was typical. They knew in advance that they would suffer only minor penalties. As George Seldes reminded us, there are people too powerful or too rich to be subjected to our laws, even when it involves treason. Schmitz's information was slightly wrong in that twelve I.G. Farben executives were tried at Nuremberg. Schmitz received a four-year sentence. However, all the sentences were later reduced to time served and all were returned to their previous positions.

At this point, we need to return to the Merkers hoard. Intelligence reports since 1940 indicated the Nazis were accumulating a fortune of roughly one billion in 1940 dollars or ten billion in today's dollars. The discovery of the Merkers hoard created an amazing complex set of problems. First, the find was only about half of the estimated Nazi treasure. While the Merker's hoard was the bulk of the Reichsbank's holdings, there were additional gold and currency left in Berlin. Second, dividing the treasure presented a myriad of problems, which still remains a controversy today.

Also troublesome were the accounts of Melmer and Max Heiliger. Interrogation of Nazi banking officials soon revealed the nature of these accounts. Albert Thoms explained the booty seized by the Wehrmacht went straight to the Reichshauptkasse, or Treasury. However, the Reichsbank exclusively handled the loot seized by the Schutzstaffeln (SS). The bank would first credit the loot to the Melmer account. After the bank had assessed the value the Reichsbank credited the amount to the Heiliger account. Only five people were privy to the Heiliger account: Reichsbank president Walter Funk, Reichsbank vice president Emil Puhl, chief cashier Kropf, and director

Fronknecht, and Albert Thoms, Chief of the Precious Metals Department. The SS account held the earnings skimmed from the Aktion Reinhardt operation that began in 1943 to strip the concentration camp inmates systematically of all gold coins, jewelry and clothing. Puhl aided in this operation as besides his Reichsbank position he was also a director of the International Bank for Settlements. Thus he was in the perfect position to act as an international fence after the concentration gold was melted into gold bars.²⁶

The Melmer account was indicative that other private accounts might exist. Indeed many of the top ranking Nazis from colonel on up had gathered their own treasures. Some of these private treasures such as Goering's were substantial treasures in their own right while others were more modest. The total value of these private treasure hoards is unknown, as is the fate of many of them.

There were additional finds in the Merkers area. In another mine, the allies found 400 tons of records from the German Patent Office, enough records to fill thirty railroad cars. Another finds included over two million books, the records of the German High Command, and much more material.

4: Corruption Over Takes Safehaven

With the capture of Merkers, the allies were fast closing in on Berlin. As the allies continued to advance, the Nazis made a last desperate attempt to save the remaining Reichsbank assets by moving them to southern Germany in the alpine redoubt area. Many top Nazi officials who were desperate to save themselves also fled to this region with their own looted fortunes.

Ernst Kaltenbrunner, chief of the Reich Security Head Office, amassed one such private fortune and transported it into the Bavarian Alps to save himself and his ill-gotten fortune. Only one document survives about the contents of the assets Kaltenbrunner moved to the south. The contents of this small hoard are listed below.

50 cases of gold coins and gold articles (each case weighing 100 pounds.)

2 million US dollars

2 million Swiss francs

5 cases of diamonds and gemstones

a stamp collection worth 5 million gold marks

110 pounds of gold bars.²⁷

Goering also transported his private hoard to the region, including a large collection of vintage wines.

The Nazis did not ship all the gold and currency from Berlin to Merkers; they retained some funds in Berlin to pay the troops and other such expenses. The

shipment of the remaining assets of the Reichsbank included 730 gold bars and millions in gold coins. The value of the gold was nearly \$10 million. Additionally, the shipment included a prodigious quantity of paper money. This left \$3,434,625 of gold remaining in Berlin.

The hoard was to be shipped south on two special trains, code named Adler (meaning eagle) and Dohle (meaning jackdaw).²⁸ Due to the rapid Allied advance and air cover, the two trains were unable to go directly to Munich. On April 16, after three days, the trains were stranded about ten miles from Pilsen, Czechoslovakia. There, some of the treasure was loaded onto trucks for the remaining journey to Munich. On April 19, the trains were just inside the Bavarian border and another portion of the treasure was again loaded onto trucks.

On April 19, the train reached Peissenberg, about fifty miles south of Munich. The plans were to hide the gold in a lead mine. However, the electrical power was out and the mine was filling with water. At this point, it is believed the fortune consisted of the following:

- 365 bags containing two gold bars
- 9 envelopes of records
- 4 boxes of bullion
- 2 bags of gold coins
- 6 cases of Danish coins
- 94 bags of foreign exchange
- 34 printing plates and a supply of banknote paper²⁹

Funk was called and he decided the treasure should move by truck to a small town called Mittenwald.

Even after the shipment left Berlin, a small quantity of treasure remained in the Berlin bank. Ernst Kaltenbrunner seized at gunpoint the remaining assets of the Reichsbank in Berlin and transported to the south. SS General Josef Spacil, head of Office II carried out the robbery. The best estimates of the gold and gems taken were a little over \$9 million. Once again, the loot was taken south into the same general region as the previous shipment.

Spacil had amassed a huge private hoard for himself. In the closing days Spacil partially divided it among Gestapo officers. Spacil gave Otto Skorzeny: 50,000 gold francs, 10,000 Spanish crowns, 5,000 dollars, 5,000 Swiss francs and 5 million Reich marks. Skorzeny was hiding in the Austrian Tyrol. It is noteworthy the money given to Skorzeny was never recovered. After Skorzeny surfaced in Spain, he lived palatially and ran his part of die spinne (the spider) escape route from there. Additionally he became a dealer in the arms trade.³⁰ During the 1950s, it was clear to American intelligence that Skorzeny had ample funds at his disposal.

American authorities later duped Spacil into leading them to a small cache containing 19 bags of gold coins and bullion worth \$11,722 and paper money consisting of 160,179 dollars and 96,614 English pounds. There were many other private hoards that ended up in the same general area of southern Germany.

Starting on April 19, 1945, the Gold Rush teams were in full operation. Colonel Berstein and included Commander Joel Fisher and Lt. Herbert DuBois headed the teams. Albert Thoms, the chief of the Precious Metals Department of the Reichsbank

and Emil Puhl, vice president of the Reichsbank, aided them. The gold rush teams found several treasure hoards. On April 26, at the Reichsbank branch in Halle, they found 65 bags of foreign currency, which included about one million dollars. At Plauen they found 35 bags of gold coins, including a million Swiss francs and a quarter million gold dollars. On April 27, they learned the location of 82 bars of gold bullion in Aue, which was still heavily defended. On April 28, they located over 600 silver bars and 500 cases of silver bars. This silver was the entire silver reserves of Hungary. On April 29, they found 82 gold bars at Eschwege. The following day they found 82 gold bars hidden under a manure pile at Coburg. On May 1, they found 34 cases and two bags of non-Reich gold in Nuremberg. All of these hoards were shipped back to Frankfurt.

Both combat troops and gold teams found caches of looted treasure, including the famed gold train containing the treasures looted from Hungary. The total value of all the treasure recovered was estimated at \$500,000,000 and included \$350,000,000 of gold.

The gold recovered from the various Reichsbank branches totaled \$3,000,000. However, from interrogations and captured documents, the Gold Rush teams knew the Reichsbank branches had contained over 17 million dollars of gold. Approximately \$3,000,000 had been captured by the Russians in Berlin. The remainder had been shipped to southern Germany. In early May, Bernstein had to return to Washington for discussions with President Truman on the decartelization program, which he was also responsible for. Lt. DuBois then took charge of the recovery efforts in southern Germany.³¹

The Allies would not recover any gold in Southern Germany until June 7th. A detachment headed by Major William Geiler (later a New York Supreme Court justice) recovered 728 gold bars. Unlike the myth that surrounds this discovery, these bars were shipped to Frankfurt and properly inventoried. It is commonly confused with the gold recovered by Sargent Singleton. Singleton had recovered a stash of gold described to be about three feet high and about three feet wide. This gold was delivered to Munich properly, but never reached Frankfurt.³²

Robert Kempner, the chief prosecutor for the Nazi diplomats' trial expressed in a letter to Perry Lankhuff of the political division of the military government many of the problems that plagued the complete recovery of the Nazi gold. The letter appears below.

"In the course of our trial against Nazi diplomats which has just been concluded, it was brought to light that the German Foreign Office had - besides other gold funds - a special Ribbentrop gold fund, in gold bullion, weighing approximately fifteen tons. Leads and newspaper accounts from various countries in the Western Hemisphere indicate that unrecovered Foreign Office gold, probably in the hands of former German Foreign Office officials, is still at work for anti-American purposes. Large numbers of former German diplomats who had to do with the Foreign Office gold are still in foreign countries, e.g., Spain, Italy, Ireland, Argentina, Sweden, and Switzerland, living well from unknown resources.

It should be noted that besides other former German diplomats, a brother-in-law of Ribbentrop is living in Switzerland and at least two other German Foreign Office officials who dealt with German gold matters.

Out of the fifteen tons, about eleven tons of Ribbentrop's Foreign Office gold was hurriedly removed from Berlin in 1945:

1. 6.5 tons to Ribbentrop's Casde Fuschl in Austria (now American Zone of Austria). The larger part of this consignment was allegedly turned over to American troops in the neighborhood of Fuschl. However German Foreign Office officials stated here in Niirenberg that the amount allegedly turned over was Less than the amount, which was shipped to Fuschl.

2. 2 tons to Schleswig-Holstein in the British Zone allegedly turned over to the British.

3. 3 tons to the South of Germany on the shores of Lake Konstanze, an area at that time in American hands. Out of the last amount, two-thirds of a ton were brought over to Berne, Switzerland, in the closing days of the war. This was done in the presence of the son of the former German Minister of Foreign Affairs, von Neurath, who according to newspaper reports, arrived a short time ago in the Argentine.

About four tons were sent between 1943 and 1945 to German embassies, notably to Madrid, Spain (one ton), to Stockholm, Sweden (one-half ton), to Berne, Switzerland (three-fourths ton), to Ankara, Turkey (about one ton), to Lisbon, Portugal (an unknown quantity).

Since I interviewed several hundred German diplomats, including ambassadors, ministers, and fiscal and personnel administrators, I know that the summation which I made above is highly reliable.

But so far as I know there was never any check made whether gold of this amount was ever recovered or whether the amount of Foreign Office gold turned over by German foreign service people to Allied authorities at the end of the war was identical with sums indicated by my investigation.

In the course of-the trial, I have from time to time pointed out the danger and the problem of this missing gold, but nobody as yet tackled the problem, and with my heavy trial work in Niimberg, I could not devote much time to it, since no war crime was involved. I feel very strongly that this gold project should not be neglected further in these critical times, in which a large amount of uncontrolled gold constitutes a force for evil and mischief in the hands of unscrupulous opportunists working closely together and located in many countries all over the world." ³³

The only certainty about Ribbentrop's gold is that a little more than four tons were recovered. The 6.5 tons allegedly recovered from Ribbentrop's castle appears to have vanished, as no records exist of it in the Federal Exchange Depository. According to the trial records of the Wilhelmstrasse trial, a large part of this gold was turned over to either the Third or Seventh Army on June 15, 1945. However, the books of the allied occupation show no trace of this gold, worth \$108,000,000 today. Kempner continued to look for the missing gold. In 1950, he lobbied congress to look into the matter. Congress was unable to find any new information.

The disappearance of recovered various treasure hoards that had been recovered in Southern Germany was all too common of an outcome. A stash of paper

currency was recovered from the garden of the von Bluechers. The only document of this recovery is a poorly typed receipt that Luder and Hubert von Bluecher demanded before turning the money over to Captain Fred Neumann. The receipt acknowledges the von Bluechers turned over to the U.S. army \$404,840 dollars and 405 English pounds. Both Captain Neumann and the von Bluechers were suspected of involvement in the missing money. However, with recently released documents from the government archives, it is now obvious this disappearance of recovered money was part of a much larger problem and cleared Neumann and the von Bluechers.³⁴

Part of the problem lied in rivalry between the Army and the Military Government agencies and the lack of coordination between them. The CID (Criminal Investigative Division) was chiefly responsible to the Army. However, the CIC (Counter Intelligence Corp) was mostly responsible to the military government. The recovery of Nazi gold involved both groups. Furthermore, the structure of both the Army and Military Government was vertical and the communication from the top down to the bottom levels was at best faltering. Many Military Government commanders considered themselves to be free agents and ignored directives from higher up. Complicating the problem was the high rotation of the personnel and the limited contracts the Military Government could offer. The Military Government was limited to issuing only one-year contracts and restricted the top pay to \$10,000 a year.

Initially, the CID bore responsibility for investigating the Reichsbank treasure. At the end of the war the CID was full of men counting the days before they got shipped home. Most had been recruited from military police units. Background checks of new recruits were often lacking. Several were found to have criminal records while others were found to have been discredited police officers. The CID weeded these recruits out as soon as they were discovered.

Ultimately, all CID units were under the Command Provost Marshal, Brigadier General George H. (pappy) Weems. Weems was a West Point officer and his basic branch of service was the horse cavalry. Apparently, Weems was unable to keep up and make the switch from the horse cavalry to armored divisions. Before his transfer to Germany, Weems had been head of the military mission to Hungary. Noticeably absent in his background was any past police work or investigative work. Also apparent was that Weems seems to have suffered some a mild stroke. He walked with a cane and had a faulty memory, which lacked the capacity to understand anything of a complex nature. The general was also afflicted with poor hearing and was known to issue outrageous orders and have temper tantrums. Weems had a strange obsession with typewriters. Any case involving a typewriter reported stolen or missing had to be brought to his personal attention. In short, Weems was senile, most likely the result of a mild stroke.³⁵

It wasn't until September 1947 that Lieutenant Colonel William Karp replaced Weems. Obviously, the CID was handicapped from the top down by the inappropriate assignment of Weems. Just as the 4Ds program was hampered by a shortage of manpower and quality training, the CID was hampered with the same problems. This does not apply to the initial gold rush teams of Bernstein which did an admiral job. However, those teams were dismantled soon after the war ended (most of the initial teams had been dismantled by June). How Weems came to be assigned his post and those responsible, should make for some interesting reading and is left for future

researchers.

Problems also plagued the CIC. The CIC was riddled with internal feuding among agents. Many of the agents were Jewish and born in Germany. These agents divided themselves into two groups. One group considered Germany as their home and worked hard to root out Nazism and returning Germany to a democratic state. The other group mostly from Eastern Europe only considered Germany as a stepping-stone on their way to the state of Israel. Other agents of the CIC were first generation Poles, Czechs and others of eastern European origins. Such agents led to divided loyalties, internal stresses, and even to illegal alliances reaching outside the CIC. By far, the CID unit was the more professional with the CIC often described by CID agents as a group of thugs.

Starting in late June 1945, and lasting to 1947, this was the sad state of affairs hampering the Garmisch case, in which gold was recovered but then lost. The CID was overly compartmentalized with no clear objectives, no direction, no coordination, and most importantly, no centralized database. In short, the CID allowed various units to blunder off into the dark to follow their own individual goals. The case was complicated by the fact that no one knew exactly how much gold and currency had disappeared. It would take another year and a half before the Federal Exchange Depository would discover that its Reichsbank account was short by \$2,000,000. It is only recently, with the release of previously classified documents, that one can begin to understand the disappearance of the recovered gold and currency. The records show the recovered funds were deposited in the Land Central Bank in Munich. There the gold and currency seems to have vanished.

What the records now show is that none of the recoveries in the area around Garmisch ever reached the Federal Exchange Depository. The various American authorities in the chain from Garmisch to Frankfurt were all familiar with the proper procedures for the transfer of funds. The funds would reach Munich and from there disappear. After an exhaustive search, authors Ian Sayer and Douglas Botting concluded that \$432,985,013 from the Reichsbank was never accounted for. Notably, included was the diamonds, securities and currencies given to Otto Skorzeny by SS General Spacil totaling \$9,131,000 of which only \$492,401 was ever recovered. In one case, Major Roger Rawley recovered \$8,000,000 of paper currency and turned it over to Major Kenneth McIntyre. From there, the funds disappeared.³⁷

Following the collapse of Germany to the allies, the economy decayed into a black market economy with cigarettes as the preferred medium of exchange. One Camel cigarette was worth more than double a day's pay for a German hired to clear rubble. At first General Clay, seemed unaware of the black market, but when a CID reported to him the black market was a security threat Clay took every avenue to cover it up. Americans willing to engage in the black market extended all the way to the top and included Clay's wife, who reportedly was very active in the black market. The US Customs, Florida District made it more difficult for General Clay to cover up the black market after they sent a complaint, listing landings of Clay's personal plane in the Miami area. In each case, the pilot reported the landing as a classified mission, thus bypassing customs. However, in Germany the flights were logged as training missions. Charges were filed against the pilot but it was clear he was just taking the fall for someone else.³⁸

Many Americans tried to strike it rich in the black market economy, most failed.

However, the number of those that succeeded came predominately from the Office of Military Government in Bavaria. The head of the Financial Division in Munich was Colonel Lord and his aid Major McCarthy from Property Control. Both individuals figure prominently in the disappearing gold and currency once it reached Munich.³⁶ Once the gold from Garmisch was turned over to the proper authorities in Munich, only McCarthy and Lord would have had access to it. An American investigator also accused McCarthy of having a hand in the drug trade in and around Garmisch and Munich.

The extent of the corruption of the Military Government is best revealed in the following passage by Lt. Kulka. Kulka was an aid to Colonel Smith and they were assigned to investigate the corruption in the Garmisch and Munich area. Kulka had been sent to a civilian house converted into an American Bachelor Officers Quarters on a report that a young officer was sharing his room with his girlfriend, a baroness, which was strictly forbidden. The hausdame mistook Kulka as a courier and gave a brief case.

" She looked at me and said, "Oh you must be the young man who came to pick up the briefcase with the papers for Switzerland." I said, I guess so." She said, "oh yes, lieutenant told me that you were coming to pick it up and that you are a young pilot." So I said, "yes." The Dame came down and handed me a briefcase and a larger attaché case, which had been sealed with a diplomatic seal. Therefore, I took them and hastily left. I took them to my room in the house and opened up the diplomatic case and to my surprise found it filled with British pounds in rather large denominations and also some jewelry. The briefcase I found to be filled with about ten folders which contained very neatly written columns of names of people with dates and their rank, their location and sums of money—all the instructions and records of how the money had been transported across the border. I immediately went to Colonel Smith and he was extremely interested. We went through the paperwork and found a great number of important names, including a number of colonels from headquarters. The one thing they all had in common was that they all belonged to units that had one time or another controlled the border crossing to Switzerland—military police, military government agencies, and CIC."³⁹

By the middle of July 1947, Colonel Smith had completed his preliminary investigation and filed his report to General Clay. The report pointed out there was enough evidence to warrant a full-scale investigation. General Clay issued an order to that affect. Smith, fearing for his life, asked for an immediate transfer. Immediately afterwards, the military governor and post commander of Garmisch were shipped back to the states and several other officers transferred out of the area. The Inspector General Office suddenly closed the investigation. Kulka alleges the order to stop the investigation was given by Clay's office. Additionally, he claims half of the US command would have been in trouble if the investigation had continued. The files gathered by Smith and Kulka were destroyed. Kulka was ordered to keep his mouth shut and then accused of gunrunning and of harboring an alien in his quarters, who happened to be his 87-year-old grandmother. Additionally, his bride to be and currently his wife, was listed as a Sudeten German expellee from Czechoslovakia and not as a Jewish DP. When Kulka told his senator of the problem, so much pressure

was brought on his bride to be and his grandmother that he had to keep his mouth shut. Only by an accident was his future bride allowed to get her exit permit. Colonel Smith was transferred from Berlin to Ecuador. In 1978, Kulka reported that friends of his still suffer from mysterious deaths and suicides that he believes are warnings from the Garmisch affair to keep his mouth shut.⁴⁰

The Garmisch affair did not end with the Smith and Kulka investigation. In September in Bad Tohr, Frank Gammache was charged with misappropriation of military property and disorderly and discreditable conduct. The charges were so trivial compared to the criminal activity in the area to be laughable. Gammache was going to be the small fall guy. Operation Garpeck opened a further investigation. Heading the operation were Victor Peccarelli and Philip von Pfluge Benzell. The case soon reached as far a field as San Francisco, where now civilian Captain Neumann lived. The case also reopened the investigation into Major McCarthy. McCarthy influence still lingered on in Munich as files on him disappeared before the investigators got to them. Shortly after the investigators began bugging his phone, McCarthy learned of the tap and moved.

The investigation soon crossed the path of journalist Guenter Reinhardt. Reinhardt was a native of a Jewish Germany banking family. At the age of 21 he had immigrated to the United States. His first job in New York had been with a bank, but by 1933 he had become a freelance journalist. He wrote a syndicated column on foreign affairs for the McClure newspapers. His connections to various banking and civic groups commissioned him to conduct an investigation into Germany's likely future international relations. Reinhardt turned over to the House Committee on Immigration and Naturalization the information he uncovered about Nazi activities in the United States. This led Reinhardt into his involvement with American Intelligence. In 1934, he acted as a liaison between the McCormick Committee and the FBI. During 1942 and 1943, Reinhardt infiltrated communist organizations for the FBI. In 1946, he joined the CIC in Germany.

By all reports, Reinhardt was an enthusiastic and dedicated agent in Europe. However, he soon began to show signs of stress and fatigue as he realized the whole system was corrupt. By the summer of 1947, he realized that his career with the CIC was in jeopardy. His superiors had arranged secretly to send Reinhardt home. He complained about the transfer. There was no appeal for him and he was forbidden to go to the Inspector General under the threat of immediate arrest. He was further warned that if he spoke with the press or attempted to get another job in Germany he would be arrested for violations of security regulations. Additionally, they threatened to drag his German girlfriend through the mud.

Outraged at the actions and threats, Reinhardt dictated the first of two memos, known as the Reinhardt memos. The first was a formal 48-page report revealing the irregularities and fake intelligence reports in the Munich region. The report accused the CIC of widespread corruption and incompetence. The report written in November caused an immediate shake up. The operations chief for Bavaria was dismissed immediately and the executive officer was transferred. However, there was also a cover up of two chains, one from Garmisch to Augsburg, and another from Munich to Nuremberg. After he arrived in New York in December, Reinhardt wrote his second memo, a 55-page document. This document was divided into nine sections. The opening section labeled "Loot and Smuggling Situation" described how US personnel

were continuing to smuggle valuables into the states. The higher the rank the greater the problem. In the case of one general, Reinhardt detailed how the general's baggage contained 166 crates laden with silverware, china and other valuables looted from the castles around Hesse. Reinhardt dictated his memo to assistant Secretary of the Army, Gordon Gray, after Reinhardt's appointment as a special consultant. Gray would later rise to become Director of the CIA.

The heart of the memo laid in the charge that a group of Americans and Germans involved in widespread corruption in the Garmisch area wielded enough power to derail any investigations. The head of the group was John McCarthy. The memo was sent to General Clay in Germany and caused an immediate uproar. Clay hated any scandals within his command, and rather than clean up the mess, he launched a vast cover up. General Weems canceled the ongoing Operation Garpeck shortly after Reinhardt's memo arrived in Germany. The Army decided the charges were overblown.

McCarthy and his superior, Colonel Lord did not escape unscathed. While they survived charges from the Reinhardt memo, their boundless greed eventually caught up with them. The pair concocted a scheme to buy the various I.G. Fraben plants through a front they set up in Liechtenstein. An investigation ordered by General Clay unmasked their scheme and the army discharged both individuals. However, General Clay made no public announcement of the illegality of the scheme or its outcome.⁴¹

5: Operation Andrew & Sweden's Neutrality and Nazi Gold

While the military government in the Munich area was beset with corruption, the looting of the Nazi hoard pales in comparison to the money laundered by the neutral countries for the Nazis. However, before looking at the neutral countries, one other aspect of the Nazis must be examined. Although it doesn't consist of looted funds it figured prominently in the Nazi finance plans. It is perhaps one of the most understood aspects of the war that is oftentimes mistakenly referred to as Operation Bernhard. The true name for the Nazi plot to counterfeit British pounds was Operation Andrew or Andreas. Like a joker in a deck of cards, no one knows for certain the extent of the operation or even how many of the counterfeit notes the Nazis placed in circulation.

The Bank of London had its own reasons to keep mum about the counterfeit bills it found in circulation as the operation was designed to bring about the downfall of the British pound. Operation Andrew was the brainchild of Alfred Nanjocks, a fanatical Nazi. Nanjocks was the officer that simulated the Polish attack on the German radio station that started the war. After occupying the Low Countries, Heydrich transferred Nanjocks to the documents division of the SD because Nanjocks had acquired a reputation of being too reckless and violent for his own good. Forging passports was not to the fanatic's liking. However, flooding the world in counterfeit currency appealed to him. Nanjocks was envisioning just that, flooding the world

with counterfeit British pounds to destabilize the English economy.

Immediately after the British had dropped forged German auxiliary certificates of payment for 50 Reichsfenning Nanjocks, took the idea to Heydrich. The British intent in dropping the forged certificates was the same Nanjocks', only they aimed to wreck the German economy. Heydrich liked the idea and added to it the forging of American dollars and sought out Hitler's approval. Hitler refused to approve the idea of forging dollars, for at the time Germany was not at war with the U.S. Funk and other bureaucrats did not like the idea much. Funk worried that by destabilizing the pound it could create a creditor backlash and destabilize the Reichsmark. Funk's worries are astounding. Such a worry can only testify to a large degree of collaboration between the Bank of England and the Nazis, the same applies for the Nazi's friends on Wall Street and the big money centered banks of New York City. Before the war, the Bank of England did invest and loaned substantial sums in Nazi Germany.

Heydrich assigned the matter to RSHA Bureau IV, which created a new division named SHARP 4 to oversee it. In the summer of 1942, the forging ring was setup inside the Sachsenhausen concentration camp. SS major Fredrich Kruger was selected to head the operation. In Berlin, the operation was known formally as Aktion 1. Using inmate labor the forgery presented no problem. However, the group had a hard time in developing a suitable paper. The work in Sachsenhausen was isolated from the rest of the camp. Max Bober, a printer by profession, headed the team of sixty inmates. The Nazis provided the inmates with everything they needed. Sabotage would have resulted in their immediate death. It wasn't until 1943 that a suitable paper was produced by the Hahnemuhl paper plant. The factory delivered 120,00 sheets a month to the operation. Each sheet would produce eight notes. Even then the counterfeit notes were only mediocre at best. It wasn't until the Nazis located Salomon Smolianoff, an accomplished counterfeiter that suitable notes could be produced.

Once Smolianoff had corrected the earlier mistakes, print runs of fifteen to twenty hours were ran. The inmates examined each note individually and selected only the best notes. These notes then underwent a procedure of aging to make them look used. The operation produced all denominations, including the hundred pound note. However, the five-pound note made up forty percent of the printing runs. By mid 1943, Kruger's team had grown to 140 and was turning out about 40,000 notes a month. Unlike the rest of the camp, Kruger's inmates received adequate food and even a cigarette ration.

The notes produced were divided into four categories: perfect, near perfect, flawed and rejects. The rejects were destroyed, though initially they had planned to air drop them over England. The perfect notes were reserved for German spies to use in neutral countries. The near perfect notes were bundled and provided to the SS to use in occupied countries. The flawed notes were also used in this manner. As the operation continued, the quality of notes improved to such a state that banks throughout the world accepted them. The Bank of England only stumbled across the forged notes. A bank clerk noticed that the two notes she held in her hand had the same serial number. The notes were so good the only means of detection was by matching it to a genuine note with the same serial number of a counterfeit note.

The equivalent of \$4.5 billion of British pounds was eventually shipped to Berlin

and then all over the world. Operatives used the forged notes to purchase legitimate objects, which were then resold for stable world currencies. Some notes were distributed to German embassies in the neutral countries and exchanged for local currency. Initial attempts to distribute the notes in a massive way were disastrous. The German military arrested their own agents when they attempted to pass the counterfeit notes, as Action 1 was top secret.⁴²

At some point, the underlying mission of Action 1 changed. Himmler and Lt. Grobel, head of Bureau VI, became greedy. They envisioned laundering the notes on a large scale and skimming the profits for their personal benefit. To accomplish the widespread distribution, Friedrich Schwend was brought into the operation. In the 1920s, Schwend was an arms dealer. He married the niece of the Minister of Exterior, Baron von Neurath. Through his wife's family connections he managed to be appointed as the personal administrator of the extremely wealthy Bunge family. This is the same Bunge family connected with the John F Kennedy assassination that made a small fortune by shorting the market the day Kennedy was murdered. In the 1930s, Schwend was working from New York managing the investments of Bunge & Born.

Swend was brought into Bureau IV as paymaster of the money-laundering end of the scheme. At this point he was given a false identification as Major Wendig, a legal officer of the Gestapo and a member of the tank corps. In September 1943, Schwend started setting up his network and requested Colonel Josef Spacil to maintain the bookkeeping aspects of the operation. The same Colonel Spacil that was involved in funding Skorzeny as reported earlier in this chapter. Operation Bernhard is limited to this scheme of private enrichment. Schwend was skimming a third of the counterfeit notes for this group.

This operation continued to the end of the war and was very successful. The Bank of England suffered enormous losses. Even with the Russians closing in on Sachsenhausen, the operation didn't shut down. It just moved to southern Germany, near the Austrian border. There it continued operation until about May 3. Some of the last cargo of forged notes ended up at the bottom of Lake Toplitz. The boxes were hidden there in a midnight rowboat operation. The boxes were located in 2000. The fate of the balance of the notes is unknown.⁴⁴

As much as half of the Reichsbank gold remains unaccounted for. Bormann undoubtedly transferred some of it out of Germany; other parts were looted by both top Nazi officials and U.S. personnel. The Nazis used much of the looted gold to buy munitions and raw material from neutral countries. Thus, a brief review of the problems the allies faced in trying to intercede between Nazi Germany and the neutral countries is needed.

Aware that Nazi Germany was disposing of looted property in neutral countries, Britain instigated talks with the other allies. On January 5, 1945, the Inter-Allied Declaration against Acts of Dispossession Committed in Territories under Enemy Occupation or Control was issued. The declaration was the result of the talks and signed by sixteen nations and England. The declaration simply stated that the signature nations reserved the right to declare invalid any transaction concerning property from any of the occupied territories. The declaration was largely a political declaration. Both the Bank of England and the Treasury Department had doubts that the act would achieve the desired results. There was little the allies could do to

enforce the declaration without damaging their own economic situation or souring future relations with the neutrals. Technically, the act was restricted to just gold dealings. Others wanted to broaden the scope of the act to include other valuables. It wasn't until the Gold Declaration of January 5, 1943 that the United States began an aggressive campaign towards the neutrals and their gold dealings.

Of particular concern to the United States was Switzerland. However, the Swiss were slow in responding. It wasn't till the tide of the war was clearly in the favor of the allies that the Swiss responded. On December 28, 1944, Switzerland announced it had blocked all accounts from Hungary, Slovakia and Croatia. On February 7, 1945 British and American delegates met with Swiss officials in Berne to negotiate an agreement on immediate economic warfare objectives and Swiss exports to Germany. The Swiss in turn wanted help in getting raw materials and food, in the form of import quotas from the Allies and assistance with transit facilities across France. On February 16, Switzerland announced a block on all German assets. On March 8, the Swiss signed an agreement under which the Swiss Government undertook three measures: to ensure the territory of the Swiss Confederation should not be used as a cache for looted assets, to conduct a census of German assets in Switzerland, and to purchase no more gold from Germany except the quantity needed for diplomatic expenses.⁴⁵ It wasn't until three months before the defeat of Nazi Germany that Switzerland took any action against the Nazis and it was only one month before the defeat of the Nazis that the Swiss banned gold trades with the Nazis. The willingness of the other neutrals follows a similar timeline; it wasn't until it was clear that the Nazis were defeated that they would take any action.

The basis for the recovery of gold and Nazi assets outside of Germany was governed by the declarations issued on June 5, 1945, by the Four Powers and the Report of the Potsdam conference of August 2, 1945, which, stated the Allied Control Council would take such measures as were appropriate to exercise control over German assets abroad, and exercise the right of disposal of such assets. Both acts conferred powers on the Allies that were not easy to exercise and were not well received by many of the neutral countries. Legally, the allied position was weak. Both Sweden and Switzerland were quick to respond that such a demand conflicted both with their own legislation and with their status as neutrals. No agreement in how to deal with the neutrals was reached until December 1945. Even then the agreement was worded weakly to prevail on the neutral countries to return the Nazi assets. However, the agreement offered no guide of how to prevail on the neutrals. The United States wanted to employ sanctions while the British rejected sanctions as unenforceable during peacetime. Eventually, it was agreed the United States would open negotiations with Switzerland in Washington. As leverage over the Swiss, the United States would not unblock Swiss accounts in the United States nor remove Swiss companies from the allied blacklist unless an agreement could be reached.⁴⁵ A brief survey of the neutral nations and the problems encountered in each follows.

During the war, Sweden was openly pro-fascist. However, Sweden was one of the more cooperative countries of the neutrals. The high grade Swedish iron ore formed the basis of a strong and profitable connection between Sweden and the Nazis. The Nazis regarded this supply of ore as vital. So vital, in fact that the Nazis delayed the invasion of the Low Countries in order to invade Denmark and Norway first to protect the shipping route for the Swedish ore.

S & K bearings was another Swedish company that enjoyed a profitable relationship with the Nazis. S & K also presented a special problem for the United States, as the US was equally dependent upon S & K for bearings. S & K did its best in delaying production for war munitions in its US plants. Such a situation presented the Roosevelt administration with a dilemma. The US could impose sanctions on S & K, Sweden, or both. The sanctions would most likely result in a reprisal by S & K in further limiting the production of bearings and disrupt the production of war munitions. A second option for the administration would be to seize the plants for the duration of the war. Such a move would only further the charges of the rampant communism and socialism present in the administration by FDR's critics. The only other option was to allow S & K to continue with business as usual, which was the course followed. Regardless of who won the war, S & K was sure to win big by supplying both sides with bearings.

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There were many other Swedish corporations that enjoyed profitable relationships with the Nazis. However, the one most cherished by the Nazis was the Enskilda bank, owned by the Wallenbergs. With good relationships with a bank the Nazis could borrow funds and launder their stolen gold. Safehaven documents revealed that the US had been tracking the pro-Nazi activities of the Wallenbergs for several years. In February 1945, Morgenthau, in a letter to Secretary of State, Edward Stettinius, charged that Enskilda was making substantial loans to the Nazis without collateral and making covert investments for German capitalists in US industries. Note that Morgenthau's letter confirms Bormann's plan to allow Nazis to invest in the United States as a means of preserving their assets. He further charged that the bank was repeatedly connected with large black market operations. In the letter Morgenthau identified Jacob Wallenberg as strongly pro-Nazi and rebuts the claim that Marcus was pro-Allied. The Wallenbergs were playing both sides, just as S & K was. Raul Wallenberg, a cousin, helped to save 20,000 Jews in Budapest. When the Soviet army recaptured Budapest, they arrested Raul as an American spy. In June 1996, the *US News and Reports* reported in a review of declassified documents that Raul Wallenberg was a spy for the OSS.⁴⁶

In a Treasury memo dated February 7, 1945 Morgenthau details his concern of the Wallenberg brothers. The text of the memo follows.

"Jacob Wallenberg recently indicated that he was willing to sell to the Germans a Swedish plant in Hamburg for gold provided the price was high enough for possible future complications.

The following facts should be considered in evaluating the impression held in some circles that Marcus Wallenberg is strongly pro-Allied.

A. While Marcus Wallenberg was apparently sympathetic with the allied cause, Jacob Wallenberg, his brother and partner in the Enskilda Bank was known to be sympathetic to and working with the Germans.

B. Jacob Wallenberg was the author of the Swedish-German trading agreement.

C. Jacob Wallenberg is a member of the Permanent Joint Swedish- German Trading Commission and Marcus Wallenberg is a member of the Joint Standing

Committee created by the Anglo-Swedish Trading Agreement.

D. Marcus Wallenberg came to the United States in 1940 and attempted to purchase on behalf of German interest an American held block of German securities.

E. Enskilda Bank has been repeatedly connected with large block market operations in foreign currencies, including the dollars reported to have been dumped by the Germans.⁶²

Britain and the United States first began to enlist Sweden in the Safehaven program in 1944. Britain was in favor of restricting the program in Sweden to just gold while the US wanted to include other assets as well. The US used trade agreements as an inducement for cooperation. The Riksdag, the Swedish Parliament, voiced its approval of Safehaven and in February 1945, Sweden began an inventory of its gold and foreign currency to see how much was linked to the Nazis. By spring, the British concurred with the Americans and a proposal was drafted for Sweden. The proposal was then used as a basis for talks in Lisbon and Madrid. By summer 1945, Sweden had passed several measures to control German property by restricting its sale or dispersal, and expanded the range of their census to include all types of German property. In January 1946, at the urging of the allies Sweden expanded the laws to include German subsidiaries. In November 1945, Sweden gave the Treasury Department a report on Swedish gold transactions. From the report, the Treasury concluded Sweden had received \$22.7 million in gold looted of Belgium origin. The amount was reduced to \$17 million.

On February 11, 1946, the US Embassy informed Sweden of the details of ACC Law 5 vesting the title of German assets in other countries with the occupation authorities and invited a Sweden delegation to Washington. Sweden expressed grave concerns over the claim but agreed to the talk. On April 5, Sweden informed the American embassy that the matter would have to be put to the Riksdag, where it would probably face defeat based on belief that Allied claim was not valid in international law and hence a violation of private property rights. In addition, Sweden requested that their assets in the United States, frozen after the war, be released prior to negotiations and that they be allowed to inspect Swedish property in Germany. The request was denied.

By the end of March, after discussions with Britain and France over German assets inside Sweden, the United States believed they had an almost complete picture of the German assets in Sweden and began to push for negotiations. Formal negotiations began in Washington on May 29. The US delegation was headed by Seymour Rubin, Deputy Director of the State Department's Office of Economic Security Policy. The British delegation was led by Francis W. McCombe of the Foreign Office. France headed their delegation with Christian Valensi, Financial Counselor of the French Embassy in Washington. Judge Emil Sandstrom headed the delegation from Sweden. From the outset Sweden agreed to the danger of Nazi assets being used to provide a rival of Nazism but contested the validity of the allies' claim to the assets.

The negotiations continued in a friendly manner and on July 18 both sides reached an agreement. Of the estimated 378 million kroner (about \$90.7 million) in German assets in Sweden, Sweden agreed to divide the assets as follows: 50 million kroner (about \$12.5 million) would go to the Intergovernmental Committee on

Refugees (later the International Refugee Organization), 75 million kroner (about \$18 million) would go to the Inter-Allied Reparations Agency (IARA), excluding the amounts the United States, Britain, and France would get; 150 million kroner (about \$36 million) would go for assistance in preventing disease and unrest in Germany. The last sum would be used to purchase in Sweden or other countries, essential commodities for the German economy. Moreover, the agreement allowed for Swedish and German owners of liquidated property to be compensated in German currency; allowed for a Swedish mission to travel to the U.S., British, and French Zones of occupied Germany to inspect Swedish properties; called for the release of frozen Swedish assets in the United States (estimated at the time at \$200 million); the removal of any "blacklists;" and allowed the Allies to hold in reserve their claims to German properties in Sweden.

In the agreement, Sweden would retribute amounts to 7,555.32664 kilograms of fine gold (approximately \$8.1 million), corresponding to the quantity of gold deriving from the Bank of Belgium. Sweden would be held harmless from any claims deriving from transfers from the Swedish Riksbank to third countries of gold to be restituted. Finally, the agreement prohibited the Allies to claims with regard to any gold acquired by Sweden from Germany and transferred to third countries prior to June 1, 1945 or any additional claims after July 1, 1947. In his report, Rubin noted that the talks proceeded smoothly and in the absence of the bitterness.⁴⁷

Sweden formally ratified the agreement in November, 1946. Shortly before the expiration of the July 1, 1947 deadline for gold claims, the Allies filed a request for the restitution of 638 looted Dutch gold bars (worth about \$10 million). Sweden challenged a portion of these claims. The Swedish challenge rested on the claim that some of this gold was acquired before the London Declaration. The allies claimed the agreement included all of the gold acquired. The debate over the Dutch gold continued on into the 1950s. Further negotiations of the Dutch gold were fruitless. Ultimately, Sweden restituted about 6 tons of the gold (about \$6.8 million) to the Netherlands in 1955.⁴⁷

Other problems also arose in implementing the agreement. Sweden did not turn over the gold specified in the July, 1946 agreement by the March, and 1948 deadline. Additionally, Sweden had expeditiously fulfilled its obligation to the IRO in July 1947. However, it was not as forthcoming with the funds for the IARA. Throughout the period Sweden maintain that Law 5 was invalid.

The latest investigation conducted by a bank appointed commission revealed Sweden accepted 59.7 metric tons of gold from the Nazis. The newly discovered gold bears the same mark as the gold stolen from the Netherlands. The investigation also found 6 tons of gold of undetermined origin that could have possibly come from the victims of the concentration camps. This additional find of gold was missed entirely by the Safehaven operation. Thus far, Sweden has only returned a total of 13.2 tons to Belgium and the Netherlands. The commission turned over its findings to the Swedish government. It was unclear whether that commission would have the power to recommend the restitution of the gold. One of the investigators says Sweden has a moral obligation to return the gold, but not a legal obligation. The report was released in 1997.⁴⁸

6: Portugal, Spain and Nazi Gold

Before turning to the gold question with Portugal, a bit of historical background is needed in order to understand the problem fully. Prior to the outbreak of WWII, Portugal had held strong and long-term political and emotional ties to Britain dating back to the Anglo-Portuguese Alliance of the 14th century. England was Portugal's largest trading partner in 1938. Portugal had joined the British early in WWI and sent 50,000 troops to the front lines.

Portugal's association with Nazi Germany emerged during the Spanish Civil War. During the conflict, the strong man dictator Dr. Antonio de Oliveira Salazar sided with Franco and Hitler. Salazar helped Germany smuggle arms to Franco's forces and dispatched Portuguese volunteers to fight with Franco. In doing so, Salazar hoped to achieve his long-term goal of stabilization and development of the country's economy. By the end of 1938, Germany was Portugal's second largest trading partner. Salazar did however, protest Hitler's invasion of Catholic Poland.

Salazar's choice to remain neutral during WWII had as much basis in geography as it did in any ideology. Portugal occupied a strategic position on the map of Europe in that it had many ports along its Atlantic coast that would be harder for Britain to blockade. However, Salazar's main fear was an invasion of Portugal by the Nazi war machine. After the occupation of France, the Wehrmacht was less than 260 miles from Portugal's border. His other fear was that if Hitler and Franco would form an alliance placing Nazi troops at Portugal's border. Dean Acheson, then Assistant Secretary of State, expressed the opinion that Salazar granted favors to Germany in the trade war after computing "the relative danger of German and allied military pressure on him."

Salazar promised both Britain and Germany open trade for Portugal's valuable domestic and colonial resources. By remaining neutral, Portugal's economy benefited tremendously. Portugal's balance of trade went from a \$90 million deficit in 1939 to a \$68 million surplus in 1942. Assets in private banks nearly doubled over the first four years of the war, while the assets of the Bank of Portugal more than tripled. Both the Nazis and Allies waged an economic war through threats and lucrative trade deals. However, Portugal couldn't cut its ties with the Allies, as it was dependent upon the U.S. for imports of petroleum, coal, ammonium sulfate, and wheat. In October, Britain capitalized on its long-standing relationship with Portugal by inducing Portugal to accept sterling in payment for goods. At the time, Britain's gold reserves were low, and Sweden and Switzerland were demanding gold for payment.

Portugal's economic success hinged on its rich wolfram ore deposits. The Nazis were totally dependent on Portugal and Spain for its wolfram supplies. Wolfram or tungsten has a variety of uses including its use as the filament in light bulbs. However, it was of particular value in producing war munitions. Germany's machining industry used tungsten carbide almost exclusively, whereas the U.S. was

still largely using inferior molybdenum tipped tools, primarily because of the cartel agreement GE held with Krupp concerning carbonyl or cemented tungsten carbide. Additionally, tungsten was useful in armor piercing munitions. Britain and the U.S. agreed that Germany's minimum requirements for wolfram were 3,500 tons per year.

Considering the quantity the Nazis required and the extraordinary means they went to insure supplies of the ore, the Allies correctly surmised that for the Nazis wolfram was a vital resource. It was equally important to the Allies, but the Allies were not solely dependent upon Portugal or Spain and could obtain wolfram from other sources. Thus, one of the allied goals was to deprive Nazi Germany of as much wolfram ore as possible. In this end, the Allies bought as much wolfram as possible from Portugal. The competition for the ore was intense and by 1943, to Portugal's benefit, the price of ore had increased 775 percent over pre-war rates. Production also soared from 2,419 metric tons in 1938 to 6,500 tons in 1942.

To maintain its neutrality, Portugal set up a strict export quota system in 1942. The system allowed each side to export ore from their own mines and a fixed percentage of the output from independent mines. England owned the largest mine, while Germany owned two mid size concerns and several smaller mines. The output of Portugal's second largest mine was owned by France and the output was tied up in legation throughout 1941. In January 1942, Portugal concluded a secret trade pact with Germany. The pact allowed the Nazis export licenses for up to 2,800 tons of wolfram. In turn, Germany was to supply Portugal with coal, steel, and fertilizer, which Portugal needed and which the Allies could not supply. In 1943, the Allies tried to negotiate a new wolfram agreement. Portugal asked for price reductions in ammonium sulfate, petroleum products, and other materials from the Allies. The Allies refused any price reductions and Portugal refused to increase the Allies export licenses. At the same time, Portugal completed a new agreement with Nazi Germany.

Parallel with the wolfram negotiations were the negotiations to acquire air bases in the Azores islands. The islands would be able to provide a critical base for antisubmarine warfare, as the battle in the Atlantic was reaching a peak. The Allies had failed to take the Azores by force, fearing Germany would invade Portugal as a reprisal. On August 17, 1943, Britain concluded an agreement with Portugal to use the islands starting in October after invoking the old Anglo-Portuguese Alliance. In late 1943, Portugal interrupted the agreement as to include the U.S. air force as well.⁴⁹

By April 1944, the U.S. decided to use economic sanctions to induce Portugal to cut off the Nazi's supply of wolfram. Portugal was dependent upon the U.S. for petroleum and other products. On June 5, 1944, the Allies pressed Portugal to cease wolfram shipments to Germany. The Germans immediately began to cloak their mining interests in Portugal by selling them and buying up other businesses. By June 1946, the Allies estimated that the Nazis had cloaked about \$2 million dollars in hotels, cinemas, etc. At the same time a German U-boat seized a Portuguese vessel, increasing the anti-German sentiment inside Portugal. The U.S. also began negotiations to construct an air base in the Azores. Construction was delayed until an agreement was reached on a wide range of supplies and services. On November 28, 1944, the agreement was signed. Additionally, the U.S. agreed to Portuguese participation in the campaign to liberate Timor from the Japanese.

On May 14, 1945, Portugal passed law 34,600, freezing all German assets in Portugal, creating a licensing system for unblocking these assets, providing for a

census of these assets, prohibiting the trading of foreign currency notes, and establishing a penalty regime to enforce these provisions. On May 23, Portugal extended the law to include all Portuguese colonies. Included in these assets were the German government buildings. On May 6, at the request of the Allies, Portugal seized all German government buildings. Included in the seizure was 5000 gold sovereign, found in the German Legation in Lisbon.

While the Portuguese law gave the appearance of cooperation, the State Department feared it contained too many loopholes. For one, the census excluded the Allies from participation. The law also allowed for the transfer of blocked assets to individuals for their subsistence and the normal exercise of commercial and industrial activity. In a report issued on a June 19, 1946, the Division of Economic Security Controls concluded that German firms continued to operate without any serious handicaps and much of Germany's assets had been dissipated. Additionally, the Portuguese census had failed to uncover any holdings the Allies had not already identified.

On September 3, 1946, negotiations between Portugal and the Allies began on how to assess, liquidate, and distribute German assets. Seymour Rubin reported to the American Ambassador to Portugal, John C. Wiley. While the talks were friendly, serious disagreement separated the sides. The negotiations were stalled on four points.

1. Defining what German assets would qualify for liquidation
2. Determining how much the Portuguese could claim for wartime losses against Germany
3. Deciding what role each side would play in overseeing liquidation
4. Deciding how much gold, if any, Portugal would have to relinquish to the Allies.⁴⁷

None of these issues were resolved in the Lisbon talks of 1946-1947. Portugal took a firm stand in 1945 that it was not their responsibility to return the gold that they had exchanged with Germany during the war for tangible assets. Portugal maintained this stand, going so far as to claim that no gold was ever shipped from Germany to Portugal between the years of 1938 and 1945.

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Allied intelligence concluded Portugal had received \$143.8 million of gold from the Swiss National Bank, about half of the increase in Portugal's gold reserves reported earlier in this chapter. Of this amount, the Allies were certain that \$22.6 million was from gold looted from Belgium and of the remaining portion 72% was looted by the Nazis. During the negotiations, the Allies proposed that Portugal turn over \$50.5 million. The Allies contended that this amount of gold was obtained after 1942 when it was clear to everyone that the German gold reserves were expanded by the looting of Europe. Portugal claimed it was not aware of such looting. Later in the negotiations, Portugal contended that all the gold they obtained had been in good faith and was not looted. Throughout the long period of negotiations with Portugal stretching into the 1950s, Portugal would only agree to return \$4.4 million.

Recently evidence that has surfaced shows that the Portugal's claims were at

best disingenuous. In a confidential report discovered recently, Victor Gautier, a high-ranking Switzerland National Bank official reports on his meeting with Albino Garble Peso, secretary-general of the Bank de Portugal, that Portugal would not accept gold from the Nazis. He noted the reason probably extends from political motivations and the need for legal caution. He further noted that the Portuguese objections would evaporate if the money were to pass through our hands, and the need to explore that option. These statements and others within Gautier's report make it clear that the Portuguese wanted the Nazi gold and a clean slate from the Swiss money launders.⁵⁰ Initially, Portugal used the Bank of International Settlements and Yugoslav National Bank in Basel to launder the Nazi gold.

However, starting in 1941 with the Nazi invasion of Yugoslavia, Portugal was forced to look for other ways to launder the gold. Also, on January 8, 1942, Montagu C. Norman, director of the Bank of England, notified Thomas McKittrick, the American director of the Bank of International Settlements that it would no longer recognize shipments of gold from the International Bank to Portugal as valid. Portugal then insisted that the Reichsbank sell its gold at the daily rate to the Swiss National Bank for francs. The francs would then be deposited by the Reichsbank into the Banco de Portugal account with the Swiss bank. The Banco de Portugal would then use these francs to purchase the gold from the Swiss National Bank. Additionally, the Portuguese used three accounts in the Swiss bank. One account was used to deposit gold transferred in payment for the purchase of escudos by the SNB from the Banco de Portugal. The second account was used for gold that the Banco de Portugal financed with the Swiss francs. The last account closed the circle by transferring gold on orders from Berlin to the Banco de Portugal account in Zurich.⁵⁰

The Banco Espirito Santo also played a significant role in obtaining wolfram for the Nazis. A FEA report dated October 1945 charged the bank was the German financial agent for Nazi wolfram operations. After the Allies had compelled the bank to forgo its Nazi ties, the Nazis transferred their accounts to the Banco Lisboa e Acores.

Additionally, there was a significant amount of gold smuggled into Portugal. German Commercial Attaché in Madrid admitted to smuggling almost \$1 million in English gold sovereigns from Berlin to the German embassy in Lisbon. The coins had been sent in diplomatic pouches during 1943 and 1944. Another report indicated that \$360,000 of gold was flown to Portugal in June and July of 1944 and deposited in the Bank of Portugal under the name of the ambassador. The bank director admitted several other dignitaries had special accounts, including the brother of Franco.

While the Portuguese reached an early agreement with the allies on German property, the issue of gold stalled the talks. Moreover, Portugal tied the property agreement to the gold issue and refused to liquidate the property until the gold issue was settled. This delaying action only served to erode the value of the Nazi property seized. Talks continued off and on sometimes on, a formal basis, at other times informally. Recently declassified documents show that the American negotiators were aware of an OSS memo dated February 7, 1946 stating that Portugal had received 124 tons of Nazi gold. Nevertheless, Allied negotiators were only seeking a return of 44 tons of gold. The Azores complicated the entire negotiations from the end of the war until 1953. During the war, Portugal had granted the U.S. permission to build an air base in the Azores for use during the war and for five years after the war. By July

1947, the State Department was urging the negotiators to ease on the hard line approach and seek a compromise with Portugal on the gold issue. Foremost in the change of stance at the State Department was the Azores air base negotiation. In 1945, the Joint Chiefs had deemed the Azores base; one of nine essential strategic bases needed to maintain the security of the United States. The negotiations on gold were broken off in 1947 until the Azores negotiations were completed.

In 1948, Robert Lovett wrote the Treasury Secretary that "overriding political and strategic considerations of our foreign policy make it essential that the Portugal assets in the U.S. be unblocked." A week later the Treasury Department weakened the licensing procedures, effectively unblocking the assets. With that action the U.S. lost all leverage over Portugal. On July 17, 1951, the State Department wired the embassy in Lisbon to settle on the Portuguese terms. The decision was based on overriding importance of politico-military objectives. Portugal had become a full member of NATO. Also at stake was a long-term lease for an air base in the Azores, the last agreement had only extended the lease for five years. Based on the priority of the cold war objectives and with consulting British authorities, the State Department recommended settling the gold issue with Portugal for a mere \$4.4 million.

The Treasury Department would only agree to the terms if Treasury received a letter signed at the Assistant Secretary level, indicating that there were political considerations which warranted a settlement and that any agreement would not result in claims against the United States. Acting Assistant Secretary for European Affairs James Bonbright signed the letter to the Treasury.⁴⁹ Agreement with Portugal was finally reached on June 24, 1953. However, Portugal hinged the agreement on the condition that it reached an agreement with West Germany. It would take until June, 1958 before Portugal would reach agreement with Germany. It wasn't until 1959 that Portugal restituted the \$4.4 million in gold.

While many of the neutrals leaned toward fascism, none were fully fascist like Franco's Spain. Both Germany and Italy had provided support for Franco during the Spanish Civil War. In fact, Franco dispatched 40,000 volunteers to Germany in 1941. They served on the Russian front known as the Blue Division until 1943. Although Franco declared neutrality as soon as war broke out in Europe, Spain hovered on the brink of joining the Axis powers through 1940 and 1941. Spanish belligerency was premised on an early German victory over Britain and Germany's agreement to allow Spain to expand territorially into French Morocco, Africa, and perhaps even Europe.

The Nazis recognized the strategic location of Spain early on. As early as mid 1940, the Nazis had comprehensive plans to invade Gibraltar. The plans code name, Operation Felix, originally called for a mid 1941 operation. The plan called for two corps to move across Spain, with Franco's permission, by roads. Spain's rail system was a different gauge than the rest of Europe, forcing the Nazis to rely on the road system. Once in position, Gibraltar would be attacked from both the land and air in deadly Nazi efficiency. The plans also included two additional divisions to attack Morocco once Operation Felix was successful.

Surely, General Franco, like the Nazis, recognized the strategic sitting of Gibraltar. With the Pillars of Hercules guarding the entrance to the Mediterranean Sea, a Nazi seizure of Gibraltar would add weeks for oil tankers to reach Britain from the Mid East and give the Nazis strategic control of the Mediterranean. Likewise, Franco certainly must have been aware of the precarious situation Britain was in

during 1940. England was barely able to defend itself. As the empire was under attack worldwide, it was hardly in the position of defending another part of its empire. The attack even included a follow up attack on Morocco the country that Franco had eyes for. Nevertheless, the Nazis failed to get Franco's approval. Whether the failure was due to the interjection of the American Ambassador or poor diplomacy on the part of the Nazis, it has to be one of the biggest diplomatic and strategic blunders the Nazis made.

After 1941 passed there were similar plans to attack Gibraltar. However, once the Nazis invaded Russia, any such plans were impractical, as the Nazis didn't have the manpower or equipment to expend in opening a new battlefield.

One of the biggest ties between Spain and Nazi Germany was the debt incurred by Spain during the Civil War. Spain was in debt to Germany for more than \$212 million for supplies of war material and other items for the forces of General Franco.

2

Both Britain and the U.S. engaged in a continuing effort to keep Spain neutral during the early 1940s. Spain was supplied with grain and gasoline. Much, if not most of the petroleum products the U.S. supplied Spain with, was sent on to the Nazis. Franco played the U.S. for fools. He gladly accepted the gasoline, skimmed a small portion for his needs and shipped the rest to the Nazis. Spain's neutrality hinged on the threat of an invasion. After 1941, Spain drifted closer to the Allies. Franco did provide a haven for Jews that could escape over the Pyrenees. By 1943, both American and Spanish concern about an invasion vanished. Accompanied with the reduced threat from the Nazis in 1943 Spain shifted to clearer neutrality.

In July 1943, the American Ambassador met with Franco and explained that there were three major aspects of Spanish policy that needed to be revised if Spain were to demonstrate real neutrality. One, Spain would have to announce its neutrality unequivocally. Two, Falange-controlled organs of government would have to adopt the policy of impartiality already followed by the Foreign Ministry. Finally, the Blue Division would have to be recalled. Franco responded that he could not yet fully renounce non-belligerency but could begin shifting towards neutrality. A 1947, State Department memo concluded that Franco had acted in a most non-neutral fashion for the first four years of the war, providing Nazi Germany with significant amounts of strategic goods, as well as military and intelligence support. According to intercepted messages, a key aspect of this intelligence support were the spy networks set up in the United States and Britain and operated by the Spanish Embassies in Washington and London. Operation of this spy network seems to have begun in 1942; the decrypted messages were available to U.S. leaders.

Besides the debt tying them to the Nazis, Spain like Portugal, had considerable vital minerals needed by the Nazis. Sociedad Financiera Industrial (SOFINDUS) was formed in 1936 under the name *Rowak*. It was a large commercial conglomerate that would act as the centerpiece of Spanish-German trade. Through special bilateral agreements in 1937 and 1939 granting German enterprises favored economic treatment, SOFINDUS acquired a commercial empire by the time war broke out. In a secret protocol to a 1939 German-Spanish agreement, Spain promised to serve as a conduit of supplies from South America. In May 1940, Spain signed a three-year

agreement with Italy promising it vital supplies. By 1942, the trade between Germany and Spain had shifted from mostly foodstuffs to minerals essential for warfare. Spain had rich deposits of pyrite, a high-grade iron ore. Seventy percent of the mineral trade between the two countries was due to pyrite. The Nazis also acquired zinc, lead, mercury, fluorspar, celestite, mica, and amlygonite from Spain. However, wolfram was the most vital as Spain was one of two suppliers of this ore to Germany. Spanish flagged ships were used to smuggle goods from South America to the Nazis. The Allied blockade was effective in eliminating bulk items but small items, such as industrial diamonds or platinum, which serves as a catalyst in the production of nitrates and sulfuric acid, made up the bulk of the smuggling trade.

Allied trade with Spain had three main objectives. The first objective was to obtain needed goods that were not readily available elsewhere. Secondly, by purchasing vital materials from Spain, the Allies could deny the Nazis a source for these materials. Finally, by conducting trade in materials needed by the Spanish economy, the Allies sought to lessen the influence of Germany on Spain. Efforts to achieve this policy began in March 1940, by Britain when it signed a six month agreement to provide Spain with certain materials it needed, such as petroleum products and fertilizer, in return for iron ore, other minerals, and citrus fruit. The agreement was renewed every six months throughout the war. In May 1943, due to the smuggling of materials into Spain for the Nazis, the US started a program to buy up the sources of these materials in South America.

However, the real competition in trade with Spain was for wolfram ore. Unlike Portugal, which had a quota system, Spain relied on an open market for wolfram. The open market provided an edge to the Allies with their better access to hard currency. By 1941, Germany had developed most of Spain's wolfram mines and controlled the largest producer through SOFINDUS. In 1941, the Nazis acquired almost all of the wolfram ore produced. England had only managed to purchase 32 tons. Starting early in 1942, England and the US started a unified program to buy up as much of the ore as possible. The program caused mines' output to nearly double production from the previous year. Production had increased to nearly 2000 tons and the price had risen from \$75 a ton to \$16,800. In June, Spain set a minimum price of \$16,380 per ton, which included a \$4,546 export tax. In an effort to better compete with the Nazis, the Allies set up their own dummy corporate front to purchase the ore and in 1942 purchased roughly half of the ore.

In December 1942, under pressure from the Nazis, Spain signed a new trade agreement with Germany with more explicit quotas. The agreement soon fell apart with both sides blaming the other for the failure. In February 1943, Spain signed a secret agreement with Germany to replace the failed agreement. In the agreement, Germany agreed to provide Spain with armaments at cost. However, during the negotiations the Nazis had at first demanded a 400 percent markup on the weapons. The Nazis, desperate for wolfram and Spanish pesetas, had to relent to Spain's demand of weapons for cost. After the war, the Nazi negotiator noted that the talks were strained and difficult. In August 1942, Spain had reached agreement with the Nazis to pay back its debt from the Civil War in four installments, in which the Nazis would use, the money to purchase wolfram. During 1943, Germany purchased roughly 35 percent of the total production of wolfram. Total mine production of wolfram in Spain was roughly 4 to 5 times the production of 1940.

In January 1944, after the British Ambassador, Sir Samuel Hoare, met with Franco in an unsuccessful attempt to persuade Spain to suspend wolfram sales to the Nazis, the Allies imposed an oil embargo on Spain. On May 2, Spain agreed to limit the export of wolfram to Germany to 580 tons 300 tons had already been delivered. The agreement cut German exports to roughly half of the previous year. However, due to smuggling, captured documents show that Germany managed to purchase a total of 865.6 tons. Spain's exports of wolfram to Germany ended in August 1944, when the border was closed.⁵¹

Operation Safehaven in Spain began in the spring of 1944. Samuel Klaus of the FEA led the team. Klaus reported that Spain was the most discouraging as well as the most difficult of all the neutrals. He indicated that the American Ambassador, Carlton Hayes, was unwillingly to cooperate. Klaus noted the Nazis could easily cloak their businesses in Spain due to corruption of officials. He also indicated that Tangiers was being used as a conduit to move their assets from Spain and Portugal to Argentina. This conduit confirms Bormann's program of flight capital.

In the fall of 1944, the Allies made their first request for Spain to cease all gold transactions involving enemy interests. Spain failed to reply. In January 1945, the Treasury and the FEA wanted to link Safehaven with upcoming talks with Spain on the expired trade agreement, noting that the Allies had cut off all land routes between Spain and Germany. Britain was adamantly opposed to such linkage, being more dependent upon Spanish trade. It wasn't until May 5, 1945 before Spain issued a decree to freeze and immobilize all assets with Axis interests. After the Nazi surrender on May 7, Spain agreed to an Anglo-American Trusteeship to take control of German State and quasi-official properties. Problems with the trustee agreement arose immediately. By July 1947, the trusteeship had taken control of only \$25.3 million out of an estimated \$95 million of German assets in Spain.

Information of Spain's gold transactions came from Allied intelligence, captured German Reichsbank records, statements by Swiss banking officials, and records seized from the offices of the quasi-official corporations SOFINDUS and Transportes Marion. The best estimate was that Spain had received \$138.2 million of gold either directly from Germany or indirectly through Switzerland. Additionally, published figures showed that Spain's gold holdings increased from \$42 million in 1941 to \$110 million in 1945.

Negotiations with Spain started in November 1946 in Madrid. Seymour Rubin was once again one of the lead negotiators. The negotiations dragged on through 1947 into 1948. Final agreement was reached on both Nazi assets and the gold issue on May 3, 1948. Spain agreed to repatriate \$114,329 in gold, much of which was believed to have come from the Netherlands. However, the allies had to issue a statement that Spain was unaware that the gold had been looted by the Nazis as specified in the agreement.

There were two additional factors at work here that sped the negotiations to an early agreement compared with Portugal. The State Department had its usual request for an easy settlement to ease the way to acquire military bases inside Spain. However, the more critical factor was Spain was regarded as a pariah following the war. The allies had agreed at Potsdam to exclude Spain from UN membership due to its fascist background. In December 1945, the American Ambassador, Norman Armour, left Madrid. No ambassador was appointed until 1951 to fill the empty

position. Other nations withdrew their ambassadors as well. In a report during May 1946, a UN subcommittee presented evidence of Spain's fascist nature, its pro-Nazi activities and postwar support and sanctuary to Nazi war criminals and political repression of opponents. In effect, Spain was isolated in an unfriendly world. It would take until 1955 before Spain was admitted to the UN.

7: Turkey, Argentina and Nazi Gold

Like other neutral countries, Turkey was bound to the Nazis through trade, but that's where any similarities stop. Turkey descended from the Ottoman Empire and was primarily a Moslem nation. During the World War I, Turkey had aligned itself with Germany. Immediately following WWI, Turkey conducted a program of exterminating the Armenians, a charge that Turkey still vigorously denies. Moreover, Turkey began WWII bound to Britain and France by the military alliance of October 1939; declared neutrality in June 1940 after the fall of France; and ended the war allied with the Allies. Much of Turkey's proclaimed neutrality was a result of Turkish fears of a Nazi invasion. After the fall of the Balkans to the Nazis, Turkey signed a Treaty of Friendship with Germany in June 1941.

Throughout the war, Turkey walked a tightrope, balancing the needs and expectations of the Nazis against those of the Allies. While Istanbul was a center of spying and intrigue during the war, Turkey took no overt action against the Nazis, and in turn the Nazis never violated Turkey's borders. In October 1941, Turkey signed an important trade agreement with Germany. In exchange for raw material, especially chromite ore, Germany would supply Turkey with war materials and other finished goods. At the same time, Turkey maintained friendly relations with the U.S. and Britain, which supplied Turkey with modern war equipment in exchange for chromite ore. Turkey's chromite ore was critical for the Nazis. Turkey was their sole source for chrome, a vital element in steel making. Albert Speer stated that Turkey's chromite ore was so vital to the Nazis that war production would come to a complete stop 10 months after the supply was cut off. The ore was shipped from Turkey by rail through some of the most rugged country in the world. Towards the end of the war, the allies targeted bridges along the main rail line to stop the chromite shipments.

In 1941, Turkey was added to the lend-lease nations available to receive equipment. In January 1943, during the Casablanca Conference, FDR considered asking Turkey to enter the war. In November 1943, all three of the big leaders, Churchill, Roosevelt, and Stalin, called for Turkey's entry into the war. In February 1944, after Turkey made its entry into the war contingent upon massive military assistance and a significant Allied military presence, Britain and the U.S. stopped their aid program. By 1943, the Allies foresaw no threat from a Nazi invasion. It wasn't until April 1944 before Turkey ceased the chromite exports to Germany, and then only after being threatened with the same economic sanctions that the other neutral countries were under. Later in August, Turkey suspended all diplomatic relations with Germany. Late in February 1945, on the eve of establishing the United

Nations, Turkey declared war on Germany.

Turkey was not a major receiver of gold from the Nazis. In fact, the best estimate of the US experts was in the range of \$15 million dollars. Most of the gold was believed, to have been looted from Belgium. In addition, two private German banks, the Deutsche Bank and the Dresdner Bank, sold gold from the Melmer account in exchange for foreign currency.

Allied efforts to recover gold from Turkey were never pursued with any vigor. Turkey's geographical location, controlling access to the Black Sea, and its border with the Soviet Union made Turkey a cornerstone for US strategic interests in the coming Cold War. In 1946, formal talks were held considering the gold received from the Nazis as well as German assets in Turkey. The Allies estimated that German assets totaled \$51 million. In March 1947, the Truman Doctrine included Turkey along with Greece. In July, the US signed a \$150 million trade agreement with Turkey. The trade agreement dealt a deathblow to any further negotiations on restitution.⁵² Turkey never turned over any gold.

Throughout the 1930s, Argentina was ruled by a succession of military dictators and fraudulently elected presidents. These regimes were weakened by their internal corruption and sought to legitimize themselves by reviving an ancient Hispanic alliance of the Cross and the Sword. The ties with Franco of race, religion, and language were emphasized. Some even called for undoing Argentina's war of independence from Spain and was calling for rule by a Viceroy. The military leaders and the Catholic Church, urged on by the Vatican, dreamed of creating a Hispanic Catholic nation that could counterbalance the U.S. in the Western Hemisphere. By the time war broke out Argentina was divided into two camps, one pro-Nazi the other pro-Allied. However, Argentina's foreign policy was controlled by Vatican connected operatives calling for a triangle of peace between Argentina, Spain and the Vatican.⁵³

At the onset of the war in Europe, Argentina's weak President Ramon Castillo announced a policy of prudent neutrality. Despite having agreed to the Havana Conference of 1940, in which an attack on any country of the Western Hemisphere would be considered an act of aggression on all American states, Argentina adhered to its neutrality policy. Argentina weakly defended its neutrality policy by claiming that any action undertaken in response to an attack was a matter for each state's individual interpretation. Argentina had remained neutral during WWI and its economy benefited handsomely as a consequent. There was hope again that a policy of neutrality would revive the economy from the devastating depression of the 1930s.

In January 1942, Argentina agreed to the terms of the Rio Conference to sever all commercial and financial relations with the Axis powers. In June 1942, Argentina agreed to the Final Act of the Inter-American Conference on Economic and Financial Controls, obligating all states to end all commercial intercourse, direct or indirect, with the Axis. Argentina ignored the terms and continued with business as usual with the Nazis. Moreover, during 1942 Juan Goyeneche, a confidential agent of Peron and Adrian Escobar, the Argentina's ambassador to Spain, traveled through war torn Europe, meeting with Nazi and Vatican officials. Goyeneche collaborated extensively with the Foreign Intelligence Branch of the SS. Escobar and his consul Aquilino Lopez were collaborating with Himmler's secret service by crossing into Vichy France and reporting details of Spanish and Allied diplomats.

After extensive meetings with the Vatican secretary of state, Cardinal Luigi

Magione, an agreement was reached in which, once peace was established, Argentina would apply its immigration laws generously. This seemingly innocent meeting takes on critical importance at the end of the war. It proves that the Vatican was planning on helping Nazis war criminals escape from Europe as early as 1942. This meeting established the Vatican ratlines.

On October 10, the Pope received Escobar and welcomed Argentina's view that it was appropriate for the Vatican to participate in the peace talks. Following the Vatican meeting in late October, Goyeneche traveled to Germany and met with Ribbentrop, seeking Nazi support for the nationalist candidate in the 1943 elections. This façade of neutrality would be maintained until 1943 and the colonels' revolution that eventually brought Peron to power.

Once the colonels were in power, they first sought arms from Germany in case war broke out between Argentina and Brazil. By September 1943, the colonels gave up the idea of smuggling arms into Argentina from Germany and instead sought an alliance with Nazi Germany. The group of colonels dispatched Osmar Hellmuth and Carlos Velez to Spain to negotiate with the Nazis. Unfortunately for the colonels, US Magic intercepts had detected the upcoming mission from transmissions between the SS agent in Argentina, a Captain Backer and Schellenberg in Germany and had the British seize Hellmuth when the ship docked in Trinidad.

The seizure of Hellmuth failed to deter further plots. Peron and Becker continued to plot overthrowing neighboring governments to set up a pro-Nazi block in South America. Peron wrote in a secret manifest of the colonels as follows.

"Forming alliances will be the first step. We have Paraguay; we have Bolivia and Chile. With Argentina, Paraguay, Bolivia and Chile, it will be easy to pressure Uruguay. Then the five united nations will easily draw in Brazil because of its type of government and its large nucleus of Germans. With Brazil fallen, the American continent will be ours."⁵⁴

On December 20, 1943, a military coup in Uruguay installed General Gualberto Villarrod as president. Peron and Becker had planned the coup. American counterintelligence was aware of the coup through Magic decrypts of Becker's transmissions from Argentina. The coup however, was a failure for the Nazis. Using material from Magic decrypts, the US twisted Argentina's arm. Facing the U.S. threat to release the decrypts and Hellmuth's admissions from interrogations implicating Argentina's role in the coup, Argentina was forced to break off diplomatic relations with the Nazis in January 1944. However, Argentina maintained its neutrality and did not declare war against Germany until a month before Hitler's suicide.

1

During the final year of the war, Argentina was a prime destination for many of the assets that Bormann was spiriting out of Germany for a rebirth of the Third Reich. Following the war, Argentina was also a prime destination for Nazi war criminals. Even war criminals that escaped to other South American countries generally first entered the continent through Argentina. While other South American countries generally supported the US policies during the war, there was no

cooperation forthcoming from Argentina. Other countries adhered to the Proclaimed List and took steps to eliminate any smuggling efforts. The Treasury Department urged harsher actions towards Argentina than what the State Department was willing to implement. The State Department was hampered by a fear that a harsher policy would alienate other South American countries and by a difference of opinion with the British. During both world wars England depended upon Argentina for beef. However, as early as 1942, Argentina's neutrality policy made it a leading focus of the Treasury Department and the Board of Economic Warfare.

The large number of German companies in Argentina allowed the profits to be turned over to the Nazi's espionage organizations in turn for Reichsmark credits in Germany. The Treasury Department also suspected that Argentina made substantial amounts of foreign exchange available to the Axis countries, accepted the entry of large amounts of looted currency and securities into its markets, and allowed German firms to cloak their assets. A FBI report released in June, 1943 described how Buenos Aires served as the Western Hemisphere outlet for U.S. bank notes that had been looted in occupied Europe and entered into commercial traffic in Switzerland.⁵⁵

Throughout the war Argentina served as a hub for Nazi smuggling operations. Bulk items of trade were easily stopped by the blockade. However, critical items of small size, such as industrial diamonds and platinum were especially needed by Germany and could be smuggled through the blockade on a regular basis. Immediately after Pearl Harbor, Morgenthau wanted to freeze Argentina's assets. In May 1942, Morgenthau presented evidence to President Roosevelt that numerous Argentine companies were cloaking German funds in the United States and that Argentina had recently sent over \$1,000,000 to the United States in looted currency. However, Roosevelt continued the policy set forth by the State Department. After repeated requests from the Treasury Department, the State Department agreed to an ad hoc blocking of selected Argentine accounts in October. Over 150 individuals and firms in Argentina were added to the Black List.

Safehaven negotiations with Argentina started in 1944 and were restrained by the distressed relations. In February 1944, Argentine President Ramirez delegated his powers to General Edelmiro Farrell. The US failed to recognize the Farrell government and recalled the ambassador. In August and September the State department announced additional sanctions against Argentina due to its failure to comply with the denazification of Argentina. In response, Argentina withdrew from the Montevideo Committee for the political defense of the continent. The Argentine Central Bank thereafter provided little help to U.S. investigators in locating German assets. After Cordell Hull resigned as Secretary of State in November 1944, the incoming secretary, Edward Stettinius, formulated an easier policy towards Argentina. Nelson Rockefeller, the appointed wartime chief of South American intelligence, also favored easier terms with Argentina. Rockefeller controlled banks had illegally transferred funds between the U.S. and Argentina from frozen accounts.

On February 7, 1945, Treasury Secretary Morgenthau suggested to Acting Secretary of State Joseph C. Grew that a special Treasury representative be sent to Argentina in order to uncover and control Nazi external assets in Argentina. Grew rejected the request, citing political considerations. In early 1945, as a resolution in support of Bretton Woods Resolution VI was passed by the Inter-American Conference on War and Peace held in Mexico City. The resolution, known as the Act

of Chapultepec, however, did not grant control of Nazi assets in Latin American countries to multinational governing bodies, but recognized the right of each of the American Republics, including the United States, to German property within its own respective jurisdiction. Due to its continuing pro-Nazi policy, Argentina was excluded from the meeting. Recognizing its increasing isolation from other nations of the Western Hemisphere forced Argentina to declare war against Germany in the last month of hostilities.

On February 11, 1946, the State Department released the famed Blue Book on Argentina. The book confirmed that the Argentine government asserted no control over German firms and the efforts to seize their assets were delayed until those assets could be dispersed elsewhere. The book also confirmed that Nazi Germany transmitted large sums of money to its Embassy in Argentina without any serious obstacles. Some historians credit the release of the Blue Book for the election of Peron due to an anti-American backlash. On May 22, 1946, the Safehaven team reported the total value of German assets at roughly \$200 million. The assets included bank balances, real estate, merchandise, and the like. No caches of art or gems were found and the team concluded that Argentina was not a major destination of looted treasure. Moreover, the team reported that no records revealed Argentina as a recipient of Nazi gold.

As early as 1942, the U.S. had knowledge of illegal Argentina currency dealings. In April 1942, the U.S. Consulate in Switzerland reported that an Argentina diplomat was smuggling dollars stolen by the Nazis to his homeland for sale; the proceeds were then transferred to Switzerland. British cables from 1944 show Argentina conducted vigorous trade with Switzerland and often the payment was in gold. By 1945, the State and Treasury Departments had found conclusive evidence of extensive transactions involving the transfer of Argentine pesos, Reichsmarks, and Swiss francs from Argentina to Switzerland. In May 1947, Argentina proposed a transfer of \$170 million to its Federal Reserve account. Concern over the source of the gold delayed the transfer only momentarily. Guyatt, reports that in 1973, when Peron returned to power 400 tons of gold belonging to Peron was put up for sale on the black market.⁸⁷ Peron's code-named the sale Bormann 1345. While the Spanish government tutored the sale, the transfer agent labeled the sale as political in nature. Despite the massive increase in Argentina's gold reserve and the number of Nazi war criminals that found sanctuary in Argentina, even after fifty years there is little proof of Argentina accepting gold from the Nazis.

The Cold War badly compromised the Safehaven operation in Argentina. On June 3, 1947, President Truman and Argentine Ambassador Ivanissevich issued a joint announcement the two countries would renew consultations with other Latin American countries about creating a treaty of mutual assistance. In September, Argentina joined the United States and other American Republics in agreeing to the Inter-American Treaty for Reciprocal Assistance, the Rio Pact, for mutual defense against aggression. Bormann's cloaked companies in Argentina, as well as any treasure was safe and secure. The hemisphere had to be protected from communism.

On April 10, 1941, following the Nazi invasion of Yugoslavia the so-called independent state of Croatia was established; headed by Ante Pavelic, a member of the fascist Croat Ustasha political movement. Croatia was declared a protectorate of

Italy and was supported by both Italy and the Nazis. The Ustashi were also closely aligned with the Vatican. On May 18, 1941, Acting Secretary of State Sumner Welles reaffirmed the exile government of Yugoslavia did not recognize the independent state of Croatia. Shortly afterwards, Croatia sealed the U.S. embassy in Zagreb. Since Croatia only existed as a state during the war, and the U.S. never recognized the state, the figures presented in this section are much more likely to be subject to revision in the future.

Postwar reports indicate the Ustasha treasury had at their disposal more than \$80 million of mostly gold coins, some of which the Ustashi stole from the victims. On May 31, 1944, Croatia deposited \$403,000 in the Swiss National Bank. On August 4, 1944, Croatia deposited another \$1.1 million in gold. An OSS report in July 1945 concluded that Croat-owned commercial accounts in Bern totaled more than \$93,000. The Historical Section of the Task Force of the Swiss Federal Department of Foreign Affairs indicates the Swiss National Bank returned all 1,338 kilograms of gold in 121 ingots in the account of the wartime Croatian regime to the National Bank of Yugoslavia on July 24, 1945.

While the bank records of deposit are not likely to change much, the amount of gold the Ustashi carried with them as they fled to Austria as the war was reaching an end is very much in doubt. Estimates placed the value of gold Ante Pavelic had when entering Austria at \$5-6 million. Whatever the value of the loot the Ustashi escaped with it is certain that much of it was used to set up and run a ratline jointly with the Vatican. In an October 1946 U.S. intelligence (SSU) reported to the Treasury Department that they believed the Ustashi had \$47 million deposited in the Vatican before the Ustashi transferred it to Spain and then to Argentina. Due to the Cold War the Allies expended little effort in returning the thousands of war criminals from Italy to Yugoslavia. The issue of Ustashi gold received even less attention at the war's conclusion.

8: Switzerland and Nazi Gold

Of all the neutral countries none was more at the center in doing business with the Nazis than Switzerland. Geographically, Switzerland was surrounded by the Third Reich once France fell. Further, the preceding look at other countries has already implicated Switzerland in a pivotal role in trading with the Nazis through Swiss banks. When referring to Switzerland, most Americans think of exquisite chocolates, fine timepieces, and visions of Heidi chasing goats across alpine meadows. Nonetheless, Switzerland was a much different nation during the 1940s despite that idyllic view.

The 1848 constitution established the present form of Swiss government in approving three cantons, civil liberties and the parliamentary form of democracy. The franchise did not extend to women until 1971. Switzerland has ruled for decades by

a center right coalition of parties. During WWII these parties were the Christian Conservatives, Social Democrats, Liberals, and the Farmers and Artisans Party. The same coalition rules today, although some of the party names have changed. A seven-member Federal Council, the members of which parliament selects for rotating one-year terms, rules Switzerland.

Much of Switzerland's complicity with the Nazis has only recently come to the forefront from the efforts of President's Clinton's action in appointing Eizenstat in leading a commission into reaching a just settlement with the victims of the Holocaust. While the legend of the fierce Swiss neutrality lives on, it is more of a myth, considering Swiss policy during WWII was balanced heavily in favor of the Nazis. Likewise, the threat of a Nazi invasion of Switzerland has no basis in fact. As early as the 1930s, the Nazis were busy with cloaking their corporations and cartel agreements with Swiss fronts. An invasion would have compromised all the hard work they had expended in cloaking these corporations. As we have seen in the cases of the other neutral countries, once the Nazis invaded Russia, they simply lacked the manpower and equipment to open another front. Finally, Switzerland had no strategic geographic location, unlike Spain or Turkey. Its only strategic value to the Nazis was its international banks. The Nazis could use the international banks to obtain hard currency and launder their looted gold.

However, Switzerland was unique in comparison to the other neutral countries, as Switzerland was equally dependent on Germany for coal. Once France fell Switzerland's only source for coal for winter heating was Germany. However, the Nazis used Swiss purchases of coal for another purpose. Goods shipped to Switzerland from Germany would be under-invoiced. This left a pool of Swiss francs on deposit in Swiss banks the Nazis used to purchase foreign currency. Nonetheless, Swiss trade with the Nazis extended beyond banking and coal. Swiss manufacturers provided the Nazis with bearings, timers, and other manufactured goods used in producing war equipment.

The ruling Federal Council with extra wartime dictatorial powers was responsible for setting up the economic collaboration with the Nazis. Despite the ever-present Swiss denials, the Federal Council was responsible for the most shameful act of Swiss neutrality. In August 1938, after the Anschluss the Federal Council ordered the borders closed. Fearing a mix of refugees including Jews, the Federal Council petitioned the Nazi government in Berlin to affix a "J" stamp on all passports for Jews. The Nazis initially were not keen to the idea as they were still using immigration as a way to free Germany of Jews. The negotiations continued throughout late summer and autumn. Eventually the Swiss threatened to require visas for all Germans entering Switzerland. The Nazis then proposed the "J" stamp on passports as a solution. Now it was a Nazi idea in the eyes of the Federal Council.

The only reason the Swiss were so intent on fixing such a marking on passports was to make it easier for their border guards to turn away Jews. Despite the myth of Switzerland being a refuge for Jews during the war, border guards turned away over 30,000 Jewish refugees. In August 1942, the Federal Council passed another law to seal the border to Jewish refugees, despite vigorous pleas from some church members and the press. Despite the anti-Semitic position the Swiss government adopted during the war, the Swiss people were not anti-Semitic and generally opposed the government's policy. Other than closing the border to Jews, no

additional anti-Jewish laws were passed. The Jewish community within Switzerland was divided into two camps a minority favoring demonstrations to allow more Jewish immigration. However, the majority favored a policy of don't make trouble.⁵⁷

Even if the Jewish refugees were able to get pass the border guards, Swiss officials would demand to see their passports. If the passport had the "J" stamp the officials forced the hapless Jews back over the border into the hands of the Nazis. Border guard, Grueninger had received his order in 1938 not to allow any Jews in. However, Grueninger allowed 3,600 Jews entry and helped them to alter their passports so they could remain. Alerted by the Nazis of Grueninger's acts of humanity; the Swiss suspended Grueninger in December 1938. In January 1939, the government filed charges against him for forging documents. In 1941, a court found him guilty of insubordination and sentenced to losing his job, its retirement and severance pay, and fined stiffly. He never was able to find a suitable job afterwards and drifted from one job to another. Furthermore, he was dogged by rumors that he demanded money and sexual favors from those he helped. Those rumors were unfounded and vigorously denied by the former boarder guard.⁵⁸

Much of Switzerland's pro-Nazi bias can be attributed to Pilet Golaz, who after the invasion of France urged the nation to adapt to the new political realities of Europe. In other words, there was much money to be made dealing with the Nazis. Swiss policy, like that of other neutrals, depended on the fortunes of war and as the allies began their march across Europe from the Normandy beaches, Swiss policy took a turn in favor of the Allies. Even Golaz's political fortunes suffered the same fate, as he was booted from office in 1944, when the tide had clearly turn towards the Allies' favor.

Swiss government officials knew of both the effects and early methodology of the Nazi genocide from the very beginning. The Nazis had invited Swiss army doctors to serve on the eastern front to treat wounded Nazi soldiers in Operation Barbarossa. At that stage, roving bands of the Einsatzgruppen carried out the killings by shooting in mass the Jews they had rounded up. While the Swiss doctors didn't see the killing squads directly, they certainly saw the effects and reported it to the Red Cross and government officials. A 1943 National Bank Legal report mentions the deportations and persecutions of Jews.

The only area in which the Swiss displayed anything close to true neutrality was in the area of espionage. The Swiss police left both Nazi and allied agents unmolested and free to come and go in Switzerland. However, once France fell there was no overland route for the Allies to travel to and from Switzerland.

The earliest news of the Holocaust to reach the west came in a telegram on August 8, 1942 from Gerhart Riegner. The informant that provided the information was a Leipzig businessman, Eduard Scholte. The text of the telegram follows.

"Received alarming report that in Furrher's headquarters plan discussed and under consideration according to which all Jews in countries occupied or controlled Germany numbering three and a half to four million should after deportation and concentration in the east be exterminated at one blow to resolve once and for all the Jewish question in Europe. Action reported planned for autumn; methods under discussion including prussic acid. We transmit information with all necessary reservation as exactitude cannot be confirmed. Informant stated to have close

connections with highest German authorities and his reports generally reliable."⁵⁶

Unfortunately, this report was widely disbelieved in the west, even by Jews. Allen Dulles labeled it as hysterical Jewish propaganda. Rabbi Stephen Wise, one of the recipients of the telegram, released it to the press on November 24, 1942. After that, everyone was aware of the savageness and horror occurring inside the Third Reich.

Likewise, an article in the June 1943 *Financial Times*, written by Paul Einzig concerning the Allies declaration of January 1943, sent tremors through the Swiss banking community. The article detailed how all transfers of property bought by a neutral from the Nazis would be declared invalid and restoration would be sought. The bankers' concern was over the gold transfers. In July 1943, the Switzerland National Bank Committee met to decide if they should continue to accept Nazi gold. The committee took the view that Switzerland, having a gold standard, was compelled to accept all gold. The committee agreed to ask the Federal Council for a ruling. The council was briefed in October of the issue, including the fact the Allies had advised the National Bank that some of the gold might be looted. In November, the Council ruled that it was in agreement with the bank officials, thus giving a green light to Swiss banks to accept further Nazi gold.⁵⁹

Report no. 26904, written on January 30, 1945 by the Foreign Economic Administration, implicated both Credit Suisse and Union Bank in supplying the Nazis with foreign currency. Attached to the memo were 28 intercepts of Credit Suisse's and Union Bank's communications. Nine of the intercepts concerned the financial triangle of Germany, Switzerland, and Portugal about gold transfers as detailed earlier in this chapter. The attached memos showed that Credit Suisse alone had made available to the Nazis 500,000 escudos and 200,000 kroners.⁶⁰

A report by the Allied economic intelligence group entitled Allied Claims Against Swiss for Return of Looted Gold, dated February 5, 1946, provides the best estimate of gold looted from the central banks of Europe. The report shows a total of \$648 million in Nazi gold. At the outbreak of the war, the best estimate of the Nazi gold reserves was \$100 million. The difference of \$548 million was looted from the countries of Europe. The report estimates from bank records that between \$275 million and \$282 million was sold to the Swiss National Bank. In addition, another \$20 million was sold to commercial Swiss banks. The report concludes that much of the gold, after being laundered by the Swiss, ended up in Portugal and Spain.

In another report, Safehaven No. 2969, sent by the Americans in Bern to the Secretary of State, the six-page document details the extent of Nazi assets in Switzerland. The report states that the Nazis owned or controlled a total of 358 Swiss economic enterprises. In 263 of these, the Nazis' capital invested totaled about \$114 million. The enterprises stretched across all areas of economic activity. The report listed 6 in textile manufacture, 6 in transportation manufacturing, 15 insurance enterprises, 67 retail and wholesalers, 9 banks, 15 chemical concerns, 330 holding and financial companies, 11 other machinery manufacturers and 7 other types with less than 3 each. In the report, a Swiss banker estimates that the banks held \$110 million dollars in Nazi assets. The amount of German assets in Switzerland varied widely, as the table below shows.

source of estimate	amount ⁶³
Treasury Department	\$500 million
State Department	\$250-\$500 million
Swiss Delegation	\$250 million
Press Reports	\$750 million

In addition, the Nazis had large amounts of gold, currency, gems, and art stored away in safety deposit boxes. The British estimated the value of 53 paintings at \$484,000. The report determined the total value of all the looted paintings at \$390 to \$545 million.⁶¹

Cooperation of the Swiss with Allied efforts in recovering gold and ending trade with the Nazis was nearly nonexistent. In response to the United States freezing Swiss assets to prevent their use by the Nazis, the Swiss cut off the coal supply to the US embassy in the winter of 1941. The German embassy still received its coal allotment. Negotiations with the Swiss were always difficult. As the war progressed, it became clear to all that the Nazis were defeated. While Switzerland supplied the Nazis with many manufactured goods that took much skill to make, such as machine tools, it supplied other items including locomotives and even arms and ammunition. Two key Swiss exports were electric power and aluminum.

1

Postwar analyzes of the blockade by the British show that in the early years of the war the blockade was ineffectual, and at no time during this period did the Nazis experience a shortage of raw items. It was only the massive bombing campaign and large battle losses in 1944 that finally weakened the Third Reich. On June 22, 1944, Secretary of War Stimson noted the period of gentle appeasement of neutrals had passed by. Following the D-Day invasion of Normandy, Allied casualties rose dramatically. Accompanying the rise in casualties was an increase in pressure exerted by the Allies on all the neutral countries.

On July 10, 1944, Bill Donovan, head of the OSS, informed Roosevelt that Switzerland had agreed to buy \$7-10 million of gold monthly from the Nazis. Roosevelt told Donovan to take the matter up with the Secretary of State, Cordell Hull, and have pressure put on the Swiss. On the 14th Hull called in Swiss Minister Charles Bruggmann and reviewed the mounting casualties and cost with a gentle hint the U.S. would view continued trade with the Nazis harshly. With the success of the Normandy invasion in August 1944, the State Department commanded its legation in Berne to begin informal talks to limit the Swiss-Nazi trade. The Swiss response came in late August and reveals the duplicity of the Swiss. The response follows.

"It goes without saying that the war as it nears the Alps changes aspect of transit problem and has a bearing on its solution. For this reason Federal authorities keep this problem under constant and careful watch. They have thus been able to observe that traffic in both directions has in general decreased and not increasing since spring. In spirit of true neutrality which guides them will see to it that it follows the trend circumstances demand."⁶³

Because of the pressure coming from both the United States and England, the Swiss reduced their exports of strategic materials such as ammunition, locomotives, machine tools, etc. The Federal Economic Administration supported stern measures against the Swiss, including withholding of food and fodder previously promised the Swiss by the Allies. The Joint Chiefs of Staff also favored withholding supplies from the Swiss. However, Britain opposed such stern measures. In October 1944, Under Secretary of War Patterson noted in a memo that Swiss convoys carrying shipments of goods from Spain across France to Switzerland had resumed in late September 1944. Paterson argued that such shipment should be stopped until the Swiss agreed to end all trade with the Nazis.

On December 8, 1944, the executive committee of the Economic Foreign Policy approved a policy on the Allies' economic policy toward neutral countries. The policy approved reflected the tough stance of the FEA, calling for a continuation of trade controls, exchange controls, and freezing regulations into the postwar period, as leverage in gaining support from the neutrals in attaining Safehaven objectives. Despite the approval of President Roosevelt, various government agencies and departments continued to dispute the policy.

In February 1945, after much wrangling over imposing sterner measures against Switzerland, Lauchlin Currie, Assistant to President Roosevelt, headed the American delegation to Switzerland for talks on stopping the war time trade and to begin negotiations on gold issues. Dr. William Rappard headed the Swiss delegation, although the man pulling the strings was Walter Stucki. In March, Currie reported some success. The Swiss had agreed to freeze all German assets in Switzerland, prohibit the importation, exportation, and dealing in all foreign currencies, and to restrict Swiss purchases of gold from Germany. While the Currie mission was greeted as a success, however, controversy would soon follow. In May 1945, the U.S. Legation in Bern reported the Swiss bought 3,000 kilograms of gold from Germany. The Currie agreement clearly excluded the purchase. However, the Swiss argued the gold was not looted.

In June 1945, Harley Kilgore chaired the Senate's War Mobilization Subcommittee. In the hearings, he introduced documents uncovered by Allied investigators of correspondence between German Reichsbank Vice President Emil Puhl and the German Minister of Economic Affairs Walter Funk, about German-Swiss commercial discussions conducted during the Currie Mission. The treachery of the Swiss received widespread publicity. Orvis A. Schmidt, Director of Foreign Funds Control for the Treasury Department and a member of the Currie Mission to Bern, testified before the subcommittee as follows.

"Even at this late date, the Swiss Government is loath to take the necessary steps to force banks and other cloaking institutions to disclose the owners of assets held in or through Switzerland. This means that German assets held in or through Switzerland will not be identified. Thus, the true picture of German financial and industrial penetration throughout the world will be kept a secret. By the same token, Swiss banks will continue to profit by protecting, through their secrecy laws, German's war potential and the hidden assets of it financiers and industrialists."⁶³

In September, Leland Harrison, U.S. Minister in Switzerland, expressed to Max Petitpierre, the Swiss Minister for Foreign Affairs, of U.S. dissatisfaction with Swiss efforts to complete a census of German assets and of the general noncooperation of Switzerland. The Kilgore committee's revelations raised alarms in Switzerland. Some right wing papers in Switzerland went so far to claim Switzerland could not withstand another crisis like the Kilgore Committee.

In March 1946, formal talks with Switzerland, the US, Britain, and France opened in Washington. When the formal talks with Switzerland opened, US negotiators held an optimistic view that the Swiss were committed to the Currie Mission agreement that Switzerland would not become a haven for Nazi assets. On the other hand, Switzerland viewed its actions during the war as consistent with the internationally recognized obligations and rights of a neutral power. The Swiss asserted international law accorded the Nazis' seizure of monetary gold from the occupied countries (the right of occupying powers to war booty). Henceforth, the receipt of the gold by Switzerland was legal. Switzerland argued the Allies claim to German assets beyond Germany's border was illegal and a violation of Swiss sovereignty. Additionally Switzerland sought the removal of all Swiss companies and individuals from the allied blacklist.

With such diametrically opposing views, the talks were set for long and hotly contested negotiations. The dispute between the US and British as to the use of sanctions to induce compliance further complicated the Allied side of the talks. Treasury briefing material for the US negotiators urged a global approach to the gold issue, rather than to settle the amount of looted gold in each transaction. Additionally, the Treasury wanted an opened end clause in any agreement whereby Switzerland would be obligated to return any further looted gold that may be found once the agreement was reached. Treasury Assistant Secretary Harry Dexter White insisted that Swiss funds remain blocked in the United States until the Swiss provided ironclad guarantees that they would identify and seize all accounts under German control. White estimated total of German assets in Switzerland, excluding numbered accounts and cloaked assets to be \$500 million.

The American negotiators had the benefit of two comprehensive evaluations of German gold movements during World War II. Both reports were prepared from the records of the Reichsbank. Otto Fletcher, Special Assistant to the Division of Economic Security Controls of the State Department, estimated that at the beginning of the war, Nazi gold reserves totaled \$120 million and the Nazis acquired another \$661 million in monetary gold during the war, most of which was looted. Fletcher also reported that all gold sold by the Nazis after early 1943 was looted. His report showed the Nazis sold or transferred \$414 million in looted gold to the Swiss National Bank. The second report, prepared by James Mann of the Treasury Department, estimated the total monetary gold looted by Germany at \$579 million, out of \$785 million available to Germany after June 30, 1940. Mann's report concluded the Swiss took a total of \$289 million.

The Treasury's strategy for the negotiations revolved around the neutral countries recognizing the authority of the Allied Control Council's (ACC) legal right to all external German assets under the Vesting Decree. Even before the talks began, the Treasury insisted the Swiss recognize the ACC Vesting Decree and agree to restitute to the Allies for reparations an estimated \$378 million in looted monetary gold.

Randolph Paul was designated Special Assistant to President Truman in charge of the U.S. contingent to the Allied-Swiss negotiations. He was placed in charge of the U.S. contingent to the Allied-Swiss negotiations. Paul had an important role in urging the rescue of Jews in Europe as the extent of the Holocaust became known. Seymour Rubin and Walter Surrey, and Senior Department of State officials responsible for economic security programs assisted Paul. Walter Stucki headed up the Swiss delegation.

The opening statements of all of the countries revealed the chasm separating the two sides. In an effort to remove the deadlock, the Allies gave up its claim to all German assets and offered the Swiss a twenty-percent share. After returning from Berne, Stucki wrote Paul, reserving the Swiss legal position, but enclosing a draft agreement that accepted a role for the Allies in the liquidation of German assets in Switzerland through the establishment of a joint commission and a plan to share the revenues in some unrevealed proportion. Two days later, the Swiss released a report entitled "Swiss Observations With Regard to the Gold Problem," which differed markedly from Allied calculations regarding German gold holdings at the beginning of the war, and questioned the credibility of information provided by former Reichsbank Vice President Emil Puhl. Puhl had informed allied investigators that the Swiss National Bank knew they were getting looted gold because he had told them that.

Allied reaction to the Swiss response was extremely negative. By then the talks were not much more than the exchanging of notes and memos. Further efforts continued and other proposals arose, but none were satisfactory to either side. Finally, on April 24, Seymour Rubin informed Under Secretary Acheson and Assistant Secretary Clayton that the Swiss had suspended the talks. The Allies had sought the return of \$130 million in gold looted from Belgian and traceable to Switzerland.

On May 2, the Swiss resumed the negotiations in a meeting arranged by the Swiss ambassador in Washington, Minister Bruggmann. Stucki made his final offer on his word of honor. The proposed deal provided for a 50-50 split on the proceeds of German assets in Switzerland and a payment of \$58.1 million, in settlement of the gold question. Paul felt that the Swiss offer was the final bid. Paul had the benefit of US intelligence reports on the flexibility, which the Swiss government had given Stucki to base his opinion on. In short, Paul already knew how much latitude the Swiss government had given Stucki in reaching an agreement. Paul reminded the British and French that their original proposal of \$88 million in gold had been a good case, but they had agreed to a settlement of \$75 million. Paul felt that a better agreement could be achieved only if economic controls against the Swiss remained in place. Paul met with Stucki before he returned to Berne and agreed to the offer if the payment was raised to \$70 million. Stucki not only refused, but also suggested that the Swiss would subtract a 2 percent commission as a collection fee on German assets. Paul conveyed his thoughts in a letter to Assistant Secretary of State Clayton and Treasury Secretary Vinson that the final Swiss offer had been made. He observed that there was significant sentiment in France, Britain, and the United States for elimination of controls over commercial and financial activities.

After three weeks of meetings between the Allies, the Swiss agreement was finally accepted.

The final agreement with the Swiss was signed on May 26. It consisted of an Accord, an Annex, a gentlemen's agreement, and an exchange of letters between the Swiss and Allied delegations. On June 3, Paul submitted a summary to President Truman. The major points of the agreement follows below.

1. The Swiss Compensation Office would liquidate German property in Switzerland.
2. Germans whose property was liquidated would have a right to compensation in German money.
3. The Swiss Compensation Office would liquidate German assets in cooperation with a Joint Commission composed of Allied representatives.
4. Liquidated assets would be divided on a 50-50 basis between Switzerland and the Allies.
5. The Swiss Government would make available to the Allied Gold Pool 250 million Swiss francs (\$58.1 million) on demand in gold in New York.
6. The United States would unblock Swiss assets and the Allies would discontinue trade "black lists" as they applied to Switzerland.
7. The interpretation of the Accord might be settled by arbitration.
8. The effective date of the Accord would be the date of ratification by the Swiss Parliament.⁶³

On May 24, 1946, Senator Harley Kilgore wrote a letter to President Truman, urging rejection of the agreement and reversing his earlier agreement. Representative Joseph Clark Baldwin also urged Truman to reject the agreement. Truman accepted the agreement. In October 1946, the United States unblocked private Swiss assets. By the end of 1948, the United States had unblocked nearly \$1.1 billion in Swiss assets in the US. However, the Swiss continued to drag their feet in carrying out the agreement. In the period from July to September 1946, the Swiss argued that they could not begin liquidating German assets until the Allies fixed a "fair" rate of exchange between the Reichsmark and the Swiss franc. On July 22, 1947, the Allies sent their exchange rate proposal to the Swiss. The Swiss quickly rejected the proposal, arguing the rate could not be fixed unilaterally by France, the United States, and the United Kingdom.

This wasn't the only case of Swiss duplicity. During the summer of 1946, the Swiss questioned the amount of gold to be returned. On August 2, 1946, in a note to the State department from the Swiss Legation, the Swiss stated that it was prepared to turn over to the Allies 50,807 kilograms of gold in payment of its 250 million Swiss franc obligation. This amount was about 800 kilograms and nearly \$1 million short of the \$58 million anticipated by the Allies. The Swiss had arrived at the new figure by devaluating the franc. The Swiss insisted on arbitration into 1947, only to finally back down in May 1947.

Negotiations with Switzerland continued until 1952 before a final accord was agreed to. Throughout the years, Switzerland exhibited a disregard and contempt for the Allies' authority. All of the negotiations were marked by the duplicity of the Swiss, especially in the heirless assets. In the case of heirless assets, the Swiss banks had no problems in liquidating those accounts for the benefit of the bank but for Jews seeking the accounts of loved ones lost in the Holocaust, the banks refused all help. Often times the banks would demand a death certificate, knowing that no death

certificates were ever issued for victims in the concentration camps. This final issue wasn't settled until the 1990s initiative started by President Clinton and headed by Eizenstat.

2

Although there were renewed talks in the 1990s, Swiss duplicity still abounds. A new scandal emerged in 1997 when former bank guard Christoph Meili came forward with evidence that Union Bank of Switzerland was shredding documents concerning Union's activities with the Nazis. Meili, a nighttime guard at Union Bank discovered a large quantity of documents waiting to be shredded. Among the documents were records of accounts from the war years. The young guard took two books and pages ripped from another to his locker that night, and then home. Meili then turned the books over to a Jewish organization in Switzerland. Swiss law forbids destroying documents that might relate to WWII investigations. For a reward in his efforts to uncover the truth, Union Bank fired Mr. Meili. The government also is investigating whether Meili violated any of the Swiss secrecy laws. The young man was subjected to threats of kidnapping of his daughters and has since moved to the United States. Even in the United States, Meili still receives death threats. President Clinton signed a bill that granted the Meili family permanent resident status. Christoph Meili has the distinction of being the only Swiss citizen ever granted political asylum in the US.⁶⁴

The gold recovered in Germany, and that returned by the neutral countries, was used to establish a gold pool under the control of the Tripartite Gold Commission (TGC), which was established on September 27, 1946. The Paris agreement specified the restitution of monetary gold to each participating nation in proportion to the losses of such gold it suffered. Problems stemming from the post war economic recovery of various nations prompted the TGC to make an initial distribution of monetary gold even before assembly of the Gold Pool had been completed. Ten nations filed claims with the TGC: (Albania, Austria, Belgium, Czechoslovakia, Greece, Italy, Luxembourg, the Netherlands, Poland, and Yugoslavia. On October 17, 1947, the TGC announced in Brussels the preliminary distribution to Belgium, Luxembourg, and the Netherlands. In November and December 1947, distributions were made to Italy and Austria. Czechoslovakia and Yugoslavia received partial allocations in 1948. The distribution to Albania was delayed until October 1996. Overall, a total of \$379,161,426 was distributed to the claimant nations. Since the claims far exceeded the amount of recovered gold, claimants received only about 65 percent of their recognized claims. The TGC presently retains control of about \$70 million of gold. Of that \$70 million, about \$47 million is stored at the Bank of England and the remainder at the New York Federal Reserve Bank. The table below lists the source of the gold in the gold pool.

source	amount	year contributed ⁴⁷
Foreign Exchange Depository	\$263,680,452.*	1947
Switzerland	\$58 million	1947
Bank for Interna-	\$4.2 million	1948

tional Settlements		
Spain	\$114,329	1948
Sweden	\$8 million	1949
Sweden	\$7 million	1955
Portugal	\$4 million	1959
Portugal	\$360,000	1959

* gold recovered in Germany

While the neutral countries must forever shoulder the shame of aiding Nazi Germany in accepting looted gold, the Allies, and in particular the United States, must also shoulder some of the shame in its recovery of stolen assets. With the exception of Argentina, all of the neutrals claimed a threat from a possible Nazi invasion. In many cases, the threat was real up until 1941, before the Nazis invaded Russia. However, the threat simply did not exist after that. In fact, it can be argued unequivocally that the Nazis were unable to mount another front after the Russian invasion by the fact that they had to delay Operation Barbarossa until after the Balkan campaign was complete in order to free up troops needed for the Russian campaign. Additionally, the amount of trade and the degree of neutrality exhibited by each of the neutral nations was dependent upon the fortunes of the war. This was particularly true of Switzerland, which continued trading with the Nazis until the Allies were at its western border. The end result was the neutral countries were willing to accept blood money for economic advantages.

However, in negotiations over the gold issue, the Allies and the United States in particular was equally willing to sacrifice their morality for strategic gains in the Cold War. Additionally, it is readily apparent in the lack of regards the Allies and the United States exhibited in the handling of the non-monetary gold and the victims of the Holocaust. US authorities were aware of the problem from the start with the discovery of the Melmer account at Merkers consisting of dental gold, gold watches, wedding rings, etc. Albert Thoms, head of the Reichsbank's Precious Metals Department identified 207 bags at Merkers as belonging to the Melmer account. General Frank McSherry recognized the significance of the Melmer account almost immediately. McSherry suggested that "this SS property contains evidence which would be useful in prosecuting SS war criminals."

The details of the Melmer account were pieced together through examinations of the Reichsbank records and by the interrogations of Thoms, Reichsbank Vice President, Emil Puhl, and SS-Hauptsturmführer (Captain) Bruno Melmer. As head of the precious metals department of the Reichsbank, Thoms was able to provide the allies with many of the details concerning the SS account. Thoms told his interrogators that Frommknecht sent him to Puhl in the summer of 1942. Puhl informed him of that the SS was about to begin the shipments to the Reichsbank, and that the shipments would contain jewelry and other items of non-monetary gold and silver. However, because of the secrecy needed, the Reichsbank would be responsible for their disposal. Shortly after this meeting, SS-Brigadeführer (brigadier general) informed Thoms that an SS officer named Melmer would deliver the first shipment in a truck. The shipment arrived on August 26, 1942. The tenth delivery, in November

1942, was the first to include dental gold.

The materials were first deposited in the Melmer account. The items were then sorted. Gold and silver bars, as well as currency, were bought by the bank at full value. Small items like wedding rings were sent to the Prussian Mint for re-smelting. Larger jewelry items were sent to the Municipal Pawnshop, which sold the better valued items. The rest of the material was sent on to (Deutsche Gold-und Silber-Scheideanstalt) Degussa for re-smelting. Degussa was allowed to keep a small portion for industrial purposes, but any gold in excess was sold to the Reichsbank and the amount credited to the Melmer account.

Degussa was a large German firm engaged in metal refining and production of chemicals, including Zyklon-B cyanide tablets used in the gas chambers. The Zyklon-B tablets were produced by Degesch, which was owned by Degussa and IG Farben, a chemical concern that was dissolved after the war. Degussa was also the firm that supplied the uranium for the Nazis' atomic bomb project. Recently, Degussa spokes persons have acknowledged ties between Degussa and I.G. Farben during the war. Much of the information surfacing recently about Degussa comes from a lawsuit filed in New Jersey.⁶⁵ Degussa held an exclusive contract with the Nazis for re-smelting items taken from the Jews in the concentration camps, including dental gold. There was so much gold being taken from the victims at Auschwitz that Degussa built a smelter there. According to Oberstrumbannfuhrer Rudolf Hoss, the commandant of Auschwitz, the daily yield of gold at the camp was 24 pounds.⁶⁸

More recently, Degussa's role in nuclear proliferation has been brought to light in the film documentary *Stealing the Fire*. The filmmakers document the trial of Karl-Heinz Schaab, who was tried for treason in Munich. Schaab is the first person in the world convicted of atomic espionage in an open trial in the last fifty years. He sold top secret documents stolen from Germany to Saddam Hussein, and traveled to Baghdad numerous times to help Iraq build an atomic bomb. Schaab was linked to Degussa and Leybold, a Degussa subsidiary. He received an extremely light sentence upon conviction. He was fined only 100,000 deutsche-marks fine and sentenced to 5 years of probation.

However, there is more than meets the eye to the light sentence handed out to Schaab. After the war, Gernot Zippe, known as the "father of the centrifuge" and an employee of Degussa was of great interest to the militaries of several industrialized nations. Zippe was captured by the Russians, and helped them build their atomic bomb. He was returned to the west in 1956. On his return, the CIA immediately snapped him up to work on US centrifuge technology, which is critical in separating isotopes of uranium. Through a convoluted path, a variant of Zippe's centrifuge technology was discovered in Iraq in 1996. Due to the murky underworld of arms dealing, Degussa was spared charges of treason, largely due to its connections with American defense contractors, such as Du Pont. Schaab was a convenient fall guy. Iraq's Scud-b missile technology can be described as 90% German and its atomic technology as 60% German.⁶⁶

Additionally, in 1990 Degussa was fined \$800,000 for illegally re-exporting nuclear weapons-related material to North Korea. The firm was also implicated in exporting poisonous gas to Libya. Degussa was also a large contributor to the election campaign of George W. Bush. As early as June 1999, Degussa had contributed \$1,950.⁶⁷ It should be noted that Degussa is a German company contributing to an

American election campaign. Today Degussa is a worldwide conglomerate reporting sales of 11,8 trillion Euro dollars. Once again, a corporation associated with the Nazis has advanced unencumbered, since the end of the war. Degussa also represents a corporation that has been so thoroughly corrupted with its past dealings with the Nazis that it is beyond reform. It should be broken up before its dealings can provoke another war. With the rise of fascism globally, the best chance of the fascist, regaining control still lies in provoking another war.

The Foreign Exchange Depository concluded that there were 78 deliveries to the Melmer account, of which about 43 were fully inventoried by the Reichsbank. Bernstein estimated the total value of all the Melmer deliveries to be about 36.17 million Reichsmarks, with gold and silver coin and bullion accounting for 10.67 million. The controversy of the distribution of monetary gold stems from the inclusion of gold taken from the victims of the concentration camps. All gold coins and bars were deemed to be monetary gold. Additional amounts of victim gold classified as monetary gold came from the re-smelting of gold items by Degussa and from the Reichsbank after the Jews were ordered to turn in all gold and silver in 1939. This victim gold became mixed with the monetary gold and some of it was sold to the neutral countries. The controversy renewed in the 1990s has shown beyond any doubt that the inclusion of victim gold into the monetary gold pot was done knowingly by the Allies, including the United States. While the Allies estimated that the amount of gold taken from the victims of the Nazis was \$14.5 million, only about \$3 million was ever used to help the victims.

9: Nazi Gold Stories From Argentina

Before proceeding with the problems of heir-less assets, a brief look at what could be called gold stories, legends, or myths, in order to shed additional light on to the missing Nazi treasures. The biggest hoard still missing is that of Bormann's Aktion Feuerland project. Undoubtedly, there are as many myths as there are facts surrounding Bormann's treasure. Some have taken on the aspects of legends. Thus the reader is forewarned that what follows concerning this hoard maybe partially false. What is known with certainty is up until June 1944, Bormann transferred his loot across France in trucks to Spain. In Spain the treasure was transferred to U-boats, which then made the voyage to Argentina. After D-Day with the land route closed to Spain, Bormann continued his transfer of assets to Argentina by air. Author, Ladislav Farago claims that the virtually complete record of this operation is preserved in the archives of Coordination Federal in Buenos Aires, in the FBI files, and in the archives of the British Admiralty. The later assumed the U-boats were on regular patrol.⁶⁹ Farago claims the shipments began in 1943 and arrived on a regular basis spaced at six to eight weeks apart. He states the money and gold were deposited in the name of Eva Peron.

According to Farago, the Perons managed to gain control over much of

Bormann's treasure and in Eva's Rainbow Tour of Europe; she deposited over \$800 million in numbered accounts in various Swiss banks. Farago lists the treasure as:

187,692,400 gold marcs
17,576,386 American dollars
4,632,500 pounds sterling
24,976,442 Swiss francs
8,370,000 Dutch florins
17,280,009 Belgian francs
54,968,000 French francs
87 kilograms platinum
2,511 kilograms of gold
4,638 carats of diamonds and other precious stones.⁷⁰

Farago's list of Bormann's treasure above has been partially verified by Adam Lebor, as he specifically list the same quantities of gold and diamonds.⁷¹ Although Farago starts the gold deliveries before the Red House meeting, the Allies first became alarmed at the Nazi gold transfers it in 1943. Allied intelligence believed that much of the first gold to arrive in Argentina was used to finance the Nazi espionage web in South America.

One legend concerning Argentina and Nazi gold claims that in the closing days of the war a fleet of Nazi U-boats containing the Nazi treasure and top Nazis, including Hitler left Germany for Argentina. In route to Argentina they encountered an allied naval task force and a battle resulted in the loss of several allied ships, which the United States continues to deny. Recently, additional evidence surfaced in *Pravda* shedding new light to the legend.⁷² It is known that ten U-boats were dispatched to Argentina in the last days of the war. *Paravda* claims that at least 5 of them reached Argentina with no less than 50 top Nazi officials. During the trip the U-boats sunk an American battleship and the Brazilian cruiser Bahia with a death toll of more than 400, including US citizens.

Pravda claims the US ship was the USS Eagle 56. However, the US Eagle 56 was sunk on April 23, 1945, off the Maine coast towing targets for dive bombing practice. Only thirteen of the 67 crewmembers survived. The navy maintained the ship was sunk by a boiler room explosion until recently, finally acknowledging that the USS Eagle 56 had in fact been sunk by U-boat U-853. U-853 was sunk on May 6, 1945, in the North Sea southeast of New London.⁷³

The Bahia was sunk by U977, which surrendered at Mar del Plata, Argentina on 17 August 1945, and was turned over to the US for testing. Four US radiomen: William Joseph Eustace, Andrew Jackson Pendleton, Emmet Peper Salles, and Frank Benjamin Sparkere were aboard the Bahia and were killed. The US Navy still lists the men as missing in action. Brazil ascribes the sinking of the Bahia to an onboard explosion.

The article in *Pravda* was based on information from Argentina researchers Carlos De Napoli and Juan Salinas. They claim that a fleet of almost 20 U-boats sailed from the Norwegian port of Bergen, between May 1st and May 6. They joined another group of U-boats coming from the US coasts around Cape Verde. There they learned of the surrender. Some scuttled their boats, others surrendered, and still

others set course for Germany. However, at least six of the U-boats proceeded for Argentina. Further, the article claimed that the Argentina Navy was ordered to stop attacks on German U-boats operating close to Argentina beaches, on orders from Churchill. Farago for one has confirmed that the Argentina Navy was issued such an order by Peron. He does not however, mention that the order came from Britain.

The *Pravda* article contains a serious error in the name of the US ship sunk. Due to the controversy of the sinking being listed as a boiler explosion when the survivors reported seeing a trotting horse on a red shield on the conning tower, the sinking of the USS Eagle 56 has been thoroughly investigated. However, the article contains much information known to be true, including the listing of two of the U-boats: U-530 and U-977. U-530 surrendered in the Mar del Plata, Argentina on 10 July 1945. It was turned over to the US for testing. Other information has been partially confirmed by other investigators. It is also known initially, the US didn't believe the report of Hitler's suicide at first and launched a search in South America for him and other missing top Nazis. After surrendering, the commander of U-977 Heinz Schaeffer was arrested and charged with smuggling war criminals to South America.

Interestingly, U-530 appeared to have been stationed around Cape Verde in 1944. On June 23, 1944, U530 rendezvoused with the Japanese sub I-52 to transfer a radar detector about 850 miles west of the islands. The Allies were aware of the transfer and allied planes managed to sink the Japanese submarine. The I-52 was located in 1955 and still contains 2 tons of gold.⁷⁴

Additional information surfaced in 1997 in Argentina. The national newspaper, *Ambito Financiero*, was contacted by a man giving his full German name and his commander's identity number.⁷⁵ He claimed he arrived in Argentina after scuttling his U-boat. In 1970s, a different person making the same claim contacted the same paper. This U-boat commander wrote that, on Hitler's specific orders, ten submarines, each with fifty officers and crew, were to sail to Argentina to help found the Fourth Reich. Recently, more information on this fleet of U-boats came from Norway. There, a person claiming to have allegedly worked in an archive department of the Nazi Navy, a large part of which was stationed in southern Norway during the War, discovered additional documents that corroborate the Argentina information. Other researchers have long claimed two U-boats were scuttled after unloading their cargo of documents and gold in shallow water, which would confirm the two contacts with the paper.

Further confirmation of the Nazis plans comes from the surrendering of U-234 at Portsmouth, New Hampshire on May 16, 1945. U-234 departed from Norway on April 16, 1945. While at sea in the North Atlantic, U-234 learned of the surrendered and the order from Doenitz to abandon operations and surrender. The list of the cargo of U234 follows:

- one ton of diplomatic and personal mail
- technical drawings and blueprints for advanced combat weaponry
- anti-tank weapons
- advanced bombsights and fire-control systems
- airborne radar and Me 262 jet fighter

additional jet engines
560 kilograms of uranium oxide⁷⁶

Additionally the U-234 carried the following top Nazi experts.

Luftwaffe General Ulrich Kessler, on his way to become German air attaché in Tokyo
Luftwaffe Lieutenant Colonel Fritz von Sandrart and Lieutenant Erich Menzel, experts in air communications, airborne radar, and AA defenses

Four Kriegsmarine officers, including a naval aviation expert, an AA expert, a naval construction engineer, and a naval judge (whose job would be to finally stamp out the last vestiges of the Sorge spy ring)

August Brinewald and Franz Ruf, experts in the technology and construction of jet aircraft whose mission was to begin production of Me 262 jet fighters in Japan

Dr. Heinz Schlike, a specialist in radar and infrared technologies⁷⁶

The U-234 however, was destined for Japan. The uranium oxide cargo was intended for Japan's uranium enrichment project at Hungnam in northern Korea under the direction of Dr Nishina. The technical documents helped immensely in the understanding of Japanese defenses. The blueprints also hastened the development of US advanced weaponry. While the U-234 was not part of the escape to Argentina, it lends credence to the Nazi's ability to transfer their technology abroad and gives the idea of the scope of that transfer. In fact, there was a great deal more cooperation and transfer of technology between Japan and Germany near the end of the war than previously believed.

In *Gold Warriors* the Seagraves confirm this trade of uranium between Nazi Germany and Japan. They report that Japanese cargo submarines were used to haul gold to the Nazi sub base at Lorient, France to pay for the uranium purchases. German U-boats and fast surface raiders hauled the uranium to rendezvous points in Indonesia and the Philippines. From these rendezvous sites, Japanese subs hauled the uranium to its final destinations in Japan and Korea.⁹⁷

Additionally Argentina was linked to the Nazis through the Austrian Hirtenburg munitions company. Hirtenburg was linked closely with New York's J. Henry Schroeder Bank through a Swiss holding company, Herbertus AG and the Argentine SA de Finanzas. The New York J. Henry Schroeder Bank was a branch of Schroeder Rookerfeller Co Investment Bankers whose three owners during war were Avery Rockefeller, Bruno von Schroeder in London and Kurt von Schroeder of Cologne in Nazi Germany. Nelson Rockefeller was in charge of South American security during WWII; however, he never took any steps against this conduit between Argentina and the Nazis. Tesden Corporation connected to Goering served as a financial link between the Bahamas and Cuba with Nazi Germany. The Bank of the Bahamas was linked with the Mexican Banco Continenta and the Stein Bank of Cologne and was used to create offshore accounts for Gestapo agents in the United States.

This brief look at the Bormann treasure transferred to Argentina readily illustrates the difficulty of sorting fact from fiction in the tales of Nazi loot. Author, Uki Goni has also presented proof of the difficulties encountered in relying on Argentina records. He has found that those records have been purged of incriminating files on at least two different occasions.⁵³ The full truth of the Bormann treasure may never be revealed unless the United States and England declassifies all

documents from WWII. The *Pravda* article was obviously inflated largely along the lines of the Soviet suspicions of the time. However, setting aside its faults, it sheds additional light on Bormann's operation that the United States and England would like to see buried. Additional searches for German U-boats along the Argentina coast are already being planned. Any discoveries would only serve to confirm more of the *Pravda* article as well as the contacts made with the Argentina paper.

10 : The Emperor's Golden Lily

While the size of the Bormann treasure is not known with any accuracy, it undoubtedly is the largest Nazi treasure that has not been recovered. The only other treasure remaining from WWII that could rival it in size is the Golden Lily treasure collected for the Japanese Emperor. While the Nazi treasure has been the subject of numerous searches and research, the Japanese treasure has been largely left unexplored. While the Nazis appointed a special unit of the SS, Devisenschutzkommando to take charge of the looting of Europe, the Japanese likewise had a special unit. Whereas, the Nazi unit employed Frenchmen to locate gold and currency on a ten percent commission, the unit was plagued by individuals seeking to enrich themselves rather than the Third Reich and much gold was siphoned off into private treasures. Seeking to avoid a similar problem, Hirohito appointed Prince Takeda Tsuneoshi as chief financial officer of the Kwantung Army. Several princes were involved with the Golden Lily operation. After the Japanese invaded China in 1937, the Golden Lily operation conducted a parallel operation. Loot was amassed and trucked to Korea for shipment to the Japanese homeland.⁷⁷

In 1939, the Japanese invaders suffered a stinging defeat at Nomonhan after a boarder clash with the Soviets. It's worth noting that this was the first battle in which the Japanese Unit 731 employed biological warfare, using typhoid bacteria. The experiment was a failure. In 1941, Roosevelt signed a secret agreement with Britain and the Netherlands agreeing to go to their defense if their colonies in Southeast Asia were attacked. In 1940, Prince Chichibu was appointed to head the Golden Lily. He and Takeda traveled throughout China and Southeast Asia, overseeing the looting and shipping the treasure back to Japan aboard hospital ships. By 1943, the United States submarine blockade of the home islands became effective. This forced Prince Chichibu to move his Golden Lily headquarters from Singapore to Luzon. He spent the next two and half years inventorying and hiding the treasure in a series of vaults, tunnels, and caves. The treasure was hidden in a total of 172 sites.⁷⁸ The hope was Japan could arrange a cease-fire and be allowed to hang onto the Philippines as a territory and then recover the treasure at their leisure.

Besides using the Philippines to hide the treasure in the last year of the war, Japan hid gold at sea by scuttling ships. The cruiser, *Nachii* was torpedoed by a submarine in Manila Bay. The submarine then machined gunned any survivors to ensure secrecy. President Marcos recovered the gold from the *Nachii* in the 1970s. In

1997, A Japanese television crew filmed the recovery of 1,800 gold bars worth \$150 million. The Igorot hill people had discovered the gold. After the death of Prince Chichibu in the 1950s, a member of the Imperial family confided that the Golden Lily had amassed over \$100 billion in treasure, much of which was hidden in the Philippines.⁷⁹ He also confirmed that the prince had escaped from MacArthur's advancing forces by submarine.

The hospital ship, Tenno Maru, arrived at Yokosuka Naval Base loaded with casualties from the Philippines and 2,000 metric tons of gold. Days later it moved to Maizura Naval Base, where additional treasure was put aboard. The ship then sailed at night. Its crew was murdered and the ship sunk in the bay. In a secret operation in 1987, Japan recovered the gold. Another hospital ship, Awa Maru was sunk mistakenly off the coast of China in April 1945. Aboard the ship was 40 metric tons of gold, 12 metric tons of platinum, 150,000 carats of diamonds, a large quantity of titanium, and other strategic materials. Old mines in the Japanese mountains served as repositories for portions of the Golden Lily treasure. Near the Olympic Village of Nagano, a tunnel complex was dug by Korean slave labors. A ten kilometer tunnel completed the complex.⁸⁰ This complex was used to hide portions of the Golden Lily.

The Allies had made it clear that they intended to prosecute Japanese war criminals in the same manner as Nuremberg. However, unlike Germany, only a few generals and admirals were ever convicted. The archives in Japan had vanished. The United States took exclusive control over Japan, unlike the four zones in Germany. President Truman appointed MacArthur as the Supreme Commander. For six years after the surrender of Japan, MacArthur held virtually unchallenged power. As Supreme Commander he ignored the Far Eastern commission of eleven nations. MacArthur had the power to reform the country, but instead left it in the same hands that bombed Pearl Harbor. The only reform implemented was the successful land reform that went ahead before it could be blocked. Washington D.C. was at least partially responsible for the lack of reforms. The liberals in Washington wanted reform while the conservatives blocked all reform efforts. The conservative Democrats and the Republicans held Congress until the 1946 election when the Republicans regained a majority of seats, putting Congress solidly in the conservative camp.

There were great plans for reforms, such as the dissolution of the zaibatsu, conglomerates, banking reforms, and a new constitution as well as restitution payments to nations ravaged by Japan. None of these plans were ever implemented. MacArthur killed those plans and was soon backing away from punishment of war criminals. To protect the ruling elite, MacArthur soon banned all labor demonstrations and canceled the right of labor unions to strike.

Just as the denazification of Germany had been sabotaged, the democratization of Japan was sabotaged by MacArthur and his staff with additional help coming from the former ambassador to Japan, Joseph Grew, and former President Herbert Hoover. Grew had been ambassador to Japan appointed to the post by Hoover in 1932 and was acting secretary of state in 1945. His wife was a grand niece of Commodore Perry and her mother was a Cabot. Grew was from the top society of Boston and was deaf to those beneath his stature in society. Grew's family had longtime ties to Asia. The Grews had been bankers, who underwrote the opium clipper ships of the 1800s.

Grew had started sabotaging the democratization of Japan during the war. During the war Grew held private talks with Japan's ambassador to Switzerland and promised that the United States would not prosecute Hirohito and that he would be allowed to keep his throne. Such a promise was adamantly opposed by both the Roosevelt and the Truman administrations, which both called for unconditional surrender and prosecution of war criminals.

Grew however, knew he had the backing of some of the most powerful figures in American politics and high finance. He left it up to Bonner Fellers to see to it. Fellers was a former OSS agent attached to MacArthur's command who had been stationed in Cairo in 1941. While stationed in Cairo to observe the British operations in North Africa, he transmitted reports back to his superiors using the black code. The Italians had broken the black code and within minutes of Feller's transmissions, Rommel knew the positions of British forces and battleplan. After being transferred to the states for a brief period Fellers was attached to MacArthur's command.

The groundwork for sabotaging the peace in Japan had been laid out by Grew and Hoover. Fellers was friends with both and had acquired a reputation of being an expert on Japan. He had been stationed in the Philippines in the 1930s and had made frequent trips to Japan during that time. Hoover used Fellers during the occupation of Japan to convey ideas to MacArthur. MacArthur used Fellers in turn to push his presidential ambitions to Hoover and the Republican hierarchy.

As president, Hoover showed little concern about foreign affairs. However, after his defeat and as the war clouds descended on Europe, he took an active interest in foreign affairs. In 1938, Hoover met with Hitler. Even at this late date, Hoover still would have aligned the country with Hitler to defeat Stalin. He was also a friend with Japanese royalty from his time spent in China. Hoover wanted Japan to be a conservative Pacific outpost strongly opposed to communism. He wanted Japan to be allied with the US and to act as an Asian base for the Republican Party and its Wall Street cronies. Once he could cleanse the emperor of any guilt over the war, he could cleanse the government and Japanese factories would be humming again.

Hoover's and Grew's plan to cleanse the emperor and the Japanese government of any war crimes had to be kept secret. There were still far too many, bitter war memories from Pearl Harbor, the Bataan death march, and Japanese forced labor camps. As late as 1945, Congress had voted that Hirohito should be tried as a war criminal. Fellers and another Grew protégé, Max Bishop, engineered the cleansing process. First, to discover the true extent of Hirohito's guilt, they questioned Japanese officials and indicted war criminals in secret. Once all the facts had been assembled, they sanitized each incriminating bit of information by suborning witnesses. Before the trials could begin, several adverse witnesses conveniently died. American POWs on their way home were forced by US intelligence to sign documents forbidding them to talk about the harsh treatment they received at the hands of the Japanese.

While MacArthur was quietly trying to stop the trials, he received a blunt reminder from the Joint Chiefs to get serious about bringing the Emperor to trial. Despite such orders, MacArthur would not permit a trial of Hirohito. MacArthur even put Hirohito on the public relations circuit, showing him shaking hands and portraying him as a great pacifist. Behind the scenes, MacArthur and Fellers were castigating anyone not falling in line with the opinion that the war was the fault of the

military.

MacArthur's list of war criminals was remarkably short. Of 300 cases investigated only 28 appeared before the court. Only seven were executed. All of those hung were Choshu and not Satsuma. This may have been a payoff to the royal court from a long-standing feud dating back to the early days of the Meiji Restoration. Even post war maps omitted the name Choshu after renaming the prefecture Yamaguchi.

Chief prosecutor was Joseph Keenan, the eleven-member panel of judges consisted of a judge from each Allied nation. Some of the criminals high on the list were granted pardons arbitrarily. For instance, the British decided not to prosecute a naval officer who ordered the machine gunning of 600 British sailors trying to stay afloat after their ship had been sunk. MacArthur ordered that not a single bit of information about biological warfare and Unit 731 be admitted in the trials.⁸¹

While Herbert Hoover kept Fellers and MacArthur busy in Japan, nursing MacArthur's political ambition, he guided Grew stateside. At the end of the war Grew resigned from the State Department and moved to Wall Street, where he became the leading spokesman for the Japan crowd. Grew became the co-chairman of the American Council on Japan (ACJ). The ACJ was a political action committee formed by wealthy conservatives immediately after the war to lobby Washington and to fight any efforts to reform Japan. The ACJ was backed by *Newsweek*, a newsmagazine founded in 1937 by Averell Harriman. His brother was a director. While Harriman was equally guilty in supplying Hitler before the war, he is normally associated with the Democratic Party. *Newsweek's* pro-Japanese stance had his blessing. His role as a leading fundraiser of Democratic causes obviously came at a cost as he was looking out for his financial interests and those of his clients. The magazine hailed the Wall Street vision for Japan. Chief organizers for the AJC were Harry Kern, *Newsweek* foreign editor, Compton Pakenham, *Newsweek's* bureau chief in Tokyo, and James Kauffman, a New York lawyer who served the interest of General Electric, Standard Oil, Ford, National Cash register, Ottis Elevator, and Dillon Reed in Japan.⁸²

Grew's cochairman at ACJ was another agent of Herbert Hoover, William Castle. Castle was a wealthy plantation owner from Hawaii and a former ambassador to Japan. Ambassador positions at the state department were regarded by the wealthy as their own providence. Grew's assistant at the ACJ was Eugene Dooman, who was raised in Japan. They regarded their mission to stop any excesses in reforming Japan. Right wing business leaders were careful to denounce cartels and monopolies in principle, but fought vigorously against any effort to break up Japanese conglomerates. They looked toward restoring trade with Japan and saw that Japan was Asia's only industrial base. Once the financial elite of Japan could be restored to power, the quicker business could resume.

In the summer of 1947, Kauffman visited Tokyo on behalf of Dillon Reed and made a personal assessment of Truman's plan to break apart the zaibatsu. Truman's plans were classified secret. However, Undersecretary of Defense William Draper leaked the documents to *Newsweek*. The reader should recall that William Draper played a prominent role in sabotaging the 4-Ds program in postwar Germany. In December, as the nation was gearing up for the presidential election, *Newsweek* denounced the overall plan for Japan as costly.

In Congress, the attack was led by Republican Senator William Knowland a

wealthy newspaper publisher from California. Knowland claimed the Truman policy on Japan was written by communists, paving the way for Joe McCarthy. Knowland and Congressman Walter Judd a Republican from Minnesota, led the China lobby on Capitol Hill and blamed the loss of China to communism on Truman. Herbert Hoover meanwhile continued to lead MacArthur on about his chances of being nominated for the Republican ticket. MacArthur was particularly sensitive to *Newsweek's* charges of communism. Those charges enraged the general and he halted all further implementation of the reform program.

The final deathblow for reform in Japan came early in 1948. In February, William Draper and Percy Johnson, a Wall Street banker, toured Japan to review the policy. Johnston was chairman of Chemical Bank, which had a long time relationship with Mitsui Bank. The outcome was predictable. Of the original list of 325 Japanese companies that were to be broken apart, only 20 remained on the Draper-Johnston list. Not a single Japanese bank would be restructured. The Japanese banks changed their names as a precaution and hid their past.

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By 1952, when the occupation ended, all leftists had once again been purged and the conservatives were in control of Japan. The Emperor's fortune still laid under the waters of Tokyo Bay and in other locations. The first recovery of a portion of the Golden Lily is known as the Santa Romana recovery. In the Philippines during the waning days of the war, Filipino guerillas observed the Japanese transporting heavy bronze cases and hiding them in a cave. An OSS major was with the group that observed the burial. After the treasure was hidden in the cave, the entrance was dynamited shut and concealed. The OSS agent reopened the cave and found the cases to contain gold. Following the war, between 1945 and 1948, the gold was recovered. The operation was known to William Donovan, MacArthur, Fellers, Edward Langsdale, [The name is : Lansdale, aaargh.] and Herbert Hoover. Later, Allen Dulles knew of the operation. Donovan and Lansdale were assigned the recovery. No attempt was ever made to return the gold to its rightful heirs. Instead, the gold was deposited in 176 bank accounts in 42 different countries. It became the basis of the CIA off the books financing. This financing was done by issuing gold certificates to influential people, binding them to the CIA. One account in Lansdale's name in the Geneva branch of Union Banque Suisse contained 20,000 metric tons of gold. The insiders squirreled some of the bullion away for private use. Documents confirm that one of the largest accounts was in the name of MacArthur.

Other documents indicated Herbert Hoover had an account containing \$100 million in gold bullion. One can be certain that Hoover's deep concern over Japan was based on his ability to smell a big payoff in gold from his previous experiences in China and Australia. The large holding of gold by Hoover was confirmed after his death, when his son sought out government approval to dispose of a large sum of gold bullion. The large accounts of MacArthur and Hoover suggest that the cleansing of Hirohito came at a high price.⁸³

Edwin Pauley, a rich oilman, had been dispatched to Japan to assess Japan's ability to pay reparations. Pauley was informed of the \$2 billion dollars of gold in Tokyo Bay shortly after his arrival in Japan. Yet, Pauley concluded Japan was in

shambles and could not pay its fair share of expenses of the American occupation, let alone to anyone else's rebuilding efforts. Largely due to Pauley's assessment, Japan's bill for reparations came to only one billion dollars. If such a sum had been distributed equally to the next of kin of the 20 million people who died as a result of Japan's aggression, each would have received the paltry sum of \$30. In the immediate post war scramble for reparations, the wealthy in Japan who had profited from the war and hid their profits submitted their own claim for reparations, totaling \$5 billion. Many of these claims were paid.

Instead of cash payment to countries, Japan was ordered to provide industrial equipment. Even such token payments were suspended by Washington when the equipment was claimed as collateral for bonds issued before the war by American firms. Two of the largest American firms making such claims were Morgan Bank and Dillon Reed. By 1950, Japan owed Morgan Bank over \$600 million in interest, penalties, and principle just for the 1924 earthquake loans. In 1951, Japan arranged for refinancing of the loans through Smith Barney and Guaranty Trust. By 1952, Japan had repaid all prewar investments by American corporations and compensated them for all property damage. While all prewar Japanese bonds held by companies affiliated with the ACJ were repaid, companies not affiliated were not so fortunate. The reader should ponder long and hard how a country so shattered was able to pay off such a colossal debt in such a short time.⁸⁴

The issue of Japan's compensation is still an issue. In 1998, one month before Prince Akihito's visit to Britain, Congress passed the following resolution.

Whereas the government of Germany has formally apologized to the victims of the Holocaust and gone to great lengths to provide financial compensation to the victims and to provide for their needs and recovery; and Whereas by contrast the Government of Japan has refused to fully acknowledge the crimes it committed during World War II and to provide Reparations to its victims: Now, therefore, be it Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the Government of Japan should.

1. Formally issue a clear and unambiguous apology for the atrocious war crimes committed by the Japanese military during World War II; and:

2. Immediately pay reparations to the victims of those crimes including United States military and civilian prisoners of, people of Guam who were subjected to violence and imprisonment, survivors of the "Rape of Nanking" from December 1937, until February, 1938, and the women who were forced into sexual slavery and known by the Japanese military as "comfort women."⁸⁵

One intriguing theory that sheds additional light on the fate of the Golden Lily comes from David Guyatt, author and researcher.⁸⁶ Guyatt theorizes that the total mined supply of gold has been deliberately understated and that the supply of gold is much larger than the 140,000 tons reported. This additional supply of black gold is controlled by extremely right wing fascists. One reported trader in this market is the son of George Bush.

His theory revolves around the year 1954. London Bullion Market was shut down in 1939 at the onset of war. Even before the war, England's gold reserves were extremely low. The war was an additional drain on those reserves, as evident by the

destroyer trade and England's reliance on the Lend Lease program. As well as the concession of Portugal to accept the pound in trade rather than demand gold. In short, England was walking among the financially dead at the war's end. However, in 1954, just nine short years from the end of the war, England had apparently acquired enough supply of gold to reopen the bullion market.

The Bilderberg group held its first meeting in 1954. The Bilderberg group was founded by Prince Bernhard of the Netherlands and former officer in the SS. Bernhard had also worked in I.G. Farben's notorious NW7 group, which served as spies for the Third Reich. The Prince is also associated with the Knights of Templar, through its Dutch variety. Bernhard was appointed to govern the Dutch order in 1954. John Foster Dulles was reported to have been one of the most helpful Americans in establishing the Bilderberg group. Incidentally, in 1954 Dulles testified in favor of a bill designed to return vested enemy assets such as GAF, to their previous owners. From the beginning, the Bilderberg group had several members of the intelligence community associated with it. Sir Colin Gubbins, Britain's wartime SOE head, was a founding member. Walter Bedell Smith was a co-chairman of the group in the US.

The year 1954 was significant in a number of other ways. A memorandum of agreement between the CIA and the Justice Department that allowed the CIA to police itself was dated February 18, 1954. In effect, it allowed the CIA free reign as the Justice department would turn a blind eye towards matters of national security. Another noteworthy aspect of 1954 was the merger of the Schroder Bank and the Wagg family to form the city based merchant bank, J. Henry Schroder Wagg & Co. Wackenhut Corporation, a corporation with deep ties to both the military and intelligence communities, was formed in 1954.

However, more significant was that 1954 was the year the U.S. had forecasted that the Soviet Union would have thermo nuclear weapons. With their greater numerical strength, a massive military build up had been launched, costing taxpayers billions, while the corporations reaped fat profits. It was also the year in which General James Doolittle concluded his study of the CIA and reached the conclusion that the agency was not as adept as the KGB. The MK-Ultra, the mind control program of the CIA, began in 1954.

Perhaps the most noteworthy of all events in 1954 was a strange audit of the gold supply in Fort Knox. Every bar, totaling almost three quarters of a million, was weighed singularly. Moreover, every hundredth bar was drilled and a small sample taken to be assayed. No single assayer was used so the extent of the audit could not be deduced. No reasonable explanation for such a detailed and secret audit has been uncovered.

A partial list of significant events of 1954 follows: After learning about the Japanese treasures in November 1953, Marcos starts digging for gold in the Philippines. Fred Meuser, Lockheed's European Director, transfers to Geneva to live, this event figures in later. The Four-Power Treaty is signed in Paris to terminate the occupation regime in Germany. Germany joins NATO. Geneva Accord reached regarding peace between France and Indochina. Additionally, 1954 was the year that Edward Landsdale arrived in Vietnam to take over the opium trade. The Israeli Mossad and US CIA formed an intelligence "partnership." Nazi gold was moved from Argentina to the Philippines in 1954 after the Mosad determined it was located in

Argentina.

Guyatt provides a more extensive list of events revolving around 1954 than provided above. However, the essential events to support his theory have been covered and we can now begin to look more directly at the Golden Lily and its recovery. Research done by the Seagraves has found 172 treasure sites of the Golden Lily in the Philippines. One of those sites audited by Japanese accountants contained a staggering 777 billion yen or the equivalent of \$194 billion.⁸⁷ Estimates for all 172 sites comes to a staggering \$100 trillion. Over the years, numerous right wing groups have aided and abetted the CIA by laundering plundered items from the Golden Lily.

One of the latest recoveries, which raised scandalous headlines in 1994 involving former UN Secretary General Kurt Waldheim, was part of an operation involving the CIA and former General John Singlaub. The operation, dubbed Nippon Star, had recovered in excess of 500 metric tons of gold recovered from the Philippines. Singlaub, who is very active in right wing extremist groups and political intrigue in Central and South America, headed the team. Singlaub was part of the military/CIA intelligence complex before retiring. The team consisted of Gunther Russbacher, a CIA agent, five other Americans, and a handful of Filipinos. The recovered gold contained Nazi gold and gold stole from China by the Japanese. Kurt Waldheim served as the intermediary between the Austrian National Bank and Philippine President Ramos.

What is intriguing about this sale, besides the extraordinary size, is this operation was also known to the Knights of Malta. A document from the Knights of Malta entitled the Landsdale Project references 500 MT. Moreover, it refers to a meeting of Washington people to discuss the ramifications of another Landsdale project. While a number of former intelligence officials and military leaders are known members of the Knights of Malta, their knowledge of a secret CIA operation raises further questions. Who else was in on this operation? What were the ramifications of the second Landsdale Project? Was the Vatican a part of this operation? For now, those questions and others will have to go unanswered.

The stated reason for the transfer to Austria was to provide backing for the Euro dollar. However, the presence of Waldheim as an intermediary only raises questions of connections to Nazis and fascism. Even before Waldheim took his office in the UN, the CIA and military intelligence must have known about his former background as an SS officer. It is inconceivable that the US did not know of his background, since he was in an automatic arrest category following the war.

One of the earliest documents attesting to Marcos's recovering the treasure of the Golden Lily is a gold certificate dated 1956. This was before Marcos had become a member of the senate. Swiss Bank Corporation (Schweizerische Bank GESELLSCHAFT M.H.C.) issued the certificate for a deposit of 7,120 metric tons of gold. Marcos collaborated with Japanese-American investigator Minoru Fukimatsu. Together they interviewed over 300 witnesses and somehow accessed secret Japanese government archives in determining the locations of the treasure.

Another gold certificate was issued on January 17, 1963 by Unions Bank of Switzerland. The certificate was issued to Adnan Kasogi. Adnan Kasogi was actually Adnan Khashoggi, a Marcos crony. Khashoggi's name was misspelled, but that is often the case in these certificates. Khashoggi was a Lockheed agent and partner of Yoshio Kodama. Kodama was a Japanese rear admiral during the war and also a

member of the Japanese Yakuza crime clan. Kodama was charged with shipping the loot to the Philippines during the war. This gold certificate was issued just before Lockheed paid the first known bribe to Prince Bernhard. Lockheed was being used by the CIA to funnel money worldwide. Moreover, Lockheed's European Sales Director, Dutchman Fred Meuser, had been a member of Prince Bernhard's wartime air force squadron. An additional member of the Lockheed bribe team was CIA officer Nicholas Deak. Deak had founded a money brokering firm that was used to funnel money to Kodama. Deak's company later merged with Lionel C. Perera, who founded the money firm of Perera, Manfra & Brookes. Perera was attached to the Chief of Military Government Finance Office at the Third Army's headquarters in Germany at war's end, where he interviewed Colonel Rauch. Rauch was the SS colonel responsible for hiding the Reich Bank gold reserves.

With so many figures involved directly with both the Nazi and the Japanese treasures, such an event as the Lockheed bribery cannot be dismissed as mere happenstance. However, the intrigue does not stop there. Marcos, Kodama, and Singlaub were all members of the World Anti-Communist League, a right wing extremist group populated with known war criminals and fascists. Under the Reagan administration, the World Anti-Communist League was granted tax-exempt status. That raises the possibility that the World Anti-Communist League was being used as a front for the CIA. Moreover, the intrigue continues. Guyatt goes on to claim that a letter from Henry Kissinger was sent to Marcos on Trilateral notepaper. Kissinger demanded that Marcos sell "63,321 tons of gold to 2000 US and European banks admittedly controlled by the Trilateral." The letter was dated February 21, 1986. Marcos refused and was overthrown as a result of his refusal. Imelda Marcos, however, chose to sell the gold to avoid criminal charges, and the gold was transferred aboard the US Eisenhower to the United States.

Additional evidence of Marco's recovering the Golden Lily treasure comes from the Filipino newspaper, *The Inquirer*. In 1998 the paper published an article entitled "Soldiers of Fortune." The article revealed that all members of the 16th Infantry Battalion had signed a joint affidavit declaring that, together with members of the 51st Engineering Brigade, they had recovered 60,000 metric tons of gold from thirty sites between 1973 and 1985. Both units operated in strict secrecy under Marcos' henchman Fabian Ver.

Whether Guyatt's theory of a secret gold treaty being reached in 1954 is correct or not, it is obvious from his findings and those of the Seagraves that considerable treasure has been recovered from the Golden Lily, ending up in the hands of those involved in intelligence and right wing causes. Was this gold put to private use or the use of the CIA? It's most likely that a portion was skimmed for private use while the bulk of the remainder was used to fund clandestine CIA operations. It is interesting to note that those connected with the secret recoveries: Herbert Hoover, MacArthur, Allen Dulles, and others were the very ones that worked the hardest in derailing the reform of Japan and Nazi Germany. Their sole objective was to reestablish the cartels and get on with business as usual, and to hell with war crimes. Moreover, it seems certain that a large portion of the Nazi treasure and the Golden Lily was used in rebuilding Germany and Japan with the explicit approval of the right wing in America.

While the largest portions of the Nazi hoard and the Golden Lily remains

shrouded under a curtain of mystery and controversy a good deal is known about smaller caches that have been recovered. Until recently, little was known about America's acquisition of treasures from the war. Much mystery still remains and undoubtedly more caches will surface with additional time. Although Congress passed legislation requiring the return to Germany of much of this material, the bulk of it remains stored in the American archives and private collections. The legislation has been supported by court rulings. Only after Clinton authorized Eizenstat to reach a settlement on unclaimed assets has the New York Federal Reserve admitted to holding two tons of Nazi gold. There has been little effort to return the war booty.

10-A : The Black Eagle Trust

Continued research by the Seagraves has revealed that the United States did recover portions of the Golden Lily and Nazi treasure and used the treasure to clandestinely fund various right wing causes and covert operations.⁹⁷ This enormously large secret slush fund became known informally as the Black Eagle Trust.

Up until September 1945, Edward Lansdale had remained an immaterial advertising copywriter, who had spent the war writing propaganda for the OSS. In September, with the disbanding of the OSS, he was offered an opportunity to transfer to the US Army's G2 operation in the Philippines.

On transferring to the Philippines, Lansdale was placed in charge of supervising a Filipino-American intelligence officer named Severio Garcia Diaz Sanata, better known as Santy. Yamashita had surrendered and was arrested for war crimes relating to gruesome atrocities committed by Admiral Iwabuchi Kanji's sailors while evacuating Manila. There was no mention of the Golden Lily or war loot during Yamashita's trial. It was impossible to torture a war criminal without it being exposed in the subsequent trial. Yamashita's driver however, fell under special scrutiny. He had driven Yamashita everywhere since Yamashita's arrival in the Philippines.

Santy proceeded to torture the driver, Major Kojima Kashii, to find the burial sites of the Japanese treasure. Lansdale soon joined the torture sessions as an observer and participant. In October, Kojima broke down and led Santy and Lansdale to the location of a dozen sites in the mountains north of Manila. Two of the sites were easily opened and revealed a prodigious quantity of gold, precious metals, and gems.

While Santy and his teams started to open the other sites, Lansdale flew to Japan to brief MacArthur and then on to Washington to brief President Truman. After a cabinet discussion, Truman decided to proceed with the recovery. However, the recovery would be kept a state secret.

The decision was not Truman's alone. Henry Stimson, Secretary of War, first proposed using gold recovered from the Nazis as a secret slush fund during the

Roosevelt administration. The Nazis had already done the dirty work and re-smelted the gold, making it hard to trace the gold's origin. Many of the owners had perished in the war and many of the pre-war governments had ceased to exist. With many of the eastern countries falling under the influence of the Soviet Union, returning any gold to these countries was out of the question with the cold warriors.

Stimson's special assistants on this topic were John McCloy, Robert Lovett, Clark Clifford, and Robert Anderson. Both McCloy's and Lovett's backgrounds have been discussed in previous chapters. Anderson was a former Texas Republican legislator. In 1953, he was appointed Secretary of the Navy by President Eisenhower, and in 1954, Secretary of Defense. Some sources say he was appointed as Secretary of the Navy based solely on the need to move gold from the Philippines. In 1957, he was appointed Secretary of the Treasury. In 1987, he pled guilty to running an off shore bank after being caught up in the BCCI scandal. The same scandal also ensnared Clark Clifford.

The idea of the Black Eagle Trust was first discussed with the Allies in secret during July 1944, at Bretton Woods. This has been confirmed by CIA Deputy Director, Ray Cline, who as late as the 1990s has sought to control Japanese war booty sitting in the vaults of Citibank.

After briefing Truman, Stimson, Lovett, and others Lansdale returned to Tokyo with Anderson in November. From there MacArthur and Anderson accompanied Lansdale on a secret flight to Manila. Santy had by then already opened the sites and MacArthur and Anderson strolled down row after row of gold bullion stacked two meters tall. This was only the gold that had not reached Japan once the home islands were blockaded in the war.

Cline and others have confirmed that the gold recovered by Santy and Lansdale was covertly moved by ship to 176 accounts in 42 different countries. Truman had been informed that if such a large quantity of gold became public knowledge that the fixed \$35 an ounce price would collapse. Other documents show large deposits of gold and platinum were made in various Swiss banks between 1945 and 1947.⁹⁸

Secrecy was vital to the success of the Black Eagle Trust. The United States declared Japan was broke from the very beginning. The United States elite lead by Herbert Hoover, wanted to maintain Japan as a staunch anticommunist state in the Far East. The Japanese elites were hard-core conservatives and alarmed by the communist threat. The most ardent of the anti-communist were the indicted war criminals. As noted earlier only a few Japanese war criminals were ever punished due to a large part of the interference by MacArthur in cleansing the Emperor of all crimes.

Such secrecy led to immediate abuses and the misleading of the American and Japanese people. Those most responsible for the war were left in power. The 1951, peace treaty between the Allies and Japan was greatly skewed by considerations for the Black Eagle Trust. To shield Japan from war reparations, John Foster Dulles secretly negotiated the treaty with three Japanese officials. One later became Prime Minister and served repeatedly as Minister of finance, Miyazawa Kiichi.

Article 14 of the peace treaty states as follows:

"It is recognized that Japan should pay reparations to the Allied Powers for the damage and suffering caused by it during the war. Nevertheless it is also recognized

that the resources of Japan are not presently sufficient... the Allied Powers waive all reparations claims of the Allied Powers and their nationals arising out of any actions taken by Japan."⁹⁹

By signing the treaty, Allied countries waived all rights to any claims, including claims by their citizens and service men forced into slave labor by the Japanese warlords.

Because the Black Eagle Trust and the political actions funds that it has spawned remain off the books and invisible, the potential for abuse by falling into unscrupulous hands remain high to this day. In 1960, Vice President Nixon gave one of the largest funds, the M Fund, to the leaders of the Japanese Liberal Party in return for kickbacks to his election campaign. The fund, then valued at \$35 billion and now estimated as worth over \$500 billion, has served to keep the Liberal Party in power and effectively reduce politics in Japan to a one party dictator with a block on any meaningful reforms.¹⁰⁰ This is readily evident in the troubled economic state of Japan. Even after sliding into an economic abyss fifteen years ago, Japan has still not addressed their economic policies in any meaningful manner. In effect, Nixon's action has left Japan with an inept, corrupt and weak regime that has not even confronted its role in starting WWII.

The immense wealth of the Japanese war loot is confirmed in a 1950 report prepared by MacArthur's headquarters. An excerpt appears below:

"Japanese owned gold and silver... property that was acquired by Japan under duress, wrongful acts of confiscation, dispossession or spoliation...property found in Japan and identified as having been located in an Allied country and removed to Japan by fraud or coercion by the Japanese or their agents... great hoards of gold, silver, precious stones, foreign postage stamps, engraving plates...precious metals and diamonds stockpiles owned or controlled by the Japanese... 30,000 carats of diamonds in one stash, and a single find of 52.5 pounds of hoarded platinum ...

One of the spectacular tasks of the occupation dealt with collecting and putting under guard the great hoards of gold, silver, precious stones, foreign postage stamps, engraving plates, and all currency not legal in Japan. Even though the bulk of this wealth was collected and placed under United States military custody by Japanese officials, undeclared caches of these treasures were known to exist."¹⁰⁹

MacArthur's staff was well aware of the Japanese treasures, including the \$2 billion of gold laying on the bottom of Tokyo Bay. Another large hoard, discovered in 1946 by U.S. intelligence was the \$13 billion cache of underworld godfather Kodama Yoshio. Yoshio was made a rear admiral during the war and placed in charge of looting the Asian underworld. After the war Kodama was arrested for war crimes and imprisoned. To avoid trial and imprisonment, Kodama offered the CIA a \$100 million dollar bribe. The money was added to the M-Fund and Kodama was freed. He later financed the creation of two political parties that later merged into the Liberal Party.¹⁰²

Following the death of Santy in 1974, some of the biggest black gold accounts were placed in Lansdale's name. Curiously, Lansdale had retired from the CIA before 1974.

Much of the information about the Black Eagle Trust has seeped to the surface in several lawsuits. Citibank CEO John Reed has been named in several of those suits. Another lawsuit initiated by Rogelio Roxas, a Filipino locksmith, sued President Marcos for seizing a one ton golden Buddha that he had found. In another legal battle, former U.S. Deputy Attorney General Norbert Schlei had to fight for his survival after being stung by the Treasury Department for asking too many questions about Japan's secret M-Fund.

Schlei was a key lawyer during the Kennedy and Johnson administrations. Schlei was the attorney that found legal grounds for the Cuba blockade during the missile crisis. He was the principal author of the 1964 Civil Rights Act. Likewise, he was the primary author of the following landmark bills: the Economic Opportunity Act of 1964, the Voting Rights Act of 1965, and the Immigration Reform Act of 1967.

Schlei was acquitted of eight counts, including wire and bank fraud and money laundering, but was convicted by a jury of conspiracy and securities fraud. The charges stem from Schlei negotiating a settlement for a client based on a gold certificate backed by the M Fund. In 1998, The 11th Circuit Court of Appeals vacated the judgment, in effect admitting that Schlei was innocent of the charges and a victim of partisan politics.

While Schlei was being indicted, prosecuted, and forced into bankruptcy, former Secretary of State, Alexander Haig went to Japan and negotiated a certificate based on the M-Fund. This was the very same action that led to Schlei's arrest. Haig carried with him a personal letter from then President George H.W. Bush.

Haig was the ideal choice to negotiate the certificate. In 1947, Haig was assigned as an aide to General MacArthur and undoubtedly had firsthand knowledge of the Golden Lily and the various secret funds created from it. While in Japan, Haig married the daughter of General Alonzo Fox, MacArthur's deputy chief of staff.

While many aspects of WWII still remain partially shrouded in fog due to censorship and government secrecy, the financial treachery and extortion surrounding the Golden Lily and the financial dealings with post-war Japan are confined to a black hole of government secrecy. Western archives and databases have been purged of records of Japan's looting and economic treachery. Such reports still remain classified and hidden from the public. Moreover, the reports that do exist will not be made public for another half century. Recent efforts by Congress to force the release of documents from WWII has met with only limited success, as the CIA still retains the right to filter out documents that may reveal an unsavory American collusion with the Japanese warlords. However, bits and pieces of the puzzle have emerged in recent years to present a partial view.

At the time the Philippines fell to the Japanese, the Philippine National Treasure consisted of over 51 metric tons of gold, 32 metric tons of silver bullion, 140, ton of silver coins, and \$27 million in U.S. Treasury notes. These were evacuated to Corregidor in December 1941, and stored in the tunnel complex there. General Willoughby's wife helped inventory the gold. Willoughby will figure prominently later on. On February 3, 1942, a submarine, the USS Trout, arrived at Corregidor delivering munitions, food, and medical supplies. Before departing, the skipper requested that he needed ballast. The sub was loaded with the private gold, and 16 tons of silver pesos, along with other paper securities including some Treasury notes. The USS Trout then continued its patrol, sinking two Japanese vessels before

returning to Pearl Harbor. There the gold and securities were turned over to the San Francisco Mint. It never occurred to the defenders of Corregidor to hide or conceal the remaining treasure in the tunnel complex. When the Japanese captured Corregidor, the treasure was still there in plain view.¹⁰³

Japan used the same tactics that the Nazis did in laundering looted gold. Japan moved looted gold through Swiss banks in Tokyo, Portuguese banks in Maco, and banks in Chile and Argentina. The gold was moved to South America in large cargo submarines. The Portuguese cleverly omitted Maco in the Bretton Woods agreement.

Journalist Paul Manning had an opportunity to see Emperor Hirohito's financial records when they were still in the custody of the occupation authorities. The records indicated that the Japanese advisors to the Emperor began moving his gold out of Japan in 1943, about the same time Bormann began moving Nazi loot out of Germany. Historian James Mackay concludes that the Emperor's accounts included \$35 million in South America banks, \$20 million in Swiss accounts, and \$45 million in Portuguese, Spain, and Vatican accounts.¹⁰⁴

Any account of the Golden Lily and Japanese war loot is incomplete without a look at Japan's use of slave labor. All of the various treasure sites in the Philippines were built with slave labor, including Allied POWs. Once a site was complete and ready to be sealed, the slaves would be herded into the tunnels. The tunnel was then blown shut, leaving the prisoners to die a slow agonizing death from suffocation.

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The Japanese were especially brutal with their POWs, even more so than the Nazis. Over thirty percent of the Allied POWs died in captivity at the hands of their tormentors. In comparison, only three percent of Allied POWs died in Nazi camps. Allied POWs were deliberately left to die untreated from beriberi and other tropical diseases. In a prisoner of war camp on Hainan Island, the camp commandant, Captian Kikuchi Ichiro, withheld Vitamin B capsules to prevent beriberi and calculated the minimum amount of food to keep the POWs barely alive.

Thousands of POWs were transported to Japan on the Hell Ships, sealed in the cargo holds under conditions so grim that it was not uncommon for ten percent of the POWs to die before reaching Japan. Ships carrying POWs were supposed to have been marked as such, but Japan refused to mark its Hell Ships, so when they were attacked and sunk, the POWs still locked in the cargo holds would drown. At least 16 Hell Ships were sunk mistakenly by the Allies. A total of 17,036 Allied POWs were lost aboard these 16 Hell Ships.

By mid-1942, Japan held 140,000 Allied POWs, about a half-million western civilians, and over a million overseas Chinese. The Chinese were singled out for exceptional brutality. Prisoners were forced into slave labor for a variety of uses. Besides being used to bury the stolen gold, prisoners were used to mine gold and coal. Others were used to operate factories including Mitsui, Kawasaki Heavy Industries, Mitsubishi, Nippon Steel, Showa, Denko, and others. Mitsui was by far the largest employer of slave labor. Operators of the Hell Ships include the following corporations: NYK Line, KKK Line, and Mitsui. These corporations have never been obligated to pay compensation to their victims. Tokyo and Washington have blocked all attempts at compensation.

Japan dragooned about a million Chinese and another million Koreans to work in mines. The Japanese forced Korean women and young girls into prostitution. Known as comfort girls they were slaves to the military. After the Philippines the Japanese rounded up wealthy women and young girls and raped them as much as fifty times in a day. Held for ransom, the rapes would continue until the family came up with the ransom.

When Japan was liberated, the U.S POWs were taken to Guam where they were browbeaten until they signed papers agreeing they would tell no one of their experiences.¹⁰⁵ For some unknown reason, Tokyo and Washington both wanted total silence surrounding the abuse of POWs. Further documentation supporting this comes from the files captured by the British Royal Marines in 1945. In the files is a revealing document written by a commander of a POW camp at Taihoku, in Tawain. He had just received emergency instructions from the 11th Unit of Formosa. His instructions read as follows:

"Whether they are destroyed individually or in groups, or however it is done, with mass bombing, poisonous smoke, drowning, decapitation or what... it is the aim not to allow the escape of a single one, to annihilate them all and not to leave any traces."¹⁰⁶

Obviously, Tokyo was adamant on silencing all aspects of their abuse of POWs. Washington's concurrence however, is perplexing. The war was over, and Japan had been vanquished, what cities that didn't lie in ruins from the massive fire bombing lay in ashes from the two atomic bombings. The only possible motives for Washington's agreement are bribery or blackmail. Meanwhile, those American GIs that suffered in brutal slave labor camps and those that were murdered in those camps were betrayed by the leaders in Washington and left no means of recourse.

It is almost impossible to keep something the size of the Golden Lily secret. Periodically reports of stolen loot have surfaced. One of the first reports concerned Dutch silver. In 1946, American sources informed the Dutch military mission that 110 cases of Dutch coins was known to have been transferred from Yokosuka Bank to the Bank of Japan. In 1947, Lieutenant General Schilling of the Dutch military mission reported to his government that thirty tons of Dutch silver had been recovered from Tokyo Bay. The Japanese 16th Army on Java seized this silver and shipped it aboard fake hospital ships to the Osaka Mint. Additional Dutch ingots were recovered from Etchugina Bay.

Due to post-war detective work by the former Dutch POW, Lieutenant A. Looijen, 187 tons of Dutch silver was eventually returned to the Netherlands. Looijen had traced the silver bullion from Java to the Bank of Japan. Another Dutch POW, C. Broekhuizen, was forced into slave labor and reported that it was the Japanese government's intention to conceal the gold and silver until after the war and then to melt it down and recast it in order to launder it. Other Dutch and American POWs have attested to seeing a warehouse full of coins from the various countries of Asia and the South Pacific. The warehouse had previously been owned by Standard Oil. Still other POWs reported seeing copper coins re-smelted at a Hitachi factory.¹⁰⁷

Along with the gold and silver coinage, POWs reported seeing copious amounts of diamonds and other precious gems. The finest were culled and set aside. The

smallest were consigned for industrial use. The remainders were poured back into oil drums for storage in private vaults. Almost all of the loot was hidden in either private vaults or tunnels and bunkers in the Japanese Alps. Little was deposited in Japanese banks, as the elite was not about to share the wealth with the lower classes.

The largest tunnel complex is at Matsushiro near Nagano, the site of the 1998 Winter Olympics. The tunnel complex is ten kilometers long with over 60,000 cubic feet of underground space. It was originally built to house the imperial family, members of the aristocracy, and all government agencies. The tunnel complex was dug with slave labor from Korea. The slaves were never seen after the complex was completed, an all too frequent occurrence with the Japanese treasure sites. They were probably buried alive in a side tunnel. The complex was also used to hide treasure from the Golden Lily.

After the war, allied investigators learned that on August 2, 1945, just days before Japan's surrender, 387 allied POWs were buried alive on the Japanese island of Sado. They had been forced to work in a gold and coal mine. Lieutenant Tsuda Yoshiro described the event to investigators. The mine was operated by Mitsubishi, which had a notorious reputation for brutal treatment of their slave labor. In another gold mine on Sado, also operated by Mitsubishi, one-thousand Korean slave workers were buried alive. Their fate was uncovered from company records released in 1991, covering the Mitsubishi's distribution of cigarette rations to its slave labor.¹⁰⁸

In 1947, General MacArthur brought a number of gemologists to Japan. Edward Henderson was one of the gemologists. He was invited to appraise some \$50 million in gems that the U.S. Army had recovered. According to journalist Robert Whiting, roughly 800,000 karats of diamonds were transferred from the Bank of Japan to MacArthur's command. No record of the fate of these diamonds has ever been found.

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To better understand how such a large treasure as the Golden Lily has been suppressed and how the Black Eagle Trust came into being, a closer look at the liberation of the Philippines is required. While only part of the Nazi gold was ever officially recovered and returned to its rightful owners, almost none of the Emperor's loot has been recovered and returned.

The primary difference between the Asian and European theaters during the war, was the OSS, was Eisenhower allowed to operate in Europe. The recovered Nazi loot was due largely to the efforts of the OSS and the gold teams in Europe. Once the initial gold teams were displaced, what gold that was found in Europe seems to have disappeared into a black hole.

MacArthur, however, would not allow any OSS agent to operate within his theater of command. When Lansdale arrived, the OSS was being disbanded and Lansdale had been officially transferred to the army.

MacArthur's intelligence operation was under the formal command of General Charles Willoughby. MacArthur referred to Willoughby as his "little fascist." Willoughby had been born in Germany. He was a love child between Baron T. Scheppe-Weindenbach and Emma Willoughby of Baltimore, Maryland. When MacArthur was promoted to the U.S. Far Eastern Command, Willoughby chose to follow his idol. Both had been assigned to the Philippine command. Impressed by Willoughby's loyalty MacArthur appointed him as his assistant chief of intelligence.

After Japan attacked the Philippines, Willoughby moved to Corregidaor with

MacArthur and then was evacuated with MacArthur to Australia. Willoughby was generally inept and not even remotely prepared for many of the assignments. However, MacArthur demanded absolute control over intelligence and special operations, and Willoughby was ready and able to deliver MacArthur total control and loyalty. Willoughby was also clever at hiding his blunders and promoting his successes. In later years after the war, Willoughby became a member of just about every fringe far right-wing group that came into existence.

In Australia, Willoughby set up the Allied Intelligence Bureau to run guerilla operations in the Philippines. He also set up the Allied Translator and Interpreter Section. However, Willoughby's incompetence in guerilla warfare was too much, even for MacArthur. MacArthur appointed his personal lawyer and crony Courtney Whitney to take over the special operations and guerilla warfare. Whitney was a very rich man and well connected in the Philippines. He proved an adept officer in managing guerilla operations in the Philippines. To sooth Willoughby's hurt feelings MacArthur promoted Willoughby to a general.

Severio Garcia Diaz Sanata or "Santy" was born in Luzon and educated in California. While in California, Santy married the wealthy heiress Evangeline Compton. In 1930, the couple returned to the Philippines. During this time, Santy became a fringe member of the social click around MacArthur and Whitney. During the war, Santy became one of Whitney's most effective agents inside the Philippines.

Another key figure in MacArthur's Manila circle was Joseph McKickling, a law partner of Courtney Whitney. After the Japanese invasion of the Philippines, McKickling was made an officer of G2 under the command of Willoughby. He was also evacuated with MacArthur to Australia. During the torture of Major Kojima, McKickling was Santy's immediate superior. About the time Santy was uncovering the treasure from the Golden Lily, McKickling became fabulously wealthy. He married the wealthy heiress Mercedes Zobel. McKickling masterminded the Zobel-Ayala acquisition of global real estate, creating one of the world's great fortunes. While the Zobel-Ayala clan was far from poor, the real money in launching their world-class fortune came from McKickling.

The first detection of the Golden Lily came from a team of guerillas smuggled into the Philippines. Disguised as a fisherman, U.S. Navy Warrant Officer John Ballinger observed a heavily laden Japanese hospital ship heading for Subic Bay. He photographed the ship and identified it as the Hazi Maru, a fast liner. Guerilla hero, Captain Medina, led Ballinger's unit. The unit then observed the crew unloading heavy crates from the ship onto truck convoy.

Ballinger's team then followed the convoy and observed the Japanese unloading the cargo and storing it in a mountain cave. Once they had finished unloading the trucks, the Japanese blew the entrance to the cave shut. It took the guerillas several days to reopen the cave, where they found rows upon rows of boxes filled with 75-kilo gold bars. They resealed the cave and reported their findings to MacArthur's headquarters in Australia.

After the American landing of troops on Leyte, Medina's guerrillas watched the Japanese hurriedly unloading heavy boxes into a tunnel near a hospital. Media's guerrillas attacked the Japanese soon routed them, blowing the tunnel shut with many of the Japanese still trapped inside the tunnel. A report of this action was sent to MacArthur's headquarters.¹¹¹

Thus, it seems certain that MacArthur and his command staff were well aware of the existence of the Golden Lily treasure long before the Japanese surrender. What is not known due to the extreme secrecy surrounding the treasure was if MacArthur had been privy to Stimpson's plan to use recovered treasure to finance a global political action fund before the surrender. The extreme secrecy over the POW issue from the very beginning of the surrender seems to suggest he was.

MacArthur's knowledge of Japanese treasury surely played a part in the war crimes trial of General Yamashita. Yamashita was innocent of the charges as stated earlier. However, MacArthur and his staff were eager to see the trial proceed and badgered the trial tribunal, urging that hearsay evidence be allowed and to quicken the proceedings. Yamashita's defense team appealed the death sentence to the Supreme Court. His sentence was not overturned, but two justices dissented. Dissenting Justice Murphy's words follows.

The Petitioner was rushed to trial under an improper charge, given insufficient time to prepare an adequate defense, and there was no serious attempt to prove that he committed a recognized violation of the laws of war. He was not charged with personally participating in the acts of atrocity or with ordering or condoning their commission. Not even knowledge of these crimes was attributed to him."¹¹²

Judge Rutledge, the other dissenting judge, was equally critical of the conviction. Following a failed appeal to President Truman, Yamashita was hung. Obviously Yamashita's knowledge of the treasure provided a hidden motive for MacArthur to dispose of the wrongly charged general. Being charged with war crimes, Yamashita could not be tortured without it being exposed in his trial. However, his driver Major Kojima Kashii was brutally tortured.

It is unknown how McCloy, Anderson, Clifford, and Lovett administered the Black Eagle Trust in the years following the war. However, the rest of the world was battered and bankrupt at the end of the war. It seems certain that from the work of the Seagraves that Britain's re-entry into the world gold market must have been based on the trust. At the end of the war the United States held 60 percent of the world's official gold reserves. Thus, Washington was in a position to manipulate and force other countries to go follow the Washington line.

By 1960, it was clear to European central banks that they soon would be holding dollars in excess of the official U.S. gold reserves. Until the 1960s the U.S. gold reserves and the secret Black Eagle Trust allowed the United States to browbeat any nation into complying with U.S. wishes and desires. By 1960, the printing of fiat money nearly equaled the U.S. gold reserves. The dwindling ratio of the U.S. gold reserves to the money supply allowed other nations to escape from under Uncle Sam's heavy hand. As a result starting around 1960 various nations began striking out on their own course, most notably France. The role of gold in the Cold War is perhaps one of the most unrecognized factors in the entire Cold War era. While the Black Eagle Trust still could fix election globally, the U.S. was forced by their dwindling gold stocks to ease the heavy repression of the 1950s, both domestically and globally. The result was an almost spontaneous global protest leading to one of the most tumultuous decades of the 20th Century. It was French demands to exchange dollars for gold that led to Nixon closing the gold window.

2

The 1948 Italian election is the first known example of the use of the Black Eagle Trust to fix an election. CIA agent Jesus Angleton had recovered Ethiopian treasure, plundered by Mussolini. Angleton did not return the treasure to impoverish Ethiopia; he appropriated it for the CIA. Angleton arranged for the Vatican to provide 100 million liras to back anticommunist candidates in the election. Some of the funds likely came from the Black Eagle Trust considering the Vatican was one of the 42 countries the recovered gold was shipped to in 1946-47.¹¹³

Manipulating elections and other covert operations was the black side of the Truman Doctrine. Following London's appeal to Washington that it had no money for military aid to Greece and Turkey, Truman appealed to Congress for a \$400 million aid package. Secretly, Truman simultaneously authorized the use of funds from the Black Eagle for covert operations to defeat the communist uprising.

Frank Wisner was the man put in charge of the CIA covert operation in Europe following WWII. Wisner was the person to first come up with hiring ex-Nazis to create a fifth column against the Soviet Union. By 1952, he had operations in forty-seven countries and an official budget of \$84 million, and a staff of three-thousand. It is unknown how much funding he may have received from the Black Eagle. Wisner was supported by powerful friends: the Dulles brothers, George Keenan, Averell Harriman, Joe and Stewart Alsop.

Likewise, in Japan funds recovered from the Golden Lily were used in the immediate post war period. Three secret funds existed during the military occupation—the M-Fund, the Yotsuya Fund, and the Keenan Fund. MacArthur was instrumental in establishing the M-Fund. Initially, it was believed to have been as large as \$2-billion. Money for it came from the sale of confiscated gold, silver, gems, and other strategic materials.

The M-Fund named after General William Fredi Marquat, chief of SCAP's Economic and Scientific Section. In theory, Marquat headed the U.S. unit that was to punish Japanese corporations that had made obscene profits off the war. In practice, Marquat spent considerable time and effort in concealing the profits for the businesses. Marquat, like Willoughby, was grossly incompetent. However, he was inside MacArthur's circle, where loyalty counted more than competency.

Marquat did little in the way of shutting down the profit mongers during the war. He was also in charge of bringing the war criminals from Unit 731 to justice. Unit 731 was Japan's biological and chemical warfare division that used victims to test their warfare agents on. Instead of fulfilling his outlined duties, Marquat presided over the transfer of Unit 731 to Fort Dietrich. All information on the unit was withheld from the American and Japanese public, and the War Crimes Tribunal.

The M-Fund was created to buy elections. Its first big application came in the late 1940s when the socialists won the election. The M-Fund immediately began dispensing great sums to discredit the socialist cabinet. Later, the fund was again used to discredit Tokyo's consideration of opening relations with the People's Republic of China.

The Yoshida Fund was established with an entirely different objective. It was used to finance the Japanese underworld for "wet work"—kidnapping and murder.

General Willoughby controlled the Yoshida Fund. Moneys from this fund were used to silence union leaders and organizers. Willoughby also took on the job of falsifying the Japanese military history to conform to the needs of the American Cold Warriors. His work in this effort was published by the U.S. government under the title of *The Japanese Monographs* and *Japanese Studies in World War Two*.

< Joseph Keenan, another figure from MacArthur's inner circle, controlled the Keenan Fund. Keenan was the chief prosecutor in the Tokyo war crimes trials. The sole purpose of the Keenan Fund was to bribe witness at the war crimes trials. Unlike the swift trial of Yamashita in the Philippines, the Tokyo trials were dragged out for three years. Witnesses were bribed to prevent any testimony implicating the Emperor. Witnesses that could not be bribed met with violent and sudden deaths. The fund was also used to prevent testimony of Unit 731.¹¹⁴

In 1956, the Eisenhower administration used the M-Fund again to place Kishi as head of the newly merge Liberal-Democratic Party and as Japan's new Prime Minister. Kishi had been a signer of the Japanese Declaration of War against the United States. He had actively been involved in slave labor and was part of the hard core ruling clique in Manchuria. He was one of the most prominent war criminals arrested in post-war Japan. However, he was freed with bribe money from Kodama.

Harry Kern, Eugene Dooman, Compton Packenham and other members of Averell Harriman's group had groomed Kishi for ten years. Despite all the grooming by Harriman, Kishi lost in the 1956 to Ishibashi Tanzan. Washington widely regarded Tanzan as the least favorable candidate. Annoyed, Eisenhower personally ordered the CIA to destroy Tanzan. After a year of paying bribes to all the factions within the Liberal-Democrat Party, the Eisenhower administration was successful in placing their man in the prime minister's chair.

During Kishi's term (1957-1960) the Liberal-Democrat Party received \$10 million annually from the CIA, chiefly from the M-Fund. While Nixon was negotiating the Mutual Security Treaty, Nixon promised Kishi that not only would he turn over the M-Fund to the Liberal Democrat Party, but he would also return Okinawa to Japan if Kishi would help the Nixon 1960 election campaign with black money. Upon the conclusion of the security treaty Nixon did turn over the control of the M-Fund and in 1973, as President, Nixon returned Okinawa to Japanese rule.

In 1972, Nixon and Kissinger arranged a deal with Premier Chou En-lai to keep China out of the conflict over Taiwan. In return for standing down, Nixon offered China a large quantity of gold provided by Marcos. At the time, China's economy was in very bad shape and China also lacked foreign currency to purchase any foreign goods, including grain to relieve the widespread famine in China's rural areas. According to the CIA and Pentagon analysts, China was about to invade Taiwan to gain badly needed assets and foreign currency. At the same time, the United States was bogged down in Vietnam and the public was demanding peace.

Although the details are sketchy and the exact amount is uncertain, Kissinger apparently offered China \$68 billion in gold. Supporting evidence for the deal comes from numerous bank accounts, held by members of the Black Eagle Trust, which were being moved to mainland banks inside China. These rabid anti-communists would have had no other reason to move their accounts to China at the height of the Cold War.¹¹⁵

All presidents, from Truman to George W. Bush, have used the Black Eagle

Trust to fund covert operations. While these black operations are badly odoriferous and criminal, the real danger comes in keeping the gold out of the hands of private individuals. Yet, from the beginning, the gold was held in private individual accounts. When President Kennedy sacked Lansdale over his operations against Cuba, Lansdale did not give up his covert activities. He merely went private. He still had enough contacts in the military and the CIA to remain a player in covert operations. In practice, this left Lansdale as a private individual with the power to overthrow foreign governments and even the ability to plunge inadvertently or deliberately the country into an unwanted war.

The ability of private individuals or groups to essentially wage war was enhanced by President Reagan. Early in his first term, Reagan signed Executive Order 12333 at the urging of Bill Casey. This authorized the CIA and other government agencies to contract with private military firms. Furthermore, the agency did not have to reveal the contract or arrangement.

Such contracts set a dangerous precedent that allows the president to bypass congress's ability to declare war, and was immediately used by Reagan to wage war in Nicaragua. The resulting aftermath became known as the Iran/Contra scandal.

By 1980, there were plenty of individuals like Lansdale that had been terminated from government service to staff private military or intelligence firms. Starting in 1972, after John Schlesinger replaced Richard Helms as CIA Director, hundreds of agents that had been engaged in the dirty tricks clique of Helms were forcefully retired. Once it became known the CIA had been involved in Watergate and other domestic break-ins, Schlesinger ordered an investigation. The report termed *The Family Jewels* led to leaks about assassination programs, death squads like Phoenix, and other embarrassing operations. Over a thousand agents were terminated because of the investigation.

Further investigations in the 1970s led to more dismissals, not only at the CIA but also from the Pentagon. Under President Carter, additional CIA and military personnel were dismissed. Among those dismissed were General John Singlaub, Ray Cline, and General George Keegan. Many of these men regrouped privately in such radical far right-wing organizations as the John Birch Society, the World Anti-Communist League, and the Moonies. Singlaub has become some what of an icon among the far right.

Casey is a good example of these ex-agents. Casey was one of the original OSS crowd. He was Singlaub's case officer during WWII, while Paul Helliwell was Casey's immediate superior. In addition, Casey was friends with the Dulles brothers and had worked with Cline. He became involved with Lansdale during the torture of Major Kojima, making Casey one of key players in implementing the Black Eagle Trust.

After the war, Casey founded his own Wall Street law firm. His continued involvement with former intelligence agents allowed him to form Capitol Cities in 1954, just as the CIA was pouring millions of dollars into media companies. Casey benefited from some of that money. It is likely that Casey never left the CIA. In 1973, Nixon appointed Casey as the chief of the Security and Exchange Commission. While SEC chief, Casey worked closely with Stanley Sporkin, who was later appointed by Casey as the CIA's general counsel in the Schlei case. In 1978, Casey founded the Manhattan Institute a think tank that absorbed several former CIA agents. In 1980, Casey left Capitol Cities to become head of the Reagan campaign. Reagan appointed

Casey as CIA Director.

By 1980, private military and intelligence firms had proliferated to such an extent that they became known during the Iran/Contra scandal as "The Enterprise." Marcos had connections that extended beyond the CIA into this loosely confederated network.

In the mid-1970s, Marcos became pathologically greedy. He was already a billionaire from clandestinely recovering some of the Golden Lily's treasure. However, the only means he had of selling it was through the CIA or Japan. Both would take the odd sized ingots without the standard paper trail required in the legitimate gold market, but only at a steep discount.

To bypass the CIA and Japan and sell in the open market, Marcos had to have the gold resmelted and the fingerprint from impurities altered so the gold would appear to have a Philippine origin.

By 1975, Marcos had already formed the Leber group (rebel spelled backwards) to uncover the Golden Lily treasure from 34 of the known 172 sites. Due to Marcos's personal fascination with psychics, the group included Olof Jonsson, a psychic from Chicago. Marcos then contacted Robert Curtis, a mining engineer from Sparks, Nevada.

Curtis had developed a process to extract platinum and reclaim more gold from the mining tailings in the Sierras, which made him a moderately wealthy man. He was also an expert at changing the fingerprint of gold bullion. At first, Curtis turned down Marcos's offer to resmelt the gold.

However, Curtis was amazed at the amount of gold that was being discussed in the offer. It was ten times the amount of the average gold that the Philippine mines had ever produced. After several offers, Marcos finally revealed to Curtis that the gold came from Japanese looting during WWII. The idea of recovering Japanese gold fascinated Curtis and he accepted the job, arriving in the Philippines at the end of February 1975.

On March 25, 1975, Curtis signed a contract with the Leber group. As part of his participation, Curtis agreed to supply two smelters. Curtis needed a loan to cover the expenses of the smelters and turned to a previous contact inside the John Birch Society. Curtis had been contacted earlier in the 1970s by Jerry Adams, Robert Welch, Jay and Dan Agnew, and Floyd Paxton. Robert Welch founded the John Birch Society. It was a fringe group on the far right of mostly consisting of wealthy businessmen, far right politicians, ex-military, and intelligence officers. Lansdale was a member.

The members of the Birch Society were also goldbugs. After Nixon allowed citizens to own gold, the Birch Society developed a backdoor through Canada to buy overseas gold and smuggled it into the U.S. through Canada. The Birch Society then used the gold to fund their own private vigilante force. The vigilante force was something similar to a private FBI. The John Birch Society has always maintained some type of blacklist, which is typical of all hard right groups. From time to time, news articles have appeared about the Birch blacklist. Generally, these right wing blacklists receive a wink and nod from the FBI as they view such blacklists as helpful.

Curtis was unaware the inner circle of the Birch Society knew about the Black Eagle Trust and previous recoveries of gold. They knew because one of the founding members was Colonel Laurence Bunker, who had succeeded General Bonner Fellers

position in MacArthur's staff in Tokyo.

The Birch Society arranged the financing for Curtis through Washington State Senator, Floyd Paxton and his son, who ran Kwik Lok Corporation. Another participant was Jerry Adams, the head of the Great American Silver Corporation, a company associated with the Hunt brothers. Welch and Congressman Larry McDonald told Curtis that they had cleared the loan personally. MacDonald was the head of the Anti-Communist League before he died in a plane crash. The loan was unsecured except for Curtis's promise to return a 22 percent of his Leber share.

By the time Curtis had opened the first treasure site, the John Birch Society placed new demands on him for additional security for the loan. Curtis offered them the titles to his heavy equipment in Nevada. He also was obligated to give the Birchers the exclusive right to market up to \$20 billion of any gold recovered. The Birchers told Curtis that the gold would be sold through Commonwealth Packaging Ltd, located in the Bahamas and owned by Kwik Lok. The proceeds would be deposited in the Nassau branch of the Royal Bank of Canada and finally transferred to a branch in Kelowna Canada. There the money would be smuggled into the U.S. by a key financial expert of the Birch Society.

The sudden demands of the Birch Society were triggered by July 4 and 5, 1975 columns by Jack Anderson, who reported that Marcos was recovering gold with the help of several Americans. Curtis barely escaped from the Philippines with his life.

Later, Curtis learned that Marcos had recovered 22,000 metric tons of gold bullion. Marcos had the treasure resealed without recovering two gold Buddhas and the barrels of gemstones.

While Curtis was still in the Philippines he learned that the Gold Cartel had offered Marcos a Mafia style deal—either kill Curtis and let the Cartel handle the gold or Marcos would be in trouble. The Cartel refers to the alliance of prime banks, gold companies, and national treasuries (including the Federal Reserve and the Bank of England) that dominate the world gold market. In the end, Curtis was left broke. Johnson Mathey-Chemicals (and a part of the Cartel) now owned his two Philippine smelters.

About the same time, things turned bad for Marcos. Marcos was trying to blackmail the Japanese over the Showa Trust at the Sanwa Bank. The Trust had come from treasures recovered from the Golden Lily. At the time, the Showa Trust was so large that it was generating a billion dollars a year in interest. Exposure of the trust would be embarrassing for both Washington and Tokyo. Apparently, Marcos was successful in his blackmail, as several accounts with his name appeared in the Hong Kong branch of the Sanwa Bank shortly after his negotiating team had visited Tokyo.

In his first year in office, Reagan declared that he would restore the gold standard. Reagan had long standing ties to the Birch Society, dating back to the 1950s. The Reagans were also long time friends with Marcos. To make his plan for a new gold standard work, Reagan needed a large stock of gold. He asked Marcos privately to lend part of his hoard of black gold for his plan. Marcos however, demanded a higher commission than what Reagan was willing to pay.

In combination with Marcos blackmailing the Japanese and his demand for a high commission to Reagan, Marcos had sealed his fate and was shortly removed from office. Once under siege in Manila, Senator Paul Laxalt offered Marcos an ultimatum forfeit his gold in return for being rescued by the U.S. That evening, after

accepting the ultimatum, barges were towed alongside the presidential palace and loaded with gold from the palace. The barges were then towed to Subic. Then Marcos were rescued and taken to Hawaii where authorities seized billions of dollars worth of gold certificates.

Marcos's high flying days playing wild and loose with black gold ended in Hawaii. However, the Reagan administration's interest in the Golden Lily treasure buried in the Philippines continued. In January 1987, Curtis was contacted by Alan Foringer to talk about Philippine treasure.

After meeting Curtis, Foringer and his aid John Voss informed Curtis they were with the Nippon Star. The Nippon Star had been formed by General John Singlaub to search for treasure in the Philippines. Curtis wanted no part of dealing with the CIA or any CIA connected fronts. However, Curtis was then informed by a phone call from General Schweitzer that President Reagan had personally endorsed the Nippon Star and the Phoenix Exploration groups. Reagan couldn't publicly endorse the explorations but had fully briefed the U.S. Embassy in Manila, and the commanders at Subic Bay Naval Base, and the Clark Air Force Base. Others involved in the exploration included Colonel Dick Childress, General Daniel Graham, General Jack Vessy, and Ray Cline.

Curtis reluctantly agreed to meet them in Hong Kong. However, this time he demanded to tape-record the meeting to protect himself. Once again, the John Birch Society was financing the operation. Curtis also discovered that Singlaub had been duped and was using false maps. Curtis had retained the maps for all the sites from his earlier trip to the Philippines. Desperate to dig himself out of a financial hole, Curtis suggested to first try a site on Corregidor. After digging had proceeded for five days, Philippine Army helicopters swooped down and demanded the treasure hunters leave at gunpoint. Curtis then returned home.

Curtis returned the third time to the Philippines as a partner with Charles McDougal, a former Green Beret. Once again, as he was about to strike gold, Curtis was forced to leave the Philippines. Later, his former partners recovered roughly \$4.5 billion in gold that Curtis had located.

Further evidence of the Reagan's administration's involvement with recovering Golden Lily treasure comes from a suit filed by Mel Beli over gold deposits held by Citibank. Beli had concluded that Citibank's John Reed had joined with President Reagan, James Baker, Bill Caset, and Prime Minister Margaret Thatcher to use Golden Lily treasure to finance covert operations by the U.S. and Britain. Beli referred to the plan as "The Purple Ink Document." Unfortunately, Beli died before the case could proceed. However, the case is still pending.

The danger now is that the Black Eagle Trust is no longer fully in the hands of the government. Instead, several far-right groups have access to it and can use it to further their radical agenda. Furthermore, they know more treasure is to be found in the Philippines. Undoubtedly, some of the political shift to the right in the United States since the 1980s has been funded with parts of the Black Eagle Trust.

In 2001, George W. Bush sent a Navy Seal team to the Philippines to retrieve a portion of the loot. The younger Bush has been a player in the black market for gold for sometime. His representative to purchase the gold was William S. Parish, his nominee as ambassador to Great Britain, and the manager of his blind trust. James Foley was appointed as ambassador to Haiti by George W. prior to the Bush inspired

revolt in 2004. Foley was another player in the Black Eagle Trust. Which leads to the question, did money from the Black Eagle Trust finance the arming of the Haitian rebels?

11 : Nazi Gold & The United States

Since the fall of the Soviet Union, there have been several reports about treasures looted by the Russians. Numerous paintings taken from Germany are in the possession of the Hermitage Museum in St. Petersburg and the Pushkin Museum in Moscow. Next to no one knows that the United States had its own program of plunder. The program was directed by army officer Gordon Gilkey. Gilkey must have been a busy man in post war Germany, as attested by the fact that approximately 11,000 paintings from Germany are stored in permanent retention in the Pentagon. The most valuable of those paintings are stored in the vault at the U.S. Center of Military History.

The list of official looters ranged from government officials to private individuals. Herbert Hoover's famed global tour to relieve hunger in the post war was a cover for a private mission to loot to his content. His staff plundered thousands of items for the Hoover War Library at Stanford University. One item pillaged was Joseph Goebbels's 7,000 page typed diary. Doubleday reached an agreement with Hoover to publish the diary partially for the sum of \$400,000, which could have served better use in feeding the children of war torn countries. The original diary is still in possession of Hoover's library. Additionally, Hoover pillaged a large collection of papers and items belonging to Heinrich Himmler and the Nazi Party.⁸⁸ No doubt Hoover saw to the removal of any incriminating files in Germany and Japan, such as those that would have revealed his collaboration with top Nazis during the 1940 election.

While it would be unreasonable not to expect some looting by a few GI's in the face of such enormous temptations, control over looting was hampered by the swift rotation of troops out of Germany after the war's end. Nevertheless, it appears certain that there was an organized effort to sabotage the recovery and return of the treasures to their rightful owners.

The pillage was not contained to just the enlisted men. The example of the looting of the Braunes Haus in Munich will show that officers were not only guilty of looting, but also aided the looting by enlisted men. The three building complex was honeycombed with tunnels. The 1269th Combat Engineer Battalion was assigned to the T Force and charged with guarding the complex. The tunnels were full of looted items consisting of silverware, valuable paintings, party records, and other valuables. Various other units were also assigned to guard the complex. Pvt. Polski and Pvt. Fraser entered the complex and discovered several enlisted men and officers pocketing silverware as souvenirs. The guards didn't seem to mind. Polski joined in picking out a set of silverware with the initials of AH and the swastika on each piece.

Fraser picked out an 80-piece set of silverware. The two returned to their headquarters and showed the booty to their commanding officer, Captain McKee. After carefully wrapping their booty in packages the privates had the captain label the packages "Censored by Captain McKee." Polski mailed his booty home to St Paul, Minnesota, Fraser also mailed his loot home⁸⁹ Such looting continued unabated until the Property Control Officer ordered the complex ringed with barb wire and guards on June 10.

The treasures of all the top Nazi officials were looted to some degree. Goring's vast art collection was hidden in several locations. It was simply too vast to have it all transported to a final cache. Some of it was buried at Carinhall, Goring's palatial estate and hunting lodge, when the Russians advance threatened to overrun the area. The remainder was transported by train to Veldenstein, Goring's castle. As the Allies approached Veldenstein on April 7, 1945 Goring once again ordered the treasured to be moved by rail to Berchtesgaden, Hitler's retreat in the Bavarian Alps and the center of the redoubt area. There Goring was able to commandeer four trains. The ease with which Goring was able to find four trains available to him in the final days of the war was largely due to the incredible and surreal situation surrounding the redoubt area. During the final days of the war, 14,000 freight cars arrived in the area. Many were loaded with supplies and equipment for the Nazis final stand in the Alps. Others were simply loaded with treasures collected by top officials. Wounded soldiers lucky enough to find a horse and cart filled the roads, while other wounded soldiers laid at the roadside, unable to find transportation to a hospital, dying an agonizing death in the mud and snow. In an effort to keep some of Goring's treasure out of Allied hands five freight cars laden with treasure were sent to nearby Unterstein as the Allies closed in. The remainder of the treasure, which wasn't safely stored away, was left sitting on the rail cars. There town people looted everything they could find.

The 101st Airborne division liberated the area and soon was aware that they had stumbled across Goring's art collection. After locating a hidden side room in the underground command post, the entrance was blown open to Aladdin's Cave. Soldiers did not hesitate to take part of the treasure. One soldier found Goring's guest book from Carinhall. The book contained many signatures of distinguished guest, including that of Herbert Hoover.⁹⁰

One of Goring's field Marshall batons was taken by General Patch. Upon his death it was placed in the West Point Military Museum. Lieutenant Eckberg took Goring's second baton along with other items and mailed them to his mother in Chicago. Eckberg remained in Germany. His mother sold a gold medallion to a jeweler, who then placed an ad. The US Customs read the ad and recovered the medallion, the baton, and the other items the lieutenant had mailed home. Many other personal items were pillaged by soldiers, such as Goring's dagger and sword. However, Lieutenant Colonel Willard White was probably the most prolific looter at the Berchtesgaden. He helped himself to a large collection of Hitler's silverware and crystal items, mailing them home to his wife, the sister of Ladybird Johnson.⁹¹

Another avid looter was Lieutenant Colonel William Brown. Brown's unit was assigned to the city and county of Weimar, Buchenwald, and the city of Apolda. Brown's collecting soon led to his questioning on June 27, 1945. His response to the statement that all property found or confiscated in enemy country belonged to the US government follows.

"Well, I am sure that I didn't know that because the general impression at that time was that whatever people picked up that was immediately after the combat phase whatever people picked up they were entitled to. You know as well as I do that there's been a good deal of that going on, and there has been a good deal of picking up stuff abandoned by all troops. Anything of that kind that I was engaged in there was done with the idea that whatever things of that sort were found where their was no claimant whatever belonged to the finder. To what extent may I ask off the record well, weren't they, if they were found without any claimant? If you find the stuff lying abandoned, doesn't that belong to you?"⁹²

Brown was not honest in his response. Many of the items he seized were taken from claimants, such as his looting of stamps from the post office. The post office was later ordered closed by Brown. After returning to the United States, Brown later ran for the governor of Virginia on the Republican ticket.

The best known case of looting by American personnel was the theft of the Hesse Crown Jewels. The primary instigator of the theft was Captain Kathleen Nash. Nash, Major David Watson and Colonel Jack Durant, Nash's lover, found a fresh patch of concrete in the cellar as they were exploring the castle. They chipped through the concrete and found zinc lined boxes full of jewels. The trio removed the jewels from the tiaras, bracelets, etc and sold them in Switzerland. In late 1945, the trio returned to the United States. In addition to the jewels and gold, the trio had looted silverware, books, and hundreds of other items. In January 1946, the jewels were reported missing by a member of the Hesse family. The Army's Criminal Intelligence Division determined the extent of the theft and soon arrested the trio. Durant married Nash so she would not be allowed to testify against him. Watson was sentenced to three years in prison but was released after four months. His family owned a large West Coast grocery store chain that apparently had connections to people in power. Durant was sentenced to fifteen years and released after six years. Nash however, was described as a difficult prisoner and served her entire sentence of five years. About one half of the jewels had been mailed to Nash's sister.

Nazi gold and treasures continue to be discovered. Recently, the Roman Catholic shrine of Fatima in Portugal confirmed it held Nazi gold bars in the mid 1980s. The Nazi insignia was found on four bars after the shrine requested a Portuguese bank to melt the bars. The bars were sold between 1982 and 1986 to finance construction work. A 1976 bank statement shows the shrine held four Nazi gold bars totaling fifty kilos. It is unknown if the shrine held more.⁹³

Another Nazi treasure surfaced in 1990. The treasure consisted of medieval works of art, including gold and silver crucifixes, rock crystal flasks, a beautiful silver receptacle called a reliquary for keeping and displaying sacred relics which was inlaid with precious stones and enamels, a liturgical ivory comb, various priceless gifts belonging to the warlords, who ruled the old states of Germany in the 9th and 10th Centuries, and—perhaps the most priceless of all—a beautifully illustrated 9th Century version of the four gospels in a gold and silver binding encrusted with gold and jewels. The treasure was discovered at the end of the war in an unused mine tunnel at Quedlinburg, a few miles south of Magdeburg in eastern Germany. The treasure was discovered by U. S. Army lieutenant Joe T. Meador, who along with

three other units were assigned to guard it. Meador however, had other ideas. He quietly removed the items piece by piece and mailed them home. The army launched an inquiry, which quickly ended when the area was assigned to East Germany. After Meador died in 1980, rumors quickly spread of an impending find of a remarkable medieval artwork. In 1990, the four gospels surfaced along with a 1513 manuscript valued at \$500,000. Further investigation around Meador's hometown of Whitewright, Texas, turned up the remainder of the horde.⁹⁴

In 1997, a vault was opened in Sao Paulo, Brazil, containing more than \$4 million worth of looted property. The vault contained cash, gold bars, and jewelry. The vault was held in the name of Albert Blume, a German who came to Brazil before the Second World War. Blume allegedly acted as a banker for escaping Nazis.⁹⁵

In 2001, U.S. Treasury Secretary Paul O'Neill handed over a dozen drawings to the president of the Bremen Museum. Custom agents had seized the painting four years earlier. The drawings were among 1,500 art works the Bremen Museum moved into a castle outside Berlin in 1943 for safekeeping. Soviet troops had seized them. They first surfaced in 1993 in Azerbaijan, a former Soviet republic. The drawings were stolen in Azerbaijan. Four years after the July 1993 theft, a Japanese businessman, Masatsugu Koga, approached the German embassy in Tokyo, offering to sell eight of the Bremen drawings for \$12 million. By September 1997, Koga's negotiations with the museum had moved to New York City. A custom agent working undercover joined the museum negotiator in meeting Koga. Koga was arrested, but died before he could be sentenced.⁹⁶

It would take volumes to list all of the various Nazi treasures that have been uncovered since the end of the war. Undoubtedly more treasures will be located in the future. With the fall of the Soviet Union, more Nazi treasures will surface in Russia and the other republics of the old union.

The question of victim compensation is still hotly debated. Stuart Eizenstat, appointed by President Clinton, brought many of the lawsuits to a fruitful conclusion. However, much controversy still remains as victims sneer at the pitiful settlements for their time in concentration camps and forced labor camps. The Eizenstat study reached five major conclusions on the question of Nazi gold listed below.

1. Much of the gold passed through Swiss banks and then into other countries. The conversion of the Nazi gold into Swiss francs was the primary means by which the Nazis purchased war material from neutral countries.

2. The trade with the neutral countries allowed the Nazis to prolong the war.

3. The Reichbanks knowingly incorporated into its gold reserves looted monetary gold from the national banks of other countries. This was a primary means in which the Nazis financed their aggression.

4. Gold from the victims of the concentration camps was mixed with monetary gold and found its way into the neutral trading parties of the Nazis.

5. The complete recovery of the looted gold was hampered by the indifference on the part of neutral nations and conflicting priorities and inaction on the part of the [sic]

One is urged not to take the Eizenstat report as the final word on Nazi gold; other studies are in progress. General Motors has commissioned one such study.

However, in the eyes of this writer the General Motors study has been compromised already by the selection of the lead investigator, author Henry Ashby Turner. The reader should recall from chapter one that Turner was the author of a book that was extremely apologetic to big business in aiding Hitler to power. The figures presented in this chapter are subject to change as more information surfaces.

While the Gold Rush teams did an admiral job in locating the Nazi treasures, in the first few days following the end of the war the program soon became beleaguered with ineptness and corruption. In the case of Nazi gold, there is no direct evidence of a systematic plan to sabotage the recovery of the Nazi treasures. However, there is strong evidence that Allen Dulles aided the Nazis in transporting and concealing their looted treasures in other countries. In the case of the Golden Lily there is ample evidence that the recovery and return of the gold looted by the Japanese was systematically sabotaged by high level intelligence officers, Herbert Hoover, and elites from Wall Street.

It is equally certain that the recovery of Nazi gold from the neutral countries was compromised at almost every step by the objectives of the State Department and the military. From the latest information from Argentina, it seems certain that Perons had an enormous sum of Nazi gold at their disposal. Powerful figures within the Republican Party and business community pushed the United States into the precise trap the Nazis had planned for a comeback—to instigate a war between the United States and the Soviet Union. The shooting had hardly stopped before the pro-fascist element within the United States who had opposed the war under the banner of isolation were raging war hawks, calling for a war against the Soviets.

Justice for the victims would be sacrificed, further recovery of the Nazi gold from the neutrals would be stopped, and all resources would be employed in fighting the red menace to protect the same damn corporations that built Hitler's war machine. The Nazi treasures squirreled away in neutral countries would be used to rebuild Germany as a bulkhead against the Soviets. Was the World Commerce Corporation, a short-lived corporation the funnel that poured the gold looted by the Nazis back into Germany?

The one definitive fact concerning Nazi gold is that much remains to be learned. Perhaps the full story may never be learned. However, without the full release of all documents from this era by not only the United States and Britain, but also by all parties involved, including the Vatican, the fate of the missing Nazi gold will remain clouded in a fog of mystery and intrigue.

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Ratlines : The CIA & The Nazis

The mention of the CIA commonly brings to mind images of James Bond spy thrillers and images of cold war warriors fighting the evils of communism. But more times than not the reality of CIA plots are images of the gang that couldn't shoot straight. Examples abound of the absurd actions of the CIA and its forerunner the OSS. During WWII the OSS became wrongly convinced that the Japanese were deathly terrified of bats. Thus to help the war effort Donovan of the OSS decided to test dropping bats out of aircraft over the southwestern deserts before risking planes over Japan. The only fly in this ointment was that the poor little critters froze almost instantly upon release in the stratosphere and shattered like fine china upon hitting the ground. After offing a few million bats over the skies of the southwestern desert the plan was dropped.¹

Harvey's hole in Berlin is another example of some rather shortsighted thinking by our intelligence agencies. In 1954 under the direction of Bill Harvey a 1476-foot tunnel into East Berlin was dug to install a phone tap on a Russian communication center. After almost a year the Russians discovered the tap allegedly while repairing a cable. What was not mentioned was the American spies had become too accustomed to their comforts that they turned off the air conditioning to the tunnel during the chilly midseason. Thus the tunnel was marked on the surface by a telltale strip of bare ground over its entire length through an otherwise snow-covered landscape.²

One final example of the CIA bungling will suffice before moving on. On March 11, 1961 Kennedy held a meeting with his assorted advisors concerning what has become known as the Bay of Pigs fiasco. (The CIA has recently announced that the CIA was entirely responsible for the mistakes made.)⁹ Here is a glimpse at only one of the many mistakes made. The original invasion was set some 100 miles east of the Bay of Pigs. After Kennedy demanded a site that would be more conducive to a quite nighttime landing the CIA turned to the Bay of Pigs. The original landing site picked for what was supposed to be a secret night landing was the equivalent of downtown Los Angeles. Over flights of the area had revealed dark forms just under the surface in the shallows of the bay. CIA experts determined those dark forms to be seaweed.⁸ Call it rotten luck, a bad guess, a freak of nature or just damn stupidity unfortunately those dark forms turned out to be coral reefs. Reefs that could rip the bottom out of small landing craft or leave it high and dry for any gunners on shore like a sitting duck.

As this was being written another bungling episode in the history of the CIA took place. The incident came during the bombing of Serbia over the Kosovo crisis. The mistake came in the targeting of the Chinese Embassy. President Clinton was quick to apologize to the Chinese and in the effort to find the cause of the error; the CIA stepped forward and admitted the error was theirs. The problem was the maps had never been updated in four years. Maybe we should just rely on the Rand McNally Road Atlas, huh. Later we found out that there was much more to this than just the lack of an updated map. A lower CIA employee had warned repeatedly of the possible misidentification of that target site but was ignored. But this brings us to another question. Does the CIA at times seek to embarrass a president not to their liking? The reader should be aware of the CIA policy of passing on to higher policy making officials documents that are less than credible. During a November 1995 Senate Select Committee it was revealed that CIA officials had passed on more than 35 reports without disclosing the information had come from known Soviet double agents. Between 1986 and 1994 the CIA had passed on at least 95 reports based on information from double agents without revealing the source or the accuracy of the information.¹³⁶

To understand how the CIA has evolved into a menace to freedom worldwide one needs to look at the very beginnings of the intelligence service in this country starting in the period following WWI and the cast of characters. Where and when did the CIA evolve into a monster diametrically opposed to the ideals of a democracy and who were involved? The simple answer is Allen Dulles; evidence abounds that he was a traitor. But as with all simple answers there is a much more that lays hidden. In the following pages the role of Wall Street bankers and big oil along with their servant Dulles will be shown to have been behind the subversion of many countries and the importation of Nazi war criminals. Dulles and the U.S. intelligence community were actively involved in helping Nazi war criminals escape from Europe; they were assisted with help from both Britain and the Vatican.

Obviously Dulles needed help in carrying out a continuing cover up and could not have acted alone. During the war several individuals from the State Department subverted the wishes and orders from FDR. Elbridge Durbrow and R. Borden Reams were two people from FDR's State Department who deliberately misled FDR and withheld information from him. Reams withheld the first reports from a spy inside of Germany and occupied Poland of the atrocities being committed against the Jewish people.¹⁴ As this was being written a report surfaced that the first notification of high government officials of the Nazi euthanasia was a cable from Vice Counsel Paul H. Dutko dated October 16, 1940.¹⁰² It is uncertain if this cable ever reached FDR just as the later information was kept from him. It is doubtful that even if it had reached Roosevelt that he could have done anymore than condemn the actions with the rampant isolationists and the anti-Jewish sentiment that was prevalent throughout the country and in congress. Their actions and the actions of others mainly inside the State Department went beyond a simple disagreement over policy into acts of subversion.

Recent evidence confirmed by Clark Clifford has shown that Truman was unaware of the CIA importation of the Nazis war criminals.³ Generally the cover up during the Truman administration was the work of James Forrestal, the Secretary of the Navy at the time. The reader should note here that Forrestal, a conservative

Democrat could barely cover up for his Jewish bigotry and worked behind Truman's back to block the creation of the state of Israel and had strong ties to the oil business. Before coming to Washington Forrestal was a vice president of the Wall Street firm of Dillon, a firm that invested heavily in Nazi Germany during the 1930s.¹¹³ Another who was certainly involved and well aware of the status of the various war criminals that were allowed to emigrate was J. Edgar Hoover. Hoover protected himself in several ways, one he removed all damning files from FBI headquarters to the New York and Washington field offices, likewise he removed the FBI from the background checks.¹⁵

Others were involved in the cover up at the time as well. In 1945 the navy captured documents from the Nazi oil cartel, Kontinentale OI A. G. Konti headed by former Reichsbank officer Karl Blessing. A young naval officer was assigned to review those Konti documents. Allen Dulles had personally vouched for Blessing's as an anti-Nazi. If Blessing would have went down as a war criminal and a Nazi, Dulles and his clients would go down as traitors. Dulles personally asked the young naval officer to keep quiet about those documents in exchange for financing the young man's first congressional race, thus was launched the political career of Richard Nixon.⁴

Prescott Bush is largely credited with helping Nixon getting started in politics as an early backer and in his selection for vice presidential candidate in 1952. This is the same Prescott Bush that ran a corporation that was seized by the United States government during WWII as being nothing more than a den of Nazi spies. Nor could Prescott Bush plead innocence of the Nazis in the business as he sought out help from the Dulles brothers in concealing the Nazi involvement in this business from the U.S. government. The astute reader should recall that during Watergate, Nixon threaten to fire everyone at the CIA except George Bush after the CIA refused to cover up for him. Did Nixon make the exception of Bush as a payback to Prescott or was Nixon fearful that Bush could expose his past? That leaves a neat little package with immense implications for the reader or another investigative reporter to explore.

This was far from the end of Nixon's aiding former Nazis. The example of Nicolae Malaxa will serve as an example here. Malaxa was the supplier of arms to the Iron Guard in Rumania and a business partner of Goring. He was later convicted of war crimes in Rumania immediately following the war. In 1948 he formally applied for permanent US residency. He then faced a blizzard of legal challenges over his admission. In 1951 Nixon introduced a bill in the senate that would have granted him resident status. The bill failed. Later in 1951 Malaxa formed a shell corporation named Western Tube in Nixon's home town, in the same location that shared a mailing address for Nixon's former law firm. The firm applied for a certificate of necessity to get top wartime priority for its material and personnel. Nixon personally supported granting residency to Malaxa on the grounds that he was indispensable to Western Tube. Yet Western Tube never produce a single product in its history. Others that aided Malaxa in his legal battles include John Foster Dulles, and former undersecretary of State Adolph Berle.⁴⁴ In a later chapter we will once again turn to how Nixon was instrumental in setting up Ethnic Heritage groups within the Republican Party that were controlled by ex Nazis to use in elections. Over the years following WWII many others have been involved in the Nazi cover up including John and Allen Dulles, J. Edgar Hoover, William Casey, George Bush and Ronald Reagan.

A large number of Nazis were admitted under Operation Paperclip in an effort to recruit German rocket scientists. But some like Walter Dornberger first had to have their records sanitized. Dornberger was a major general at Peenemunde and had been sentenced to death by hanging for war crimes before being admitted to the US. England warned the US not to admit him as he was already conniving to start another war.⁵ He later rose to a vice president of Bell Helicopters. A visible spot in the nation to be sure but even more visible after Bell announced their V22 helicopter surprising close nomenclature for someone who had been involved in the V2 program.

But first we need to take a look at the beginnings of the US intelligence services and the men that developed it before looking at the many atrocities that the CIA has committed over the years. In addition we need a firm background into the geopolitical scene following WWI particularly the role of the British intelligence community and its close association even today with its American counterpart. Further we must keep in mind that all we know about covert actions has been censored. Even Loftus's book had to be submitted to the CIA/NSA for censorship.⁶ Secondly unless that information is painstaking backed by government documents that are still classified some of it could indeed be disinformation rather than factual. Thus we have to rely only on information that is approved by the very agencies that we are trying to expose.

There is a wealth of good information available on the CIA-Nazi connection both in the library and on the Internet. Unfortunately there is also a lot of disinformation and the just plain nutty. In a web search one cannot help but run across Nazi-CIA-UFOs or a Nazi link in the JFK assassination. This writer has deliberately refrained from using the loosely linked or tenuous connection of Nazis involved in the assassination and of other loosely linked connections and dismissed the nutty outright. Rather this writer has stayed with reputable sources and facts that are widely acknowledged and beyond dispute. This writer feels much of this material is deliberate disinformation and is part of an ongoing effort to discredit anyone reporting on the connection. Nor should the reader dismiss all reports or articles that the CIA or the intelligence community has labeled inaccurate. Many of these have been labeled inaccurate only after they can find some factual discrepancy often of some obscure point. Then in a logical fallacy they claim the entire work to be inaccurate. An excellent example of that would be in the Dark Alliance story appearing in the San Jose Mercury followed by the mad dog attack from CIA assets in the mainstream media. The reader should be aware that the CIA has admitted that it was aware of the drug smuggling drugs in the Iran/Contra/Cocaine scandal. The report was released on October 8, the same day that the House voted to impeach President Clinton. Such timing of the release insured that the report would not be widely covered by the media.

The remainder of this chapter will first not only develop the connections between the CIA and the Nazis already alluded to but to the connections between the CIA and Wall Street as the CIA has evolved into a tool of corporate America more than a tool to protect American democracy. Since the theme of this book concerns fascism the focus will emphasize the Nazi connections. An emphasis will be placed on how the CIA/Nazi connections have affected not only foreign policy but domestic policy as well. Including a brief look at how the CIA has subverted democracy in

America using illegal wiretaps, censorship and campaigns to stomp out any group that may be to the left side of the political spectrum. Following that a brief survey into past CIA interventions and the corporate American connections will be presented.

Loftus divides this century and its relationships to the Jews into three phases; the first phase begins with the end of WWI and ends with the start of WWII. He characterizes the motivating factor of Jewish relations as bigotry. But neither the less this was the time period in which our intelligence agencies were born out of. Loftus attributes this phase as being dominated by three men Jack Philby, a British spy, Allen Dulles and Ibn Saud. All three were known to harbor an intense hatred for Jews. Philby is perhaps better known as an oil explorer and the man behind the scenes that placed Ibn Saud on the throne of Saudi Arabia. Ibn Saud was the leader of the extremist Wahhabi sect of the Moslems and the Arab leader who united the Arabian Peninsula.⁷

The following quote from a CIA report to President Truman in 1948 removes any doubt of the hatred or anti-Semitic feelings of the CIA towards the Jews.

"Formation of a Jewish state in Palestine will enable the USSR to intensify its efforts to expand Soviet influence in the Near East. And to perpetuate a chaotic condition there.

In any event, the flow of men and munitions to Palestine from the Soviet bloc can be expected to increase substantially."⁵³

Labeling a group as communist or susceptible to communism was used as a major means to discredit that group or to otherwise demonize the group. This is one of the many records that have been just recently declassified and reflect the CIA concern of Soviet influence over the newly created state of Israel. The flow of arms reflects the ban of arm shipments to the Jewish guerillas imposed by the western bloc. In his memoirs Truman wrote he overruled the State Department's Middle East experts and the Joint Chiefs of Staff on the issue.

Philby and Saud both betrayed Britain to the economic masters of the region even today, the American oil companies. Dulles was the American who helped them when he was stationed in Turkey during the 1920s while he was coordinating intelligence on the Mideast. These three men are responsible for laying down the foundations of the region, the common historic myths of the region and instigators of war. Philby and Saud both were allied with the Nazis. Philby functioned to get contracts awarded to American oil companies. His first success was with Standard Oil of California. In many ways Philby can be regard as the godfather of Aramco. One trait he shared with a number of oil executives particularly from Standard Oil of New Jersey and Texaco was an ardent support for fascism and racism. Remnants of the anti-Semitic views of Texaco has surfaced as late as the 1990s. Although most of the media focused on the black racism present at Texaco, there was also additional anti-Semitic behavior at Texaco.¹⁰

The relationship between Philby and Allen Dulles was unique; in essence Philby was rehabbing Dulles for the British. Dulles first attempt at spying came in Bern during WWI. After it became apparent to the British that someone had passed the codes to the Central Powers in WWI the British tracked it to Dulles's mistress. He had given her the codes for sexual favors. The British grabbed both Dulles and his

mistress and in an effort to save his miserable skin and his career Dulles agreed to help the British. Some attribute him with torpedoing Wilson's peace proposals at Versailles. There is no question about Dulles toeing the British line in the Mideast and Central Europe.

John Foster Dulles likewise had troubles following him from WWI. Foster fought a desperate battle in order that Kaiser Wilhelm II assets would not be seized by the Alien Property Custodian board. German bribes ran all the way to the attorney general, Harry Daugherty. In the defense of Daugherty his counsel pointed out that there was an even bigger crook behind him, that being John Foster Dulles, who was known to seek out bribes during the negotiations.²¹

In Washington as the chief of the State Department's Near East desk, Dulles wrote to the Bristol America's ambassador to Turkey over the genocide of Armenians during WWI.

"Confidentially the State Department is in a bind. Our task would be simple if the reports of the atrocities could be declared untrue or even exaggerated but the evidence is irrefutable. The Secretary of State wants to avoid giving the impression that while the United States is willing to intervene actively to protect its commercial interests, it is not willing to move on behalf of the Christian minorities."¹²

Here is perhaps the first direct proof in this century that the US foreign policy was based solely on economic issues benefiting corporate America.

In 1923 at the request of J.P. Morgan, John Foster Dulles worked out a scheme as legal counsel to the Dawes committee in which U.S. banks would lend Germany the money to pay France and Britain and they in turn would pay their war loans from the U.S. bank. This financial merry go round was not much more than a shell game but it kept the money circulating. The 20s were inviting times for the wealthy. With the emerging auto market and the accompanying oil industry great pools of capital were available for investment. Many of the investments that were offered up were more on the seedy side rather than sound. In 1926 Dulles resigned his position with the State Department and went into private practice at Sullivan & Chromwell law firm where his brother John Foster also worked.

The following quote from Newsweek.Com illustrates the relationship of the Dulles brothers to the Nazis and their treasonous behavior towards the US.

The fresh look at wartime culpability may extend to other American icons. In 1940 one of the nation's most prestigious law firms, Sullivan & Cromwell, joined together with the Wallenberg family of Sweden—famed for producing Raoul, a Holocaust martyr who saved Jews in Budapest—to represent Nazi German interests, says Abe Weissbrodt, a former Treasury Department lawyer who prosecuted the case in 1946. The scam? Sullivan & Cromwell drafted a voting trust agreement making the Wallenbergs' Enskilda Bank a dummy owner of the U.S. subsidiary of Bosch, a German engine-parts maker, so the Nazis could retain control. The papers were drawn up by John Foster Dulles, a Germanophile who later became secretary of State and whose name today graces Washington's international airport. (The scheme worked during the war, but in 1948 Bosch was finally auctioned to a U.S. buyer.)
"t;The record is compelling in terms of warranting questions about Dulles's motives

and his own allegiances," says historian Masurovsky. "One might say about him what Treasury said about Chase and J.P. Morgan, that they had allegiance to their own corporate interests and not to their country."⁶⁸

Dulles derived much of his profits and his clients' profits from investments in Nazi Germany. In the 1930s Dulles set about creating an incredible interlocking financial network between Nazi corporations, American Oil and Saudi Arabia. Here Allen had help from his brother Foster. Perhaps the best-known deal arranged by Dulles was between I.G. Farben and Standard Oil of New Jersey. What is generally not known Farben was the second largest shareholder in standard Oil of New Jersey, second to only John D. Rockefeller himself.¹¹ Another Rockefeller controlled corporation that Dulles worked to protect was the Rockefeller corporation United Fruit, both United Fruit and Standard Oil of New Jersey continued to trade with the Nazis after the out break of war.

2

Many of Rockefeller's dealings with the Nazis were through Rockefeller controlled shell corporations centered in Latin America. The dealings were facilitated by Nelson Rockefeller's appointment to the post of Coordinator of Inter-American Affairs, by Forrestal in 1940. This was the position of the top spy in Latin America, the post was suggested to Forrestal by Rockefeller himself. Rockefeller had proposed to Harry Hopkins that England and Hitler fight each other to the death, regardless of which side won, the U.S. had to be ready to pick up the pieces to increase corporate America's economic influence. In essence Rockefeller's only concern was to safeguard corporate America interests. His definition of totalitarian was limited to the USSR. Once Nelson Rockefeller accepted the position he informed his staff that their job was to use the war to take over Latin American markets. Rockefeller also used his position to see to it, that the Nazis got anything they wanted in South America such as refueling bases while forcing the British to pay cash. Additionally he effectively blackmailed Britain by the threat of withholding or blocking the shipment of raw materials and food to Britain. Rockefeller's chief aim was to drive the British out of Latin America and monopolize the markets for himself. In each country he set up coordinating committees composed of reactionary executives from Standard Oil of New Jersey, United Fruit and General Electric.⁴¹

Rockefeller never bothered with helping the war effort, by 1945 a third of the countries in South America had not bothered to declare war on the Nazis. Further a pro-Nazi bloc of countries led by Peron of Argentina was actively involved in helping hide escaping war criminals. Peron was a friend of none other than Allen Dulles.

Dulles and their firm were not the only investors in Germany at this time. Many of the top corporations in the U.S. initiated direct investments on their own among these are GM, ITT, Ford, and GE. Likewise other Wall Street firms specialized in German investments such as Dillon Reed & Co. who favored loans to the Deutsche Bank, Siemens and Frick's interests Key players at Dillon included James Forrestal, William Draper, Paul Nitze, Ferdinand Eberstadt and C. Douglas Dillon all of whom later served in the government. Brown Brothers & Harriman was another such firm and of course Harriman later served in the government as well. This was the firm in

which Bert Walker; George Bush's grandfather and father were associated with. Bush's grandfather was instrumental in setting up a deal to take over Hamburg-America Line a Nazi front company used for espionage. Prescott Bush hired Allen Dulles to hide his assets invested in Germany from authorities. In 1942 Prescott Bush was charged with running Nazi front groups and those assets were seized.¹³

In just this little snippet of history we have nine individuals (counting the Dulles brothers) all associated with Wall Street firms serving the wealthy, who later went on to serve later in the government. Forrestal was mentioned earlier in the context of promoting policies opposing the views of Truman. We need to look closer at the past Directors of the CIA to fully establish the connection between Wall Street and the CIA. Four of the past Directors including Wild Bill Donovan as head of the OSS there have been Wall Street lawyers, Donovan, Dulles, Colby and Casey. These four have been at the head of the CIA for a total of twenty-one years out of the fifty two-year history of the CIA or almost half the time. The remaining Directors have all come from the elite class as defined by Domhoff in an earlier chapter. Clearly we have established a revolving door between the wartime government and Wall Street as well as establishing the same revolving door between Wall Street and the CIA.

The question of how extensive the work of Dulles was in acting, as a middleman in setting up deals between the rich and the Nazis cannot be answered with any great certainty. However, a document prepared by Pruessen for the State Department totals over a billion dollars.¹⁶ Remember that is only deals in which Dulles was personally involved in and that it is a floor value, there may be additional deals that Pruessen failed to uncover. Likewise, Commerce Department records shows that investments in Germany increased 48.5% from 1929 to 1940.¹⁷ Additionally many US firms bought direct interest in German firms and in turn plowed the profits back into the Aryanzation (seizing of Jewish firms) or arms production. Among those firms are International Harvester, Ford, GM, Standard Oil of New Jersey and du Pont.

Before moving on this writer feels that, the billion dollars that Dulles help to invest in Germany needs to be put into context. Today at a single B2 bomber runs over a billion dollars a copy in the 1930s a billion dollars was real money as shown in the table below.

Year	GDP	GDPI
1929	103.8	16.7
1930	91.1	10.6
1931	76.4	5.9
1932	58.6	1.1
1933	56.2	1.7
1934	65.9	3.7
1935	73.1	6.7
1936	83.6	8.7
1937	91.8	12.2
1938	85.9	7.1
1939	91.9	9.3
1940	101.2	13.6

GDP= Gross Domestic Product, GPD= Gross Private Domestic Investment
Numbers given in Billions ¹⁸

Now from the table we can see that the billion plus dollars Dulles helped to invest in Germany was considerable money. For example, it equaled or exceeded the total private investment in 1932. In fact only in one year during the 1930s would it have been less than ten percent of the domestic private investments. In fact in the 12 years shown if this money had been invested in a single year would have amounted to 25% of the domestic investment on average. Even if the money Dulles had help invest in Germany was spread over the entire decade of the 1930s evenly it would have added one percent to the domestic investment if invested in the US a considerable boom in the time of the Great Depression. And remember this was just the known investments that Dulles had help broker, it is a floor value. Looking at the table above it is clear that these investments could only help deepen and prolong the depression in the US. Or to put it onto another perspective, in 1940 the Nazi war machine's budget was about five billion marks, in effect the amount of money Dulles had invested would have been enough for almost an entire year for the Nazi war machine.¹⁹ In effect the rich of this country built a great deal of the Nazi war machine for Hitler.

The reader must now indulge this writer some. Up to this point we have established a minimum dollar amount of money that Dulles helped to invest in Germany. Additionally it has been shown that there was at least two other Wall Street firms that competed with Dulles for clients to make similar investments in Germany. Further the leading corporations and banks were making direct investments in Germany has been established as well. It also has been established that these Wall Street firms had a revolving door with the State Department and very shortly the revolving door between Wall Street and the CIA will be more firmly established leaving no doubt of its existence. In many cases it was hard to tell where Wall Street stopped and the State Department began in those days, today its impossible to tell as the distinction has become even more blurred. In a later chapter the Reagan administration's Bechtel's State Department and the Coor's Department of Interior will be exposed.

Only a historical revisionist would deny that a considerable number of these Wall Streeters worked covertly or in a deliberate attempt to deceive and kill the policies of both FDR and Truman. The reader is urged to read the sources detailed in the footnotes to confirm this as a book of this scope cannot give full justice to the extent of such deception and influence in setting national policies. Likewise it is well known the trouble FDR had in securing government contracts with corporate America for wartime production. People could be drafted for the war effort but capital was exempt from the draft. In fact more wartime shortages in munitions were do solely to foot dragging or refusal to sign contracts by corporate America than to union strikes. Other production was lost due to corporate policies of refusing to hire blacks until FDR issued a directive requiring firms engaged in war time production to hire blacks. This refusal or reluctance on the part of corporate America to support the war effort led to FDR's hiring of dollar a year men, the rich leaders of industry and Wall Streeters.

By the time the war arrived many of these American companies had been doing

business with the Nazis since 1932. They had seen how the Nazi economic system of syndicalism worked and how to manipulate it to their advantage. The American corporations that had invested in Germany were forbidden by law to participate in the Aryanization program and to use of slave labor, few if any obeyed the law. Now these industrialists were in places of power within the US government and could effect policies that would benefit their firms.

At the end of the war the Nuremberg trials were for the most part a travesty of justice. The author is not condemning Nuremberg for the convictions, instead he is condemning it for its extremely limited scope, far too many war criminals escaped justice many with the direct help of the US intelligence and military. Outside of a few top Nazis that were found guilty, most of the war criminals escaped justice. The Trials caught more lowly soldiers than it did top Nazi officials. It would be a major task to list all of the major war criminals that escaped justice. Rather some of the major war criminals that escaped justice will be sprinkled throughout the remainder of the chapter to illustrate the various links between the different groups and the active subversion of justice by US officials. The examples chosen will dispel any notion that officials were not aware of their past war crimes. Originally a second trial at Nuremberg was scheduled to focus on those that financed and lead German industry. The second trial was dubbed the industrialists' trial at the time and was regarded as of equal importance with the first trial. But the second trial was canceled after the US bowed out. Additionally the trial of Flick who was found innocent of all charges except one, the court ruled that corporate leaders could not be held accountable for slavery and looting unless the prosecution could prove that he order each and every crime.²⁰ Was this second trial canceled because the defendants could have exposed Dulles and his American clients? It will be shown later that Dulles had dealings with the top Nazi officials and industrialists while he was stationed in Bern.

3

Here is the point for the reader to ponder. Did these industrialists and Wall Streets subvertly adopt the Nazi's form of syndicalism? In case the reader is a bit worried that the writer has sat in the sun for too long and is a tad bit sun happy, this writer is not the first person to raise this question. In fact one source is very disturbing in that he was part of the dollar a year men and vice chairmen of the War Production Board and president of GE, Charles Wilson. In late 1943 he made a notable speech warning against fascist thinking among the higher ranks of big industry. ⁴⁵ By 1943 war production peaked and declined there after, the dollar a year men in charge of production and the military conspired to prevent small contractors whose contracts had been canceled from engaging in civilian production. In effect big business wanted to freeze the marketing of any consumer items until they were free to produce the same items, thus freezing the small businesses out. The reader will have to ask himself did corporate America put a happy face on a Nazi and gained control of the government and economy? The analogy is much too close to be dismissed out of hand.

The previous two chapters revealed in some detail the support for fascism among various elements of American society including members of Congress and even members of the Roosevelt administration as by the time war broke out many

New Dealers had been replaced with dollar a year men. Additionally congress was becoming increasingly conservative, as the Republicans had doubled their membership in both the House and the Senate by 1943 from their low point in 75th Congress of the years 1937-1939. Although the Democratic Party still held a considerable margin many of these members were southern conservatives or Dixiecrats that were more likely to side with the Republicans. The reader should also recall from the previous chapter that in 1942 du Pont, an ardent Nazi support launched his fascist free enterprise campaign.

In fact a date can be placed on the adoption of fascism by the elite leaders of American business, January 1944. As by this time war production was steadily decreasing and along with that decrease, a decrease in the profits of corporate America. It was this month that the same Charles Wilson proposed the wedding of corporate America to the military. Wilson suggested that every large corporation appoint a liaison man with the armed forces with a commission of a colonel in the reserve. Experts from his proposed wedding follow below.

"First of all such a [preparedness] program must be the responsibility of the federal government. It must be initiated and administrated by the executive branch— by the President as Commander in Chief and by the War and Navy Departments. Of equal importance is the fact that this must be, once and for all, a continuing program and not the creature of an emergency. In fact one of its objects will be to eliminate emergencies so far as possible. The role of Congress is limited to voting the needed funds...

Industry's role in this program is to respond and cooperate.... in the execution of the part allotted to it; industry must not be hampered by political witch-hunts, or thrown to the fanatical isolationist fringe tagged with a merchants of death label."¹³⁹

Such words render the elegant debates of Hamilton, Madison, Jefferson and others of the founding fathers and set forth in the constitution to provide Congress with an absolute choke-reign on the military power and spending mute. Further the words of Wilson hints at corporate America's role in starting the Cold War which was soon to follow. But even more ominous is the fact that before Eisenhower's troops stormed the beaches of Omaha and Normady, the war against fascism was lost on the home front. As Wilson's words embraced the very heart of fascism and the power that ruled Germany, the military-industrial alliance of Nazi Germany.

With the end of the war eminent the top military brass eagerly adopted such a wedding and expansion of the military as it was job security for them. A successful military-industrial complex requires a large military to expend the munitions. With the top brass of the military facing the loss of their ranks at the end of the war, the campaign to establish the first peacetime draft was on. The establishment of a peacetime draft would require a huge propaganda blitz by both the military and industrial sides. And once again the elegant words of the founding fathers of the danger of a large military making policy rather than following civilain authority were reneedered mute. Thus by the time the 1948 peacetime draft came before congress, General Douglas MacArthur had established a public relations office consisting of 135 military men and additional 40 civilain personnel. The Chief of Staff had 44 military men and 113 civilians assigned to public relations, the European Theater had 107

military men and 30 civilians in its public relations office. By 1950 the Department of Defense had 1,800 persons assigned to public relations with a budget of over \$12 million. Looking at those figures does anyone still remember the words of Hamilton expressing fears of a large military determining policy? The full extent of the military determining policy and coordinating its efforts with right wing groups and fundamentalist religious groups will be taken up in a later chapter on the 1950s.

Truman's first peacetime budget called for a reduction of army officers to 115,000 and of enlisted men to 800,000. The brass found ways to protect itself. The ratio of officers to enlisted men had been established at one to ten but the Pentagon insisted on reduction to only 147,000 or a ratio of one to six.¹⁴⁰ No better example of the brass protecting their positions can be found than the out break of the Korean war just two years after the passing of the first peacetime draft. At the onset of the Korean War the military found itself in a mad scramble callign up National Guard units and Reservists. Despite the peacetime draft as of July 1, 1949 there was a 1,650,000 officers and enlisted men in the military service backed up by an additional 900,000 civilians in the Defense Department. Yet the military could only field 12 combat divisions tglobally otaling less than 200,000.¹⁴¹ This figure includes those divisions stationed in Europe and elsewhere. Now does anyone still believe that the military budget was not bloated?

Additional support for such a theory can be found in the post war period. In 1952 at the urging of outgoing President Harry Truman, never a friend to big business the International Petroleum Cartel was facing a massive antitrust suit by the Justice department. The suit charged the major oil companies rightfully so of dividing the world's oil markets among themselves, limiting competition and monopolizing the production and distribution of the world's energy source. The cartelization had its beginnings some twenty odd years before in 1928 with the signing of the Achnacarry Agreement. The Achnacarry document established spheres of influence for the various oil corporations as well as establishing the peacekeeping machinery between the various signers.

The suit never got off the ground as it faced a host of opposition. Various foreign governments notably Saudi Arabia, England, Holland and France applied tremendous political pressures. Additionally the Justice Department faced an organized opposition from other cabinet level departments namely the State, Defense, the CIA and the Joint Chiefs of Staff. Many of the documents needed to make the case were classified as Secret or top Secret and the necessary security clearance was withheld from the Justice Department's prosecutors. The untold story behind such subversion of justice was the State Department and the CIA was infested with oil millionaires who were the superiors to the midlevel public servants. In developing its oil expertise the CIA listened closely to what the oil companies had to say on policy. CIA personnel were routinely assigned to oil company "schools" where they were trained for their assignments in oil producing countries. Besides the sharing of intelligence with the oil companies the CIA also relied upon them to furnish cover slots for its agents. Additionally a revolving door between the executive positions of the oil companies and positions with the government in the State Department and the CIA existed. With the door in the State Department dating back at least into the 1920s if not before.

Eventually the suit was downgraded from criminal conspiracy suit to a mere

civil suit. Interesting enough the lead Justice Department's prosecutor has stated that Truman eventually reached the decision not on the advice of the Security Council but on the advice of General Omar Bradley that national security called for the suit to be dismissed. Truman would certainly have been aware of the Standard Oil of New Jersey blackmailing FDR just prior to the D-Day invasion with a price hike or a possible cut off in supplies. This was at the height of Truman's containment policy and he could ill afford a disruption in oil supplies. And at the time the Department of Interior had stated the US. Did not have enough reserves to provide for maneuverability in the opening months if war should break out beyond the Korean peninsula.

During the Korean war one general manager in Syria bragged at his home office that he was complying with all Syrian regulations by drilling the number of wells they demanded but making sure he just wasn't drilling them where oil would be found. Syria as the other oil producing countries wanted to maximize their production but was hindered by the monopolistic policies of the major oil companies.¹³⁸

The end result of the ill-fated suit placed the oil companies above the law and the public. The very policy of the oil companies was being implemented by their men inside the CIA, the State Department and various other federal bureaucracies. By using the shield of national security the oil companies were free to manipulate the courts for the advantage of a few elite, the very essence of fascism was now complete in this country. The writer would like to suggest to the reader that he ask himself how many other companies have done the same since 1952. Indeed the reader will end up with a very long list.

4

Granted this American form of fascist syndicalism is more informal than the formal Nazi model but in effect it yields the same end result. Nor is this writer alone in this assessment of fascism in America in the late 1900s, Gross describes it as friendly fascism or fascism without the black shirts.¹²⁹ He sees fascism taking a new form of despotism in the form of corporate rule. If the reader cannot answer in the affirmative, perhaps he can explain what was behind the cryptic warning of the military industrial complex by Eisenhower less than fifteen years from the end of the war. Eisenhower was anything but an alarmist, if he had any faults it was that he tended to ignore problems and delay action hoping that the problem would sort itself out for the best. Likewise as president Eisenhower leaned on his experience during the war, the interstate highway system was just one such product of that from his familiarity to the autoban. He also seen his orders counter acted during the occupation or de-Nazification period and the Nazi war criminals being released and put into positions of power in post war local governments and industry, much to his dismay by all accounts. Was he seeing the same close cooperation between the military and industrialists in 1959 that lead to the Nazi State?

As early as march 1946 Eisenhower was aware of the National Security Agency's (NSA) Project Shamrock. Shamrock was a project in which the NSA obtained the cooperation from the three major cable corporations in which to read all cables coming into the US and leaving the US.¹⁰¹ Eventually Shamrock evolved into a much larger eavesdropping operation including domestic spying on the SDS and other

leftist elements as well as drug dealers. Thus Eisenhower was aware of the NSA an ultra secret agency that in many ways was like the Gestapo and free to spy on American citizens.¹¹² The only thing we can be certain of is that he regarded the military-industrial complex as a serious threat to freedom. In a later chapter we will detail the similarity between the Nazi economy and the Republican agenda of the 1980-1990s. The similarities are as striking, as they are haunting.

Perhaps Eisenhower did leave a clue as to his meaning of the military-industrial complex. In his military industrial speech Eisenhower recognized that for the first time the US had a permanent defense industry. One part of this permanent industry was the creation of the CIA and NSA. In fact the intelligence industry was a big part of the build up and notice how Eisenhower carefully mentions the cost of military security in the speech (underlined) as it follows below.

"Our military organization today bears little relation to that known by any of my predecessors in peacetime, or indeed by the fighting men of World War II or Korea.

Until the latest of our world conflicts, the United States had no armaments industry. American makers of plowshares could, with time and as required, make swords as well. But now we can no longer risk emergency improvisation of national defense; we have been compelled to create a permanent armaments industry of vast proportions. Added to this, three and a half million men and women are directly engaged in the defense establishment. We annually spend on military security more than the net income of all United States corporations.

This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence — economic, political, even spiritual — is felt in every city, every State house, every office of the Federal government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society.

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."¹²⁰

Did Eisenhower see the intelligence community as agents of repression much like the Gestapo? It would seem that he was extremely distrustful of the expense of military security by singling it out in the speech.

The reader may indeed disagree with this writer that a small cabal of the rich elite dressed up fascism with a happy face and adopted it as US policy following WWII. Some may even argue that the conservative leadership and agenda changed in the 1960s with the emergence of what is called neo-conservatism. The agenda of the conservatives of today is nothing less than a complete revoking of the New Deal. In fact its no different than the agenda of the plotters lead by Irene du Pont to overthrow FDR in 1934 and impose a fascist government of businessmen. There is no question of du Pont being pro-Hitler, he followed the rise and career of Hitler closely. At a speech before the American Chemical Society in 1926 he advocated creating a race of supermen by the injection of drugs. Nor is there any questioning of his business deals with the Nazis. Enterprises owned by du Pont had extensive dealings

with the Nazis including General Motors. Irene du Pont used GM money to back the Black Legion and the fascist American Liberty League.¹³⁰

There was rampant support for fascism among corporate America during the 1930s. Of this there is little doubt. As the following quote from the William Dodd, US Ambassador to Germany in 1937.

"A clique of U.S. industrialists is hell-bent to bring a fascist state to supplant our democratic government and is working closely with the fascist regime in Germany and Italy. I have had plenty of opportunity in my post in Berlin to witness how close some of our American ruling families are to the Nazi regime. . . .

Certain American industrialists had a great deal to do with bringing fascist regimes into being in both Germany and Italy. They extended aid to help Fascism occupy the seat of power, and they are helping to keep it there."

Another industrialist that was closely aligned with du Pont and involved in the plot against FDR and also hindered the war effort was Andrew Mellon the head of Alcoa. George Seldes had this to say about Alcoa:

"If America loses the war it can thank the Aluminum Corporation of America" Secretary of Interior Harold Ickles, June 26, 1941. By its cartel agreement with I.G. Farben controlled by Hitler, Alcoa sabotaged the aluminum program of the US air force. The Truman Committee heard testimony that Alcoa's representative, A.H. Bunker a dollar a year head of the aluminum section of the OPM prevented work on our \$600,000,000 aluminum expansion program. Congressman Pierce of Oregon said in May 1941: "To date 137 days or 37 1/2% of a year's production has been wasted in the effort to protect Alcoa's monopolistic position. This delay translated into planes means 10,000 fighters or 1,665 bombers."

This of course is the answer to the boys on Guadalcanal and in Tunisia and not absenteeism, the 48 hour week or wage increases to meet the cost of living."¹³¹

Today the Republicans controlled by a faction of fascists are still calling for the elimination of one of the most successful government programs ever, Social Security and enacting of the same agenda of Irene du Pont.. The right wingers since the Reagan years have passed huge tax bonanzas for the rich and corporate America a policy followed by the Nazis. The Republicans have also passed a huge excess of corporate welfare until the amount of corporate welfare now exceeds social welfare by at least a factor of ten. In short the Republican Party today will settle for nothing less than corporate rule. Such an extreme form of capitalism or corporatism is at the heart of fascism..

But for this writer this time period is the answer to a question that has plagued the writer like an open festering wound. The question arose in the early 1980s in the period of darkness otherwise known as the Reagan administration. In response to the Republicans debating on the floor of congress of declaring ketchup as a vegetable and therefore a hot dog with ketchup smeared on it constituted a balance meal, this writer began asking the question of "where did it all go wrong." This writer began looking systematically at the Nixon administration, the JFK assassination, McCarthyism and rejected them all. No it was during the war that a wholesale change from liberal

enlightenment to repression occurred first in the business community, then spreading to the general public and eventually into public policy. It was not a clear and straight transformation the change took several diversions before the 1980s.

But it was during this period that the US adopted a policy of nationalism and a phobia of communism, both traits of fascism. This was also the time that the root of the extreme corporatism that the Republicans of today embrace and advocate. Extreme corporatism is just another name for fascism. It was the emergence of fascism in this time period that has led to many of the inequities of today. This writer believes that the failure of the US to adopt a national health care policy like the rest of the industrial world can be traced to this very time period. In fact Harry Truman first proposed such a measure during this time period. Of course the right wingers of the time attacked it with a vengeance labeling it as socialism or even communism.

The writer will also grant the reader that given the enormity of WWII that it would affect the future for a long period afterwards. But that doesn't account for the wholesale change in the domestic opinions or politics. Phobias such as the extreme fear of communism in the late 1940s and early 1950s are rarely adopted by an entire population without first propagandizing the population. In short national phobias are learned behavior. And in this case it was not the elected leaders of the country teaching the lesson. But even more importantly this is time period in which a permanent defense industry was established. And just as the military-industrial complex formed the very heart of the Nazi war machine, the military-industrial complex that Eisenhower saw allowed the fascist to establish a power base within the US.

5

The writer will concede that these changes so far have not produced full-blown fascism in the US. Some prefer the terms such as proto-fascism or neo-Nazi, but that doesn't change the fact that once the happy face is stripped off, one is still left with a stark raving mad Nazi. Presently all that is needed is a strong figurehead from the right wing for full-blown fascism to emerge in the US. The remainder of this chapter will look at how the CIA brought known Nazis and war criminals into the US and the effect that this has had on US policy and will lend support to support this hypothesis.

But even more serious did the dollar a year-men and the military conspire to manufacture a war? The war in question would have been the Cold War. Russia was our ally and the defeat of the Nazis can be largely credited to the Russians at Stalingrad. Through lend lease over the objections of the conservative element in this country we provided much of the needed munitions for Stalin to fight with. Up until the later stages of the war around the 1943-44 period the conservative element had been held in check. But at sometime during this time frame they broke free to run amok. Perhaps, the best dating of this can be placed with the appearance of the free enterprise hype from du Pont. But here are the facts. In 1943 Donald Nelson a former chairman of the war production board returned from a trip to Russia with a plan for post war trade with Russia. In the agreement the US would supply Russia with manufactured goods while Russia provided the US manufactures with the raw material.⁴⁷ Records from the time clearly shows that the Soviets were unable to

continue to wage war. Detente would be delayed for another twenty years and even then it would be attacked viciously by right wing elements in America. But by the end of the war the official mood towards Russia was one of open hostility. Could the military and the dollar a year-men covertly manufactured a needless war that consumed the next forty years and pushed the world to the brink of a nuclear holocaust? That question will be left for the chapter on the 1950s.

Both Dulles brothers benefited immensely in the years 1939-1941 before the entry of the US into the war. Allen restructured the Giesche conglomerate 50% owned by Anaconda Copper from both Hitler's and the US. In 1940 a three way deal between German buyers such as I.G. Farben represented by Allen, the German and Spanish bankers represented by John Foster and Saudi oil interest represented by Phibly to ship oil through Spain to Nazi Germany. The principle supplier was Caltex a union of Socal and Texaco arranged by none other than John Forestal in 1936.²² This deal was at the heart of the Truman Committee's investigation leading to the blackmail threat of a cut off of oil supplies to the US. At least three other intelligence officers believe that it was Allen Dulles personally behind the threat. Collaborating evidence including the direct participation of the American oil company involved exists.

This brings us up to the war years and the formal beginnings of the US intelligence agency with the formation of the OSS. In reality the first intelligence agency was the short-lived Office of the Coordinator of Information formed (OCI) in 1941, the OSS came a year later in 1942. Both were headed by Wild Bill Donovan. Without a doubt the three most influential in the OSS and the later CIA were Donovan, Allen Dulles and Frank Wisner all had come from former Wall Street law partnerships. As director of the OCI

Donovan recruited several of his former law partners, among these were Otto Doering, James Murphy and Ned Buxton. Thus from the very beginning we see that the intelligence agencies of the US were awashed with Wall Street lawyers, an odd combination for a spy agency. It should be mentioned here that John McCone the fifth Director of the CIA was a subordinate of Forestal during the war. Forestal has already been mentioned in subverting the policies of Truman, this may indeed be a case of guilt by association but it remains worth noting. Likewise McCone was president of Bechtel a corporation that was essentially the State Department under Reagan. Bechtel was also one of Dulles's long-standing allies and by 1952 had extensive political contacts at the highest level. These contacts were not accidental, they came through John Simpson a director of the Schroder Bank and close friend of Allen Dulles.⁴⁶

FDR's ok of Dulles as the head of the New York OCI was a setup. Roosevelt knew that Dulles's clients included most of the camouflaged Nazi-American interests. Britain had been given permission to conduct illegal wiretaps in New York to uncover Nazi interests. The wiretaps being illegal could not be used in an American court but the information could be used in England to stem the flow of money and munitions to the Nazis. British agents have been strongly implicated in the deaths of a few Americans that were dealing with the Nazis, Dulles office was one of the offices that the British had bugged. In fact there was a wire-tapping office one floor beneath Dulles new office. Following the war Roosevelt planned on using this information to help prosecute Dulles. Two unforeseen events occurred to scuttle FDR's plan, one someone tipped Dulles off. The leak is commonly attributed to Vice President Henry

Wallace and this was the motivation for dumping him from the ticket in 1944. Secondly the death of Roosevelt killed the plan entirely, as Truman was never informed over it. Dulles likewise was not Roosevelt's only target, many other wealthy Wall Street investors were also targets reportedly also including Joseph Kennedy. Former Supreme Court Justice Arthur Goldberg confirmed Dulles was being set up before his death.²³

It is also known at the end of the war Allen Dulles was investigated by the combined U.S.- British Combined Chiefs of Staff for his dereliction of duty and refusal to follow orders. But the military records have disappeared.²⁴ In this case Dulles was trying to broker a surrender and a grant of amnesty to the highest ranking SS officer in Italy, Karl Wolff in the spring of 1945. Dulles had been ordered to break of the talks with Wolff but continued on ignoring orders even to the point of rescuing Wolff from Italian partisans. Wolff eventually went free despite the fact that he was Himmler's chief of staff, had arranged contracts for slave labor and was the chief Nazi sponsor behind Treblinka. This is but one example of the travesty of justice at Nuremberg that the writer was referring to earlier. According to information released in 2000 by the CIA, Wolff was heavily involved in deporting Italian Jews to Auschwitz.¹⁴²

Dulles effectiveness as a spy located in Bern was rather shabby at best. As shown by the following quote from a cable from Washington to Dulles in January 1944.

"We think it is essential that you be informed at once that almost the entire material supplied disagrees with reports we have received originating with other sources, and parts of it were months old. There has been degeneration of your information which is now given a lower rating than any other source. This seems to indicate a need for using the greatest care in checking all your sources.. The Bern estimate of German forces is most inaccurate and misleading. It contains grievous errors regarding locations and also includes reports of non-existent divisions. Only 30 of the divisions reported west are correctly identified the remaining divisions reported are either incorrectly located or do not exist. In more than 50 instances, the classification of divisions by type is wrong." ²⁵

Following the defeat of the Nazis at Stalingrad in 1943 many of the Nazi businessmen realized they were on the losing side and decided to move their money out of Germany before the end of the war. Allen Dulles was instrumental in helping them move their assets to Argentina through Switzerland at first. Dulles had ties to the Bank of International Settlements (BIS) through his connection with the Schroder Bank, a Nazi Bank. Recently the BIS has confirmed a 4 billion dollar purchase of gold from the Nazis during WWII. The amount here is tiny relative to the nine billion francs on the eve of the North Africa invasion, that the collaborationists were seeking from a dollar exchange.²⁹ After the Nazis informed him that the Allies had broken the Swiss codes, Dulles shifted moving their gold through the Central Bank of Belgium and some through Luxembourg and Liechtenstein. Operation Safehaven records confirm that both Dulles and his aid, Gero von Gaevernitz were under investigation for laundering the assets of the Nazi Bank of Hungary to Switzerland while disguised as a series of movie companies.²⁶ The invasion of

Normandy on D-Day stemmed any further efforts through these countries leaving a large gold horde still in Germany.

Following D-Day Dulles rerouted his money laundering through Italy with the help of the father son team of Hugh Angleton and son James and the Vatican. The older Angleton may have served as a courier between the Vatican and Nazi Germany. Financial donations from the Vatican to Hitler has been firmly established.²⁷ The Vatican was part of Dulles's network to smuggle gold out of Nazi Germany before the wars end. Additionally the Vatican has been tied to the smuggling of gold out of Yugoslavia.²⁸ As this was being written a newly declassified document surfaced suggesting that the Vatican hid 200 million Swiss Francs stolen from Jews, Serbs and Gypsies.⁶⁷ The younger Angleton is credited with covering up the criminal investigation of his father who may have been directly responsible for the smuggling of gold out of Germany as well as the investigation of Dulles. James Angleton was instrumental in recruiting Gehlen and other known Nazis for the CIA following the end of the war. Later he had a central role in supporting the Document Disposal Unit (DDU) inside the state department.³⁰ The DDU was controlled by Allen Dulles and its apparent primary goal was to cover up Dulles's war time crimes as well as those of his clients.

At the end of the war Dulles had several worries. He had to cover up his own dealings with the Nazis and that of both his American and German clients as well as smuggling any remaining assets out of Germany. He adopted a mindset that no American businessman was ever going to be convicted for treason for helping the Nazis. Records show that at the end of the war the American Army Counter Intelligence Corps (CIC) had two large Civilian Internment Centers code named Ashcan and Dustbin. The CIC had identified a large number of Americans that had remained in Germany and aided the Nazis. The evidence was overwhelming for charging them with treason. Much of the evidence was directly from captured German records and indisputable. Suddenly on orders from the Department of Justice they were released. Those within the department that spoke out were fired the one attorney that help bury the treason cases was later promoted.³¹

6

The proof of such a cover up concerning the Nazis industrialists exists yet today. It appears in the Forbes list of the richest men in the world. Near the top of that list are several multibillionaires that were part of the Nazi's inner circle. One such example would be Karl Flick Jr. who still appears on the 1997 list; another name is that of Bosch.³² Obviously in a cover-up of such magnitude Dulles had to have had help from the other allies. The British cover-up was even greater than that of the Americans, too many royals were involved with the Nazis and too many British corporations would have to be seized. The French was even worst than the British as many were involved with collaborating with the Nazis during the occupation.³³

Dulles conned Wild Bill Donovan into serving on the board of World Commerce Corporation, a company that was to help rebuild Germany as a buttress to communism along with Dulles and Sir William Stephenson from British intelligence. He had assured Donovan that there were a large number of wealthy investors in Argentina.³⁴ Those investors were former Nazis smuggled out of Europe with the help

of Dulles's ratlines and their source of wealth was the loot the Nazis had stolen from their victims. The economic rebirth of West Germany in the 1950s was built in a large part with the stolen assets of the victims of the Third Reich.

The writer is not being an alarmist or trying to spin a conspiracy theory here. It is now past fifty years since the end of the war but the news of today still carries an abundance of articles concerning war criminals and the money stolen from the Jewish people. Congress has passed a bill to release all information on war criminals, but some agencies notably the State Department, the CIA and Department of Defense are still raising objections on the grounds of national security.³⁵ Undoubtedly the release of some classified files is going to cause much embarrassment to not only government agencies but to American corporations and their leadership. What follows is a hodgepodge of synopsis of news articles appearing in the late 1990s.

Billions of German Marks from German taxpayers have been spent for "victims" pensions. These pensions are paid to Nazi war criminals. Estimates range as high as 50,000 receive such pensions. One notable recipient of such pensions was Wilhelm Mohnke a Hitler confidant and commandant of the Führer bunker. He also had a role in the execution of 72 POWs during the Battle of the Bulge. Germany has only reluctantly agreed to halt such payments.³⁶

The prosecution of Aleksandras Lileikis as a war criminal by the government of Lithuania³⁷

Kazys Ciurinskas a retired Indiana contractor who served as a member of the 2nd Lithuanian Schutzmannschaft Battalion a mobile Nazi killing unit faces deportation for lying on his immigration papers about his involvement with the Nazis during WWII. Kazys's battalion in October 1941 murdered over 10,000 people in Byelorussia.³⁸

Five U.S. banks: Chase, J.P. Morgan, Guaranty Trust Co, Bank of the City of New York and American Express all turned over the accounts of Jewish customers to the Nazis during the occupation of France.³⁹

In an article appearing in *Newsweek*, dealing with the return of the heirless assets the cooperation of American corporations with the Nazis is exposed. Recently declassified documents show that at least 300 American firms continued to do business with the Nazis during the war.⁴⁰

The keyword in that *Newsweek* article is "during." In other words these American firms were actively providing munitions and war material for Hitler to kill American soldiers with. Does the reader still think corporate America has his best interest at heart? The second point the reader needs to focus on is the number of at least 300, previously the American public has been led to believe that only a handful of American corporations did business with the Nazis. Now it has been determined that was false and the real number is at least a factor of ten larger. The article concludes with a partial listing of the value of looted art, life insurance policies, property claims, bank accounts and the suits initiated against firms that employed slave labor.

Clearly from these articles one can gather that once all the documents are declassified there is going to be severe embarrassment of not only some government agencies but also even more embarrassment in corporate America as hinted at by the

Newsweek article. At least one article shows that a high-ranking Nazis were never brought to trial for war crimes. Or are we to believe that our military and intelligence forces didn't know who was the commandant of the Furher Bunker?

This leads directly to how Nazi War criminals ended up in the US and their effect on the post war period. By the end of the war our relationship with Russia had become antagonistic if not openly hostile. It has already been mentioned how domestic elements such as du Pont's free enterprise had come to dominate the political front. Of course communism was an anathema to this group lead by Wall Street sharks and the wealthy. Dulles was of course a member of this group and had the additional motivation to cover up his ties and financial dealing with the Nazis and the Nazis were rabid in their hatred of communism. Additionally the military wanted to reap the spoils of war and gain the technology of the Nazis scientists. Out of this phobia of hate for communism several programs were developed to take advantage of the Nazis in the opening years of the cold war.

To understand how many of the programs that were developed and their effect upon the post war period we first need to look at the Gehlen organization. A full expose on the Gehlen organization is beyond the scope of a single chapter, the reader is referred to Christopher Simpson's book, *Blowback* for a more complete discussion. Nor will the writer bore the reader with a countless listing of war criminals within Gehlen's organization. Rather they will be included in the overview and sprinkled throughout this chapter as they point towards other connections.

Not only was in one of the first to developed, it played a central role in all of the other programs that followed and exerted the most influence upon foreign policy than any of the others. Gehlen used the same common tactics that many of the senior Nazis employed in surrendering to the allies. In March 1945 Gehlen microfilmed the holdings on the USSR in the Nazis military intelligence section and buried them in the Austrian Alps. On May 22, 1945 he surrendered to the American counterintelligence team.

It was with these microfilms and Gehlen's underground espionage network in the USSR that Gehlen was able to broker a deal. This was a common theme among high-ranking Nazis in surrendering, they first offered the allies something of value while down playing their role in war crimes in exchange for insulation from prosecution. Gehlen was held at the interrogation center at Camp King; it was here that he first set about forming his organization. By first establishing his network inside the camp Gehlen assured himself of a central role in all intelligence dealings with the Nazis. It was this network that Gehlen established in the camp that made him a central figure in every aspect of the post war dealings with former Nazis. On the other end or the American side the central figure is George Kennan, from the State department and an early advocate of Soviet containment. Its ironic that Kennan was attacked twice by the far right in America, for his policy of containment rather than open confrontation, once in the McCarthy years and then again in the Reagan years. By the end of the summer General Sibert and Walter Bedell Smith as well as Wild Bill Donovan and Dulles were supportive of using Gehlen. Of course with Gehlen being the Nazis chief intelligence officer in the east, this was in violation of previous agreements with handing over all Nazis from the eastern front to the USSR for possible war crimes. It is known that the USSR protested the arrangement vigorously at Potsdam and could only serve to further broach our relationship with the Soviets.

At this time the US intelligence of the USSR was essentially an empty file. Not even rudimentary information of the rail or road system was known. Thus any information supplied by Gehlen was received enthusiastically. The fact that much of the information was obtained by Gehlen's role in torturing and murdering some 4 million Soviet prisoners was conveniently overlooked. Gehlen likewise had a large role in fanning the flames of the cold war. A former CIA chief analyst of Soviet military capabilities, Victor Marchetti now acknowledges that Gehlen overestimated Soviet troop strength in Eastern Europe as well as their battle readiness.⁵⁰ The lack of battle readiness of the Soviet divisions in eastern Europe should have been apparent to any observer. They were engaged in ripping up the rail lines in their sector of Germany to ship back to the USSR for constructing their own rail lines. The Russians also relied heavily on horses rather than trucks or motorized vehicles well into the 1950s an advantage in Siberia but a severe disadvantage in western Europe. The Soviets' lack of even basic infrastructure was readily utilized in the cold war over flights by U2s. The pilots simply followed every rail line and its spurs to locate the Soviets' ICBMs as there were few rail lines and even fewer roads.

7

Another associate of Gehlen, who was completely integrated within the command structure of Vlasov's Army and a major war criminal, Gustav Hilger was instrumental in the US backing of Konrad Adenauer's Christian Democratic government.⁵¹ The backing of the Christian Democrats by former Nazi industrialists and its effect extends to the present times. Another benefactor of this financial backing was Kohl. Kohl was adamantly opposed to compensation to the former slave laborers under the Nazis. One of his larger financial backers and a war criminal that employed slave labor was Flick.⁵⁴

Gehlen had promised that he would use no SS, SD or Gestapo officers in his organization and promptly enlisted recruits from those organizations using phony papers and false names. By 1946 Gehlen had resumed funding of Vlasov's Army, the underground Ukrainian army and other Nazi quislings. In 1947 SS officers Franz Six and Emil Augsburg took charge of the émigré work. Both were from the Amt VI group of the SS, the combined foreign intelligence apparatus of the Nazis equivalent to the CIA. Most of Amt VI's top officers were instrumental in the mass extermination of Jews. Six was a major war criminal and was favored by both Eichmann and Himmler. The following is a quote from a 1944 speech Six delivered at a conference on the Jewish question.

"The physical elimination of Eastern Jewry would deprive Jewry of its biological reserves. The Jewish question must be solved not only in Germany but also internationally"⁴⁸

Himmler was so pleased with Six's work that he promoted him to a newly created department of his own Amt VII. Six was eventually betrayed and tried for war crimes, found guilty and sentenced to twenty years in prison. He only served 4 years before being granted clemency by John McCloy and returned to Gehlen's organization. McCloy could hardly have been unaware of Six's background when he granted the

pardon. But it does point out the CIA's active subversion to US laws concerning SS officers and war criminals. Augsburg escaped any prosecution. The work on the émigrés affairs these two war criminals did served as a shopping list for the western allies.

Vlasov's army and émigrés from other eastern European countries were the source for Frank Wisner covert actions behind the rapidly developing Iron Curtain. Wisner believed in covert actions to eliminate communism rather than the containment policy of Kennan or Truman. He recruited heavily from various émigré groups. The recruits were trained and often dropped across the borders into communist territory. In most cases Wisner's agents met a quick and fatal fate as his agents were quickly apprehended. The thought of a spy within their organization or a mole never occurred to them. Wisner was actually responsible for wasting more Nazis after the close of the war than during it. It also points out the extensive penetration of Soviets within the US intelligence system and the poor screening of the war criminals that the CIA recruited to combat communism.

The use of Vlasov's Army came to be integrated within the US plans for a nuclear war with the USSR. The roots of using former Nazis to conduct a guerrilla warfare after the dropping of sixty to seventy atomic bombs on the USSR first arouse in 1947 as advocated by Hoyt Vandenberg. Five wings of B29 bombers were committed to the émigré guerrilla army project.⁵² The Nazis were to be dropped inside the USSR after the bombs had been dropped and to gain control of strategic sites as well as control the local populace. Towards the end of 1948 General Robert McClure had won the approval of the Joint Chiefs for a full-scale guerrilla warfare to be follow a nuclear attack on the USSR. Up until 1956 this was the attack plan against the Soviets. It employed thousands of émigrés from the USSR including Vlasov's army and Waffen SS men. Recently documents discovered in the National Archives contained references to a top secret State Department plan to recruit a network of Albanian anti-Communists who had previously been denied a visa as Nazi collaborators and war criminals.⁵⁵

The astute reader should be asking himself at this point how the US hid Vlasov's army and supply such a force. For the most part the supplies were provided from the excesses of war surplus equipment and presented no real problem. Both the CIA and the military laid claim to controlling authority over this covert force of guerrillas and from time to time employed them in covert actions. Such cooperation from the émigrés was later used to sanitize their records. To hid a army of thousands in Europe the US simply hid them inside of another army of sorts in full view of everyone. They simply were hid inside the labor camps known as Labor Service companies. Approximately 40,000 displaced persons were employed in these Labor Service companies, guarding POW camps, removing bombing rubble from cities, locating grave sites and similar work. Former Nazis were officially barred from these camps. But at least as early as 1946 the Labor Services were recruiting former Nazis. As an example Voldemars Skaistlauks a Latvian SS general and his top aides were part of the Latvian labor company formed June 27 1946. Talivaldis Karklins was another top Nazi in the Latvian labor company. He was a top official of the Madonna concentration camp. His role in torture and murders at the camp was known at least as early as 1963. He immigrated to the US in 1956. Finally in 1981 the office of Special Investigations (the Nazi hunters within the Justice Department) succeeded in

bringing charges against Karklins resulting in a complex legal battle. Karklins died peacefully in 1983 in Monterey, California.⁶⁶

Thus from the end of the war the personnel that would later become instrumental in the CIA was concentrating on covert actions. Truman originally saw the CIA as an informational gathering agency rather than an agency centered about covert actions. However the National Security Act of 1947 defined five roles for the CIA. The fifth role was to perform all other functions as the National Security Council directs. It was this role that was exploited by Wisner, Dulles, James Angleton, William Colby and others, who were responsible for directing the newly formed agency along these lines actually subverting the intentions of Truman and forever changing the face of the CIA.

The second success of this covert group within the CIA was the subversion of the 1948 Italian election. The first was the intervention in Greece. The CIA spent over \$350 million of taxpayers dollars in its efforts to defeat the communist party of Italy. But even more worrisome, the CIA used Americans of Italian or Catholic heritage in its efforts through domestic propaganda. The CIA's charter strictly forbids domestic operations. Additional funding over the \$350 million came from captured Nazi assets taken from their Jewish victims and was dispersed through the Vatican.⁴⁹ This money was dispensed to the Christian Democrats, while none of this money reached either the fascist parties or the monarchists, the remains of the fascist apparatus and the police joined the Christian Democrats as did many of the fascist clerics. In essence the wealth stolen from the victims of fascism was used to place the fascist back in power. Some of this money found its way to Monsignor Bicchierai, who used it to fund an underground squad of anti-Communists. This group was nothing more than a group of street thugs, who beat up left wing candidates, broke up political meeting and intimidated voters. In short a reincarnation of the early years of the Nazi Party.

There is evidence that the CIA has been involved in almost every Italian election since WWII. Covertly funding right wing candidates and embarrassing left wing candidates. The main element in which the money seems to flow through is P2. In fact Operation Gladio is well known in Europe and continues to make headlines while its virtually unheard of in America. Gladio was aimed at preventing the rise of the communist party in Italy by supporting and controlling the Christian Democrats. Gladio evolved out of Operation Demanetize at the end of the war. A former black shirt and member of the Knights of Malta, Licio Gelli, heads P2.¹²⁷

The involvement of the Vatican and clerics in the election strikes back to the role the Vatican played in setting up ratlines following the end of the war. Again a full detail of the Vatican ratlines is beyond the scope of this chapter and the reader is referred to Loftus's book *Unholy Trinity*. Angleton and Dulles were intimately involved with the Vatican. The first involvement was the role of Monsignor Don Giuseppe Bicchierai as an intermediary in the surrender of Wolf and Walter Rauff in Operation Sunrise. Rauff was a major war criminal, who developed the gas truck execution program. The best evidence to date links Bicchierai to aiding Rauff's escape from Europe. These ratlines provided a crucial escape route for former war criminals. Many of the war criminals escaped to South America. In fact one South American country received so many former war criminals that it passed word to the US military intelligence that it would accept no more.⁵⁶ But other countries many in the Middle East as well as Canada, and Australia received war criminals. Many of the war

criminals that arrived first in South America later entered the United States.

For the most part these war criminals files had been altered covering up their crimes in the holocaust. Often times it was with the help from various intelligence agencies that sanitized their files.

Recently a memo dated Oct. 21, 1946 from the Treasury Department has surfaced linking the Vatican directly with hiding Nazi gold. The memo quotes a reliable source in Italy as confirming that the Vatican was safeguarding approximately 200 million Swiss Francs for the Nazis. Presumably this gold was from the Nazi quislings, the Ustasha.⁶⁷

Many politicians have embarrassing links to these ratlines. Ronald Reagan helped to raise money for one of Dulles front groups that was laundering money to fascist "freedom fighters." Casey worked for another front groups, the International Rescue Committee.⁵⁹ These ratlines still appear to be functioning today. Many Nazis have found a new home in the World- Anti-Communist League headed by General John Sinlaub.

Although the first Nazi to enter the US for intelligence purposes was Gehlen, who was briefly interrogated before being sent back to Germany to set up his spy network, the floodgates did not open until 1948 with the passage of the Displaced Persons Act. Likewise von Braun and some of the first Paperclip scientists were admitted before Paperclip even existed as a formal operation. Under the Displaced Persons Act a religious or charitable group could sponsor émigrés.⁵⁶ It was by this method that Stanislaw Stankievich entered the US after his file had been sanitized. Stankievich was a war criminal and member of the Einsatzgruppe B, he was the one that gave the order to murder over 7000 Jews in Borissow.⁵⁷ Once in the US then these war criminals were then free to sponsor additional émigrés. By this method the entire Belarus Nazi quisling government came to settle around Patterson, New Jersey. The writer does not wish to imply here that all of the émigrés were war criminals or Nazi quislings. The majority of the émigrés were honest people displaced by a world at war but the war criminals were allowed in mixed with these émigrés.

The most disturbing aspect of the influx of émigré groups has been on the domestic political scene. It was already mention that Nixon thought these émigré groups controlled largely by fascists were useful in getting out the vote. He was not the first however to recognize this. Arthur Bliss Lane used the Crusade for Freedom to generate enthusiasm among the émigré groups for the Republican Party in the 1952 election.

8

By playing on the nation's phobia of communism the Republicans campaigned on a program of liberation rather than the containment policy of Truman and the Democrats. Republican tactics within the émigré communities was almost indistinguishable from the CIA's Crusade for Freedom. Lane's specialist in the Ukrainian community was Valdimir Petrov. Petrov was a Nazi quisling city administrator of Krasnodar. During his time as administrator the gas trucks were introduced and at least 7000 were killed in that manner.⁶⁰ There is no evidence that these émigré groups were useful in swaying the results of an election. However it does point the desperate nature and to what lengths the right wing element in the US will

go to obtain and keep power. The real value of the émigrés to the Republican Party has been more within the party structure and shaping the parties philosophy but that didn't come about until after the election of Nixon as president.

Even more disturbing is the continuing support that these war criminals receive once they are exposed and subjected to deportation hearings. The case of a New York housewife by the name of Mrs. Hermine Braunstiener Ryan will be used as an example. After the war she had first immigrated to Canada in 1958 she married an American and moved to Queens, New York. In 1963 she was became a naturalized citizen, and in 1964 she was exposed as a former Nazi concentration guard. One witness at the trial described how she had whipped an inmate at Majdanek to death. Mrs. Ryan was a housewife of a tradesman who had a hard time to make ends meet by her own account. How then was she able to afford the services of the Barry law firm, one of the most expensive and experienced law firms specializing in immigration, for almost a decade from first being exposed in 1964 until the 1974 trial? Who funded the two research trips Barry made to Australia? The funding sources are unknown yet today, but with the other incidents of interference with the prosecution that came from within the judicial system, all fingers point towards the intelligence community. The example of Mrs. Ryan illustrates two points that run common throughout deportation cases. One the defendant is receiving top level help most likely from the intelligence agencies and two invariably they involve low level officials or guards. The top echelon of the former Nazi quisling governments seems totally immune from prosecution even after being exposed with a few notable exceptions. A case in point is that of Laszlo Pasztor, a convicted Nazi collaborator who was imprisoned for his role in WWII as a member of the Hungarian Arrow Cross. Pastor was a diplomat for the Nazi puppet government in Hungary. His name surfaced in the Bush campaign of 1988 as a worker for Paul Weyrich's Free Congress Foundation.⁴² No attempt has been made to deport him. Earlier Pasztor was a leader of 1968 Nixon-Agnew ethnic unit in the election campaign. Since then he was the organizer for the Republican Ethnic Heritage Groups. These groups are composed of largely fascist-minded emigres.⁴³

But even more iniquitous was the numerous programs set up by various branches of the intelligence community to grant visas to Nazi war criminals. Paperclip is the most widely known and researched. However there were several other programs in addition to Paperclip. Many of these evolved out of the right wing hysteria over the evils of communism. Every intelligence agency was trying to recruit former Nazis to deprive the Soviets of their use, including those of England and France. The Soviets likewise recruited former Nazis. Granting visas to Nazis or war criminals was explicitly against the laws and prohibitions passed by congress and very clearly against the wishes of Truman. In 1949 congress passed the Hundred Person Act which allowed the CIA to bring in not more than 100 people in a year that were ineligible for visas otherwise. The Pentagon had a similar measure.

The Hundred Person Act was originally passed as a means to control former war criminals. The visa was to be only temporary and not permanent, thus if the fascist once inside the US refused to work according to the agreement he could be deported easily. In at least one case Wisner wanted to grant a Beleyorussian Nazi permanent status under the Hundred Person Act until his file in the National Archives showed him to be a communist.⁶¹ How the CIA defines no derogatory information points to

the heart of the matter in the admission of the former Nazis to the US and the continuing cover up. Recently a CIA official defined "no derogatory information" as no evidence of pro Communist activities. Nazis are regarded as anti-Communism hence any evidence of Nazi activity is not derogatory. Additionally the CIA similarly uses a narrow definition of employees and agents to stymie investigators and researchers. Likewise, the FBI uses similar narrow definitions. The FBI distinguishes between informants and confidential sources, casual sources and volunteers. The FBI refuses to even release the names of confidential sources to the assistant attorney general of the Criminal Bureau. Intelligence agencies also change their filing system often. Once old file clerks retire all memory of the old file system is erased and even the agency cannot find it. For instance the CIA could not even find the Gehlen collection until it was furnished the exact cryptonym.⁶²

Preceding the Hundred Person Act by a year, Project Bloodstone began operations in 1948. Bloodstone itself can be thought of as the turning point from tactic to strategic use of former Nazis. Up until Bloodstone the use of former Nazis and their quislings was more short term or even exploitation of their knowledge. With Bloodstone the objectives were longer term and more strategic in nature. Bloodstone was rather short-lived ending in 1950 when it was superseded by other programs under direct CIA control. It was also the first crack in the flood gate allowing Nazis quislings into the US. Many of those admitted into the US under Bloodstone went on to become covert saboteurs and assassins for US intelligence agencies. Besides the usual camp guards Bloodstone was the route into the US for the top echelon of Nazi collaborators and leaders. Its primary sponsors were Frank Wisner and Robert Lovett. Wisner initially proposed that Bloodstone would allow 250 into the US, 100 of which would be assigned to the Department of State to be engaged mostly in Voice of America and 50 to be assigned to each military branch.⁶³

Bloodstone was initially approved 6/10/1948 by the State, Army, Navy, Air Force Coordinating Committee a month later the joint chiefs approved a second interlocking program expanding Bloodstone to include covert warfare, sabotage and assassinations where as originally the plan was to be devoted to filling in intelligence gaps. In June of 1948 the National Security Council delivered Truman's approval of NSC10/2 which authorized the types of clandestine operations that would be engaged. It marked a huge turning point in US-Soviet relationships. In regards to Nazis the sole purpose of Bloodstone seem to be to circumvent US immigration laws. In fact a special subcommittee of Bloodstone was created to provide false identification, cover jobs and secret police protection to immigrants.⁶⁴

Perhaps the most damning of all aspect that can be traced back to Bloodstone was the beginning of the CIA's manipulation of the free press. The National Committee for a Free Europe (NCFE) was a thinly disguised CIA front organization. Dulles and Wisner used their combined talents in lining up an all star board of directors, many of which were Wall Street lawyers. The NCFE depended upon the media to cloak its true mission in secrecy. Early members of this corporations were Henry Luce of Time-Life, DeWitt Wallace of the *Reader's Digest*, and C.D. Jackson of Fortune. The net effect of this was the creation of a powerful lobby within the free press to suppress critical news of the CIA, a lobby that still very much active today.⁶⁵ Equally disquieting is the interference in domestic affairs by an agency that is barred from all domestic activities.

The subject of the free press is broached in more detail in another chapter. Here we will only establish the connections between the free press and the CIA's abusive connections with it and the CIA's involvement with other domestic organizations such as university and the use of private foundations as fronts. Surprisingly the war criminals in the émigré groups were exposed to some extent during the late 40s and early 50s. Returning military personnel were incensed upon finding war criminals working at US military bases. Other groups such as the Minnesota chapter of the American Chemical Society were outraged that émigrés were given preference for jobs over their members.⁸⁹ In another example of granting the Nazi scientist preference over US workers stems from the failure of the Air Force recruits to offer a single job to engineers laid off from North American Aviation instead they sent six recruiters to Germany where they recruited thirty five ex Nazis.⁹⁴ Émigrés with scientific skills not needed by the defense establishment were placed either in private business or in university positions at the urging of the CIA. It was largely due to the need to cover up these leaks and exposures that the CIA became closely associated with the press and launched a major domestic propaganda blitz.

One of the larger front groups the CIA was using domestically to manipulate the political climate inside the US was the Crusade for Freedom (CFF). The CFF main focus was on liberation of the countries in which communism held sway rather than on containment. The risk of a direct confrontation or nuclear war was ignored. The CIA made a direct contribution to the anti-Communist education through the CFF of five million dollars. To put this figure into perspective this figure exceeded the combined total of all money spent in the Truman-Dewey presidential election campaign. It fully establishes the CIA as the largest manipulator of public opinion.⁶⁹ Several other domestic groups were used as fronts for the CIA's propaganda campaign among them are the Committee for a Free Europe and Common Cause (no relationship to today's group by the same name).

9

The following quote over Reagan's involvement with the front group Crusade for Freedom illustrates just how pervasive and extensive these operations were.

"In 1952, at MCA, Actors' Guild president Ronald Reagan - a screen idol recruited by MOCKINGBIRD's Crusade for Freedom to raise funds for the resettlement of Nazis in the U.S., according to Loftus - signed a secret waiver of the conflict-of-interest rule with the mob-controlled studio, in effect granting it a labor monopoly on early television programming. In exchange, MCA made Reagan a part owner. Furthermore, historian C. Vann Woodward, writing in the New York Times, in 1987, reported that Reagan had "fed the names of suspect people in his organization to the FBI secretly and regularly enough to be assigned 'an informer's code number, T-10.' His FBI file indicates intense collaboration with producers to 'purge' the industry of subversives."⁷⁰

Perhaps there is no better example of the propaganda placed in the press than the 1949 article appearing in *Life* by Wallace Carroll in manipulating the public opinion of the Nazi quislings and war criminals. They were cast in the light of

freedom fighters as the following excerpt shows:

"There was no Partisan movement in their area no sabotage, and the peasants fulfilled the German requisitions of farm products on schedule. The attribution of atrocities to these troops, as well as the numerous pro-Nazi and anti-Semitic periodicals published by the Vlasov organization during the war, were forgeries which the Soviet propagandists shrewdly attributed to Vlasov's forces. These facts had been known for a long time to Russian experts of the State Department and to a small number of American officers. Carroll's conclusion was in part that America needed to embrace the former Nazi collaborators as a central tactic in a comprehensive strategy of political warfare against the Soviets."⁷¹

The use of the press for propaganda purposes fell under a broad CIA operation dubbed Mockingbird formed in the late 1940s. The full extent of Mockingbird and Operation Chaos came to the surface in the Church Committee hearings and the Rockefeller commission in the aftermath of Watergate in the mid 1970s. The Rockefeller Commission was nothing more than a whitewash. The reader should note the previous connection of Rockefeller and the wartime OSS, but Rockefeller's intelligence connection didn't end with the war. In 1954 he became the super coordinator for clandestine intelligence operations. A member to note of the Rockefeller commission for his later advocacy of censorship was Reagan.⁷² As an example of lack of concern or seriousness of the Rockefeller Commission is the behavior of Reagan. He left the first meeting early, and managed to miss three of the next four meetings in fact he was so busy political stumping that he only visited the headquarters once in the first month.¹⁰³ Operation Chaos was a CIA operation of disrupting the antiwar movement and leftist groups of the 60s and early 70s. It will be dealt with in another chapter including the FBI's sister program COINTELPRO.

Findings from the Church committee revealed that in the past the CIA had up to 400 agents posing as journalists or journalists that were cooperative with the CIA. The CIA regarded *CBS*, *The New York Times* and the *Washington Post* as their most useful assets within the media.⁷⁴ Other connections between the media and the CIA included Henry Luce of *Time-Life*, DeWitt Wallace of the *Reader's Digest*, Barry Birgham of the *Louisville Courier-Herald* and James Copley of *Copley News Services*. All major news outlets were involved including *ABC*, *NBC*, *UPI*, *AP*, *Reuter*, *Hearst papers*, *Scripps Howard*, *Newsweek* magazine, *Miami Herald*, the *Saturday Evening Post* and the *Christian Science Monitor*. Another connection worthy of noting here is William Casey, Reagan's Director of the CIA made a fortune in investing in Capital Cities Broadcasting Corporation.⁸³

The extent of the CIA infiltration of the media can best be illustrated by the example of CBS. Where William Paley was openly supportive of information exchanges. Sid Mickelson was reported to have received cash payments for information. Another connection between the intelligence community and CBS is Joseph Ream, a former Wall Street lawyer and once deputy director of D/DIRNSA office in the National Security Agency (NSA) who became an executive vice president at *CBS* upon leaving the NSA.⁷³

The full extent of the perversion of the free press is explored in more detail in a separate chapter. A brief look at the evolution of the corruption of the media and its

accompanying sister secrecy here is needed. The publishing of the Pike Report by the *Village Voice* on February 16, 1976 revealed for the first time, the shocking extent of CIA excesses. The report revealed cost over runs of 400 percent for foreign operations and 500 percent for domestic operations, the huge propaganda network ran by the agency, and the existence of a military capacity greater than many foreign governments. CIA Director Bush moved to stem the leaks. Bush was successful in lobbying congress to limit it's oversight of the agency and in extending secrecy agreements beyond just the employees of the CIA. Bush also established the Publications Review Board, the first peacetime government censor. The Review Board gave he CIA the power to censor all speeches and writings of former agents, the Review Board must first approve all books by former agents.⁷⁵

A dark cloud of secrecy began blanketing the country with the election of Reagan in 1980. In 1981 the Interagency Information Security Committee was established under the direction of Richard Willard. Reagan never the champion of civil rights was concerned with stemming leaks. The leaks were not leaks of secrets but rather leaks of damaging or embarrassing information. The trigger for establishing Willard's group was the disclosures of David Stockman on budget matters and the failure of dummy side economics. One recommendation coming from Willard group was to prosecute leakers or whistle blowers for theft of information claiming that the government held the copyright to all documents, which is a direct violation of US copyright laws prohibiting the government ownership of any documents. The group also called for a system wide secrecy agreement.⁷⁶

With Reagan reelection Bush was appointed head of the Task Force for Combating Terrorism. With this mandate Bush set a course for further limiting congressional oversight of the CIA. The big lie here was that terrorism was declining in 1985, in fact only 7 incidents of terrorism occurred in 1985 down from a high of 29 in 1980. Perhaps the most grievous aspect of the task forces recommendations was the redefining terrorism as "political theater designed to undermine or alter government authority or behavior." In effect it was now a crime to think differently than the government. The Boston Tea Part would be described as terrorism under this definition, so would have the civil rights marches, the feminist movement and the environmental movement.⁷⁷

During the Reagan and Bush presidencies censorship rose to a truly Orwellian proportion. Items that had previously been published could be reclassified as secret and censored. Perhaps the following item will give the reader an idea of the Orwellian censorship of the CIA. A Ernest Fitzgerald was a engineer assigned to a position in position of procurement and cost control in the air force in 1966. Within a year of accepting the position he issued a scathing speech on the archaic Pentagon procurement system. He pointed out how contractors could bilk the government out of millions of dollars because they had no facts about the real cost of weapons systems. Many listeners asked him for a copy of his speech, however before he could provide them with a transcript it first had to be approved by the Office of Security Review. They ordered Fitzgerald to neither distribute or print the speech. After obtaining a copy of the reviewers comments from a security guard, Fitzgerald found that one of the things the censors objected to were his quotes from Francis Bacon, the father of the scientific method.⁷⁸ Mind you this was before the security was tighten under Bush and Reagan. Can you now imagine what would be censored after the

security was tighten?

One final example of how the CIA manipulates public opinion for political purposes and as well as how they are utterly a failure at intelligence is quoted below.

"When Mikhail Gorbachev assumed power in 1985, CIA senior analysts almost immediately stated that his efforts for peace were genuine. In fact, the CIA believed that his projected reforms, perestroika, would require the Soviet Union to trim back considerably its military expenditures, since considerable emphasis would have to be placed in consumer industries. Yet a year later in an April 1986 memo, the CIA sought to mislead the American public by characterizing the Soviet Union as a rapidly growing military machine.

This CIA report was well received by the Reagan, giving him more leverage to continue to fund the American war machine, including his pet \$40 billion project of star wars. The CIA exaggerated forecast of the number of strategic nuclear warheads which the Soviet Union was planning on deploying in the following ten years. It was predicted that the Soviets would build a staggering 20,000 warheads by 1995. This was virtually impossible, since it would have required the increase in Soviet expenditures on strategic forces of 11 percent to 13 percent every year for a decade. Ultimately the Soviet Union never deployed even 12,000 warheads, and the START treaty signed in 1991 actually required the Soviets to reduce the number of nuclear warheads to 3,500.

By 1988, the CIA reported that perestroika was failing and that the Soviet Union was reverting to the old order. Then in the summer of 1991, CIA analysts stated that a coup was unlikely because the conservative element had waited too long, losing the support of the KGB."⁸⁵

In other words the CIA failed to predict the downfall of the Soviet Union. But this is not the only recent failure of the ability of the CIA to correct analyze the situation and make correct predictions. They failed to predict either India's or Pakistan's ability to build an atomic bomb.

This elaborate disinformation and security network was needed to protect the ever increasing numbers of war criminals being admitted to the US. Bloodstone started rather humbly with a yearly cap of just 250 persons, but the CIA and particularly Wisner had much larger plans. By 1950 CIA representatives asked congress for a plan to authorize special importation of up to 15,000 CIA sponsored refugees in addition to those already entering through the Displaced Persons Act. The bill that finally passed by congress allowed only 500 over a three-year period. However congress's refusal to allow for the full 15,000 was not the end of the CIA's plans. Instead the CIA expanded its authority under NSC 86, and NSCIDs 13 and 14 to employ the NSC's authorization to sponsor indirectly many of the same émigrés it had planned to import. US based refuge programs from various provinces of the USSR were eager to sponsor many of the same people Wisner wanted. Many of the war criminals from Latvia, Lithuanian, Belarus and the Ukraine entered in this manner.⁷⁹

One of the more notorious Bloodstone beneficiaries was Gustav Hilger. Hilger was a personal secretariat to Joachim von Ribbentrop and as a liaison officer directly process the reports from the SS *Einsatzgruppen*. He also had a significant role in the capturing and extermination of Italian Jews. Another Bloodstone recruit was Nikolai Poppe, both Poppe and Hilger played influential roles in formatting US policy towards the USSR.⁸⁰

A 1978 GAO study established that the CIA had a clear working relationship with the war criminals among the émigré groups. In a sample of 111 war criminals the study found that 20% had worked as informants for intelligence and security agencies.⁸¹

After an embarrassing incident with the assassination squads in Germany, the US intelligence and military leaders decided it would be for the best if the brightest and most promising were brought into the US. Once admitted to America they were to become incorporated into the army itself under army control but with willing cooperation with the CIA on special missions. In 1950 the army lobbied congress to pass what has become known as the Lodge Act. The Lodge Act initially allowed 2,500 alien nationals residing outside the US to enlist into the US army with the guarantee of US citizenship after 5 years of service. Later congress raised the limit to 12,500. Once again the writer wishes to remind the readers that not all persons admitted in this manner were Nazis and war criminals the vast majority have proven themselves to be loyal citizens. But like all the other programs the CIA chose to mix in Nazis including former Gestapo agents. Ironically Jews were mostly excluded from entering the US in this manner. The Adjutant General Office had branded them as one of the more politically unreliable groups. The first group of Lodge recruits were mostly Poles and Ukrainians and arrived in October 1951. About 25 % of the recruits were channeled into confidential slots such as biological, chemical or atomic warfare specialists. Others were used as translators and were posted to the Defense Language School in Monterey, California. The remainder was sent to Fort Bragg, North Carolina for special guerrilla training and became the nucleus of the Green Berets. This is the reason for the Nazi style racism that was prevalent in the early Green Berets. By 1952 only 211 out of 5272 applicants had passed the army's screen tests. Special Forces recruiters then lower the language and literacy requirements to attract more recruits.⁸²

Another lesser-known project whose sole function seems to have been to provide a ratline into the US for former Nazis and war criminals was National Interest. Paperclip was limited to German and Austrian scientist who worked for the US Military. In 1947 the Joint Intelligence Objectives Agency (JIOA) lifted those constraints creating a new operation, National Interest. National Interest operated at two levels. The most visible was the employing of German and Austrian scientist by universities, defense contractors and private industry. Either the Department of Commerce or the Department of Defense sponsored these scientists. The second level was cloaked in secrecy and involved the use of these émigrés in covert activities. National Interest assumed that all of this latter group would be barred from immigration because of their past. Aliens admitted to the US under National Interest as well as those under Paperclip were first sent to Canada and then allowed to reenter the US as resident aliens. In some case Mexico was substituted for Canada.⁸⁶

One of the most brazen examples of the type of persons allowed to immigrate to

the US under National Interest was Otto Ambros. Ambros was director of I.G. Farben. British intelligence shows that Ambros justified the experiments of Farben's testing nerve gas on victims in their labs by claiming they would have died in the camps any way and that the experiments was humane in that they saved the lives of many German workers in their plants. Ambros was found guilty of slavery and mass murder at Nuremberg but only sentenced to eight years in prison. In 1951 John McCloy released Ambros from prison along with many others. W. R. Grace and Dow Chemical immediately employed Ambros as a consultant. He was also a consultant with the US Military in conducting the same type of experiments that he had conducted at Farben, the testing of nerve gas using seven thousand US soldiers at Edgewood Arsenal as guinea pigs.⁸⁷

A note to the reader, this writer does not wish to equate these experiments to the horrors of the Holocaust. Hopefully those horrors will never revisit the planet again but given mans inhumanity to his fellow man that is wishful thinking as these experiments point out that the lesson was never learnt from the Holocaust. The US military immediately set out a course for using chemical and biological weapons. Several soldiers were injured in the gassing experiments, some serious enough to require hospitalization. Ironically we used Nazi scientist to perform the same type of experiments on our own soldiers that we had brought war crimes against at Nuremberg. One part of the Nuremberg code established to prevent similar atrocities was that all test subjects be fully informed and give voluntary consent. The secretary of the army issued a directive to that effect in 1957, however in 1975 investigations showed that despite the guidelines the test were connected without informed consent.⁹⁰ This applies to all of the experiments that came out of Paperclip and its associated operations and projects. Eventually some of these experiments extended to using civilians as unknowing test subjects.

Another example of the CIA manipulating domestic policy stems from the false 1948 telegram from General Lucius Clay that war with the Soviets maybe imminent. Evidence appears that the message originated with Lt. General Stephen Chamberlin, at the time Director of Intelligence. Chamberlin was trying to rescue Operation Paperclip due to the considerable burden of the army maintaining control.

The Army wanted to shut Paperclip down because of the cost. Chamberlin visited Germany and cautioned Clay about the sorry state of readiness of US forces and the need for public support for the military's appropriations bills before congress. Chamberlin asked Clay to sound an alarm. On March 5 Clay sent his war warning message to Washington which soon set off somewhat of a panic. This false scare revitalized Paperclip and National Interest. The final outcome of the false telegram was its effect on both Paperclip and National Interest to shift their focus to getting German scientist out of Europe to deprive the Soviets of their use even if it meant smuggling war criminals to such countries as Argentina.⁸⁸

There is one further operation to expose before looking at Paperclip, it was simply known as '63.' It operated throughout the 1950s nonstop. Up until 1950 a total of 665 individuals were brought into the US under Paperclip; another 687 were brought in from 1950 to 1959. Project 63 sole purpose was to deny the Soviets the use of German scientists. The immigrants under Project 63 were given \$5000 and temporary visa to enter the US for six months to seek work while staying at the Alamac Hotel in New York City. Most found employment with universities or defense

contractors. The net effect was the US tax payer paid to help former Nazis obtain jobs with such corporations as Lockheed and Martin Marietta among others.⁹¹

Recruitment under Project 63 was active despite denials to the German government complaints that US recruitment of German scientist was hurting their recovery. Project 63 found a large pool of untapped expertise in Austria, despite their past record as war criminals or membership in the communist party. In fact Project 63 recruiters were so unconcerned about the Nazi background of the recruits that they even attempted to contract convicted war criminals still serving time in prison. An example of such disregard for past Nazi activities was the case of recruiting Eduard Houdremont, who was serving time for war crimes. Houdremont was a top official of Krupp and was convicted for his involvement in the use of slave labor. But he was on the "K" list or those whose talents should be denied from the Soviets. The following quote is from the brief discussion of JIOA over whether to offer Houdremont a contract.

" The point to consider is whether the newspaper publicity would be adverse if he were brought over," JIOA member Max Brokaw said.

"If the man is on the K list and he should be brought over, we should do it regardless of the publicity," replied JIOA Deputy Director James Skinner.⁹²

Such was the widespread disregard for background checks. In another time Brokaw admitted that the Austrians' backgrounds had not been checked, included among that group of recruits was one individual under investigation by the FBI. He stated that the plan was to bring them into the US and if later if some were found inadmissible they may have to be bought off. Karl Blome was one such case that had to be bought off. Blome's past medical experiments are listed a little later, he was a major general in the SA.⁹³

After looking at the many aspects of Paperclip and other intelligence operations both within the confines of Paperclip and outside of it. And how they involved from the restricted military usefulness of the recruits to a much broader program in attempting to deny the Soviets the services of these Nazi scientists in the event of another war; its time to look at the origins of Paperclip. The first record of any actions to such an operation came on December 1, 1944 when Bill Donovan, head of OSS asked President Roosevelt if recruits could be given special privileges including entry to the US after the war. Roosevelt's blunt reply follows.

"I do not believe that we should offer any guarantees of protection in post-hostilities periods to Germans who are working for your organization. I think that carrying out of any such guarantees would be difficult and probably be widely misunderstood both in this country and abroad. We may expect that the number of Germans who are anxious to save their skins and property will rapidly increase. Among them may be some who should properly be tried for war crimes or at least arrested for active participation in Nazi activities. Even with the necessary controls you mention I am not prepared to authorize the giving of guarantees."⁹⁶

The birth of Paperclip had its origins in the summer of 1945 at the Hotel Wittelsacher in Bad Kissingen. It was at this hotel that the German scientists from Peenemunde were held. Colonel Putt soon convince General Hugh Knerr that their technical knowledge would benefit the Air Corps. Knerr sought permission from Washington to bring five of these scientists to the US. The War Department assured Truman that accused war criminals will be kept in close confinement and stern control. The deciding factor for approval for their admission to the US was the continuing war with Japan, With the inclusion of the following phrase Project Overcast was launched.

"If any specialist who are brought to this country are subsequently found to be listed as alleged war criminals, they should be returned to Europe for trial."⁹⁷

This restriction would soon be ignored. It should be noted that the Project Overcast only allowed for temporary visas, after the scientists had completed his assigned task they were to be returned to Germany. Overcast was controlled by three military intelligence agencies, which allowed it to be cloaked in darkness away from the prying eyes of the public. Those agencies were Joint Intelligence Committee (JIC), the Joint Intelligence Objectives Agency (JIOA) and the Exploration Branch of G2.⁹⁷

One of the myths about Paperclip is that the German scientists were kept under a close watch by the military. In fact nothing could be further from the truth. Security was lax to say the least. In many cases they were permitted to travel about freely; their mail was rarely checked nor where their phones tapped or monitored. As an example of the total lack of control the military had over the German scientist was in the second test firing of the GE Hermes II missile. Several German scientists were position at a distance surrounding the site to observe the test firing and to radio the command center in case the missile veered off track so the fuel could be cut to the engine and stop its flight. The missile did veer off course to the south, the German observers knew it was off course and allowed it to continue its flight in which it landed about three miles from the main business district of Juarez, Mexico in a heavily populated area. There was evidence of sabotage no attempt was made to restrict the German Scientists.¹⁰⁰ In fact at least three of the Germans at White Sands are known to have had illegal mail drops in which they received money from foreign sources and coded messages from South America.

The whole lax security around Paperclip contributed to the ease in which the Soviets penetrated the operation. Although there is evidence that the operation was corrupted by Soviet moles from the beginning. Donald Maclean was the first secretary of the British Embassy and a Soviet mole who offered help in the recruitment of Nazi scientist. Maclean supplied a list of which scientists that was to unimportant to recruit. Among the names were those of Otto Hahn and Carl von Weizsacker. Hahn was listed as having negligible value. Both Hahn and Weizsacker were as well known in scientific circles as was Churchill or Roosevelt were in political circles. In fact Hahn went on to win the Nobel Prize in chemistry, both men were giants in their field.⁹⁸

By the spring of 1946, the name of Operation Overcast had been changed to

Paperclip and was closely coordinated with the British programs. Britain was already exploiting several groups inside Britain and in March 1946 began dumping German Scientist on other Commonwealth countries including Canada and Australia. Some of those that were sent to Canada later entered the US in the 1950s under Paperclip. The JIOA governing committee by this time had already embarked on their own agenda. Samuel Klaus the State Department representative was being routinely excluded from meetings. The agenda of the military officers on the governing committed was to expand the recruitment list to include POWs, militarists, SS officers among others they deemed useful. Monroe Hagood the branch chief of G2 was instrumental in hatching a plot to smuggle SS officers into the US under Paperclip. The perception that Paperclip only recruited scientists is based on a myth and not the actual facts.⁹⁹

The final policy for authorizing the expansion of Paperclip was presented to Truman by acting Secretary of State Dean Acheson with his recommendation and the military's recommendation to sign it. It defined the policies and procedures that were to be followed explicitly. It included the following clause.

"No person found by the Commanding General, USFET to have been a member of the Nazi Party and more than a nominal participant in its activities, or an active supporter of Nazism or militarism shall be brought to the US hereunder."⁹⁹

The reader should note here that those involved with subverting the government policy of banning Nazis and war criminals from entering the US was conducted mostly by midlevel bureaucrats and military officers precisely as laid out in the earlier chapter of why governments fail. Both Roosevelt and Truman were opposed and unaware of much of the subversion as was most of the congress. Later many of those involved with the subversion such as Nixon and Dulles rose to positions of power. As evidenced by the fact that the first group of scientists to apply for immigration under Paperclip was rejected entirely by the State Department as active Nazis. Dulles and others then promptly rewrote their files expunging any damaging information.

Linda Hunt in a 1985 article for the Union of Atomic Scientists found that in over 130 Paperclip subjects that the files for everyone of them had been altered omitting their past Nazi connections that would have excluded them. By 1955 more than 760 German scientists had been admitted into the US under the Paperclip Operation. Truman was unaware that his direct forbiddance of the admission of Nazis was being ignored. This has been confirmed by several sources including State Department documents and officials of the time. Clark Clifford special counsel to the Truman at the time has confirmed that the White House was unaware of any illegal smuggling program bring Nazis or war criminals into the US.⁸⁴ The examples below will show how outrageous and extensive Operation Paperclip was under the guidance of Dulles.

Werner von Braun: The military governor considered the subject to be regarded as a security threat.

Arthur Rudolph: Subject was director of Mittlewerk factory at the Dora-Nordhausen concentration camp in which over 20,000 workers dies from beatings, hangings and starvation. He was an active Nazi party member from 1931. His Military

file listed him as 100% Nazi, dangerous type, security threat, suggest internment.

Karl Blome, Hermann Becker-Freysing, Siegfried Ruff: All three subjects were involved with the Nuremberg medical case. Blome was tried in 57 for euthanasia and medical experiments on concentration camp prisoners. He was found innocent but just barely. Becker-Freysing was even convicted in the medical case at Nuremberg.

Heinrich Rupp: Was convicted in the saving and loans scandals and reported to be a link in the October Surprise conspiracy.

There are far too many war criminals admitted to the US for a complete list. Rather this abbreviated list is intended to illustrate three points. One, the presence of the damning military file on von Braun, a person who rose to a position of national prominence and is considered the father of the US space program and rocketry was immune from exposure.

Two, the admission of convicted war criminals illustrates how extensive and outrageous the alteration of the files in direct defiance of President Truman by Dulles and others were. JIOA Director Bosquet Wev dismissed the alterations as by asserting that "the government's concerns over picayune details such as Nazi records would result in the best interests of the United States being subjugated to the efforts expended in beating a dead Nazi horse." ⁹⁵ Even today the expulsion of war criminals centers upon the minor Nazi figures and not on major war criminals or the high Nazi officials. And finally the alteration of the files establishes the connection firmly between the Nazis and the CIA.

Following in the aftermath of Watergate congress began a series of investigations of Nazi war criminals living in the US. Congresswomen Elizabeth Holtzman was one of those leading the investigations. Among some of the more startling facts she uncovered was the fact that Paperclip did not end in the late 1940s as the public had been lead to believe, in fact Paperclip had only been terminated a year or two before the 1974 start of the Holtzman investigations. Another fact she uncovered was that prior to 1953 the Displaced Person's Act barred Nazis, a changed in the law in that year even allowed convicted war criminals to immigrate. Holtzman proposed an amendment that closed that loophole in addition she lobbied hard to establish the Office of Special Investigations (the Nazi hunters within the Justice department).¹⁰⁴

There is no better way to sum up how extensive and successful the CIA was in allowing Nazis to immigrate to the US than looking at the previously mentioned pensions that Germany was paying to former Nazis and where they reside today. Below is a list of countries and the estimated number of former Nazis receiving pensions from Germany. These estimates comes from arguably the most knowledgeable of all Nazi hunters, the Wiesenthal Center. The SS pensions are typically around \$560 a month 3 times the reparations paid to Holocaust victims.

Country ¹⁹	Number of Nazi Pensioners	Country	Number of Nazi Pensioners
Australia	601	Austria	1,115

Argentina	128	Belgium	324
Braxil	196	Canada	1,882
Croatia	1,010	England	459
France	810	Italy	152
Romania	1,014	Slovenia	380
South Africa	152	United States	3,37

The reader will have to ponder that final-figure for the US, which is almost twice as large as the next largest figure in the table, that of Canada. Such a figure can leave no doubt that the CIA actively engaged in a program to subvert the immigration laws and the explicit declaration of President Truman that no Nazi was to be allowed to immigrate. The reader should also note that about half of all those Nazis receiving pensions are residing in either the US or a country of the old British Empire.

Up until now we have only looked at the use of the German scientists in chemical and biological warfare. But in 1949 the work at Edgewood shifted focus and began looking at psychochemicals beginning with LSD in an effort to find the perfect truth serum. The key sources of information were from those that had worked at I.G. Farben. Some were imprisoned but they were released temporary to work for the Army Chemical Corps. This was the very birth of a much larger CIA operation that became known as MK Ultra. The original operation was Bluebird, which then evolved first into Artichoke before becoming MK-Ultra. Unfortunately CIA Director Richard Helms ordered the CIA records of MK-Ultra destroyed in 1973. Remaining records suggest hundreds if not thousands of people were used as test subjects and involved the collaboration with several universities, mental hospitals, prisons and drug rehab centers.¹⁰⁶ The experiments were conducted without the test subjects knowledge and resulted in several deaths including that of Frank Olsen. Others have reported being continuing problems from being test subjects. Others attempted suicide of which some were successful. The army's and CIA's response was to cover up the project. But the operation evolved beyond just the military-intelligence community. The CIA enlisted help with MK-Ultra with a host of university collaborators including the Universities of Delaware, Maryland and a host of others.¹⁰⁵

Just as the immigration of Nazis and war criminals into the US involved the use of several projects of which Paperclip is the most widely known such is the case of MK-Ultra. There were 149 sub projects under MK-Ultra. The use of drugs for truth serum and for mind control were conducted under a bewildering list of Project or Operations. Below is a short synopsis of some of those projects.

"MKDELTA: This was apparently the first project established by the CIA in October, 1952, for the use of biochemicals in clandestine operations. It may never have been implemented operationally.

MKULTRA: This was a successor project to MKDELTA established in April, 1953, and terminating some time in the late 1960's probably after 1966. This program

considered various means of controlling human behavior. Drugs were only one aspect of this activity.

MKNAOMI: This project began in the 1950's and was terminated at least with respect biological projects, in 1969. This may have been a successor to MKDELTA. Its purpose was to stockpile severely incapacitating and lethal materials, and to develop gadgetry for the dissemination of these materials.

MKSEARCH: This was apparently a successor project to MKULTRA, which began in 1965 and was terminated in 1973. The objective of the project was to develop a capability to manipulate human behavior in a predictable manner through the use of drugs.

MKCHICKWIT: This was apparently a part of the MKSEARCH program. Its objective was to identify new drug developments in Europe and Asia and to obtain information and samples.

MKOFTEN: This was also apparently a part of the MKSEARCH project. Its objective was to test the behavioral and toxicological effects of certain drugs on animals and humans."¹⁰⁷

STARGATE: Investigated the use of ESP, paranormal, remote viewing military uses of telekinesis type research that was done from an uncertain start date up until 1984.¹¹⁶

Another aspect of MK-Ultra that is not widely known is that it extended beyond the borders of the US. Experiments were also conducted in Canada by Dr. Ewen Cameron at McGill University's Allain Memorial Institute. At least the Canadian government has compensated the test subjects with almost \$7 million dollars.¹⁰⁸ Another operation under MK-Ultra was Operation Midnight Climax. This operation was ran by the contract agent George Hunter White, a narcotics officer. White hired drug addicted prostitutes to lure customers to a CIA-financed bordello, the customers then given drinks containing LSD. White would then observe the customers through a two-way mirror.¹⁰⁹ The following quote will suffice as the final example of the ethical nature of these experiments.

"One particularly odious project was run by Dr Harris Isabel, Director of the Public Service Hospital in Lexington, Kentucky - a facility specializing in drug abuse. Asked by the CIA to discover a range of 'synthetic' drugs, Isabel began experimenting on captive black inmates. Anxious to please his CIA bosses he daily fed his guinea pigs large doses of LSD, mescaline, marijuana, scopolamine and other substances. In exchange for participating in the experiments, the inmates received injections of high quality morphine, sometimes getting 'shot-up' three times a day, depending on their co-operation. Brought before the Senate subcommittees in 1975, Isabel saw no contradiction in providing hard drugs to the very addicts he was employed to cure."¹¹⁰

There is one additional area in which Nazi scientists were used in experimentation on human tests subjects by the CIA and the military and that is in the area of radiation. Fortunately there is fairly good documentation as to the extent of these unethical experiments. On January 15, 1994 President Clinton relaxed some of the draconian security measures that prevailed under Reagan and Bush by

establishing the Advisory Committee on Human Radiation Experiments (ACHRE) to investigate unethical experimentation involving radiation. Many of the results of this investigation have been published and they are available on the web at the Department of Energy's site. Once again the investigations show collaboration with a host of universities and research centers. The results also show a selection of test subjects from those least able to defend themselves: the first injection of plutonium was given to a black construction worker, the use of Iodine131 and its relationship to cold weather stress was tested on Eskimos, the feeding of radioactive laced cereals to mentally retarded children.¹¹¹

It has already been established how the Nazi-CIA connection affected the relationship between the US and the USSR and how the CIA used Nazis and their collaborators to control the Italian election. What follows is a brief and none exhaustive look at how the Nazi-CIA connection affected the relationship between the US and other nations of the world following WWII in order to see the pattern that emerges. There is no better place to start than the CIA intervention in Iran in 1953. Kermit Roosevelt, grandson of Teddy Roosevelt was the CIA's agent in Iran that installed the Shaw and overthrew Mossadegh. The plans issued by Mossadegh for nationalizing the oil fields precipitated his removal. The reader should understand that Mossadegh had been elected to office. Once the Shaw was in power he was persuaded to name Fazlollah Zaledi as Prime Minister. During WWII Zaledi was imprisoned for collaborating with the Nazis. Once firmly in control Iran completed a contract with an international consortium of oil companies. One member of that consortium was Standard Oil of New Jersey, a client of Sullivan and Cromwell. Jack Anderson reported that the Rockefeller family had helped arranged the coup that brought the Shaw to power. Anderson had listed a number of ways the Shaw demonstrated his appreciation.¹¹⁴ The CIA also provided training for the dreaded Savak or secret police of Iran. Unfortunately there is little documentation over the CIA's intervention here, all the CIA's records concerning the Iranian intervention have been destroyed. The only other sources is Kermit Roosevelt's book and the book published by the Iranians after they ceased the US embassy and along with it thirty years or so of records.

The result over the next two decades was the Shaw enriched himself at the expense of his fellow countrymen using the brutal Savak to maintain control. Of course he remained a loyal ally of the US and corporate America such as Standard Oil of New Jersey got pricing breaks. The reader should refer back to the chapter on the 60s for the details and importance of the Shaw in the oil crisis of the 1970s.

The reader can now see the pattern, first the legally elected leader purposes reforms or maybe leaning to the left in a move that threatens corporate America. He is then dispelled and replaced with a hard right leader favorable to US interests. The new leader enriches himself at the expense of his fellow countrymen and becomes an ally of the US. He maintains power through brutality and outright murder with a police force trained by the US. This then is the model that the US has followed since WWII, often times in the 1950s ex Nazis were employed as agents.. The US press should be considered a co-conspirator in that they cover up the bloodshed by ignoring the killing as they did in Nicaragua. It is a model that has been repeated time after time in all corners of the globe from the end of WWII to the present time. Noam Chomsky terms the resulting state as subfascist.¹¹⁵ The resulting brutality and looting

of the country by a group of elitists proceeds as it did in Germany under the Nazis.

The next example is one that didn't go as planned for the CIA. The operation began as early as 1951 in Egypt with Kermit Roosevelt opening secret negotiations with Colonel Gamal Nasser as King Farouk's regime was about to crumble. The young Roosevelt reported back that they had found agreement in several broad areas. Nasser asked for US help in building up Egypt's intelligence and security forces. Dulles turned to Gehlen for help in providing the security training for the Egyptians. And in 1953 former SS officer Otto Skorzeny and about one hundred other Germans advisors were sent to Egypt. Among these "security advisors" was Hermann Lauterbacher, a former SS man and deputy leader of the Hitler Youth and Franz Buensch, a propagandist of Goebbels and veteran of the SS Jewish Affairs office.¹¹⁷ Once the operation was underway Miles Copeland was the CIA agent in charge.

The operation soon expanded to another area, the building of rockets. The actual construction of rocket facilities didn't begin until 1959 but by 1961 Israeli Intelligence believed that the Egyptians had as many as one hundred ground to ground missiles. This missile operation was headed by Alois Brunner a top assistant to Eichmann's Final Solution. Evidence suggests there was plans to build a total of 900 missiles and additional evidence that some were to be fitted for chemical or biological weapons. President Kennedy's response to the Israelis in 1962 was to equip Israel with ground to air missiles.¹¹⁸

Of course all of the CIA plotting in Egypt turned to naught when Nasser chose to align Egypt with the Soviet Union. This realignment of Egypt with the Soviet Union was due to inept State Department policies and the double dealing by the Nazi war criminals. The following chapter will examine how the Nazis played both sides of the Cold War like a cheap fiddle. Of course the real losers once again were the Egyptian people and the blame can be placed squarely on the failure of the U.S. denazification program. Fortunately Nasser's government had a brief lifetime and soon after its demise Egypt rejoined the West and booted the Russians out.

In 1953 the CIA also intervened in Guatemala, and regarded the action as a success. For what reasons they regarded the operation as success can be only guess at for what followed was a bloody civil war that lasted 36 years. Once again this intervention fits the model perfectly. The legally elected government of Arbenz was reform minded. The center piece of his reforms was land reform. In an overwhelmingly rural nation only 2.2% of the population owned 70% of the land. Prior to the 1944 revolution and ousting of the dictatorship of Ubico, the army was used to rope farm labors together for delivery to low-land farms where they were kept as debt slaves. The expropriation of large uncultivated tracts of land to landless peasants, improvement in the rights of unions and other social reforms were hurting the bottom line of United Fruit. Arbenz even constructed a port on the Atlantic to compete against the port controlled by United Fruit, likewise a public hydro-electric plant was constructed for the same reasons.

The position of United Fruit inside Guatemala was essentially one of a country within a country. United Fruit owned the country's telephone and telegraph systems, administered the country's only Atlantic port, monopolized banana exports and a

subsidiary owned the rail system. In the US United Fruit had close ties to the Dulles brothers, various state department officials, congressmen and the US Ambassador to the UN. The former CIA Director, Walter Bedell Smith was seeking an executive position with United Fruit at the same time he was planning the Guatemala coup. He later was named to the board of directors of United Fruit.

The first plan to oust Arbenz was given by Truman as a response to Guatemala receiving arms from Czechoslovakia and the implied communism threat but was canceled. After the election of Eisenhower the plan was put into effect. The Guatemala coup also provides an ideal example of how the CIA manipulates the American opinion. After first being tried in Guatemala this technique has been employed throughout South America. It involves the CIA planting an article in the foreign press the article is then picked up by the news wires and newspapers in other countries. Besides the obvious multiplier effect upon the potential audience it has the appearance of an independent world opinion. Incidentally it was the same tactic that Bush tried to use against Clinton in the 1992 election.

The immediate after effects of the coup was draconian, within four months 72,000 was labeled as communist, many who were tortured and murdered. It is known that the U.S. Ambassador John Peurifoy had a long list of names of leaders that the successor government was to assassinate.¹²⁶ Agrarian reform was stopped and the land already expropriated was given back to United Fruit. Union leaders turned up dead. Three quarters of the population was disenfranchised by barring illiterates from the polls and all political parties, unions and peasant organizations were outlawed. For those Americans that were outraged at the seizing of the American Embassy in Tehran, they should consider John Foster Dulles actions. Dulles was concerned that some "communists" might escape by taking refuge in foreign embassies. He insisted that Guatemala arrest those that had taken such refuge and that criminal charges be brought against them, he argued that communists should be automatically denied the right of asylum. On these points Dulles lost, perhaps because the plotters of the coup had sought refuge in embassies one or more times in the past.¹²¹

The blood bath and carnage that followed for the next 36 years can only be described as horrific. A genocidal war was carried on against the native Indians. Murders, kidnappings and disappearances became widespread and everyday occurrences as right wing death squads roamed the countryside. The report on Guatemala as a first step to reconciliation states that the army is blamed for over 200,000 deaths and disappearances. Below are some extracts from that report:

"Of the 42,000 deaths investigated in the report, the army was found to be responsible for 93 percent. Three percent were the work of the leftist Guatemalan National Revolutionary Unity, and 4 percent were unresolved. The report found that 29,000 of the investigated deaths involved summary executions.

Most of the victims were civilians and Mayan Indians, the long-delayed report said. It was originally scheduled to be released last year, but the commission wasn't able to get through all its work and release the report until Thursday.

The report also noted that the government of the United States, through various agencies including the CIA, provided direct and indirect support for some state operations."

It was "clearly genocide and a planned strategy against the civilian population," said Christian Tomuschat, a German citizen who heads the three-member commission. "Government forces ... blindly pursued the anti-communist fight, without respecting any legal principle or even the most elemental ethical or religious values."

In 626 massacres, the report found that government forces "completely exterminated Mayan communities, destroyed their dwellings, livestock and crops." The guerrillas were blamed for 32 such massacres, the report said."¹²²

Guatemala also provides us with the first example of the right wing death squads that have become so much a part of South American politics. Those death squads and the dictators that employ them are products of the CIA-Military intelligence system of the US. They lead directly to the School of the Americas at Fort Benning . Georgia. Recently the seven training manuals have been released under the Freedom of Information Act. The manuals details the use of torture, assassination and other practices that are not acceptable in a democracy. The following is a small excerpt of what can be found inside the manuals.

"Throughout the manuals, refugees and displaced persons are highlighted as possible subversives who should be monitored. Universities are described as breeding grounds for terrorists, and priests and nuns are identified as having been involved in terrorist operations. The militaries are advised to infiltrate youth groups, student groups, labor unions, political parties and community organizations. Even electoral activity is suspect: The insurgents "can resort to subverting the government by means of elections in which the insurgents cause the replacement of an unfriendly government official to one favorable to their cause"; "insurgent activity" can include funding campaigns and participating in political races as candidates."¹²³

The reader can find more information and updates on the School of the Americas on line at the SOA Watch site.¹²⁴ This chapter cannot provide a detail or graphic enough description to cover the brutality in Guatemala and will leave the reader to his own devices to explore that. However in the 1980s another aspect of these CIA interventions emerged, the association of the CIA and right wing death squads and army leaders involved in the drug trade. The following quote illustrates the point.

"The killings peaked in the early 1980s, though massacres continued to occur. By 1990, however, the military was no longer just killing for politics. It began killing for greed too. A scramble for drug profits within the Guatemalan military was under way. Guatemala, like Mexico, with which it shares its northern border, was never a major drug transshipment route before the early 1990s, when Colombians established transit operations across the entire northern isthmus. First the Medellin and then the Cali cartel came to Guatemala "because it is near Mexico, which is an obvious entrance point to the U.S., and because the Mexicans have a long-established mafia," said one Colombian drug enforcement official. "It is also a better transit and storage country than El Salvador because it offers more stability and was easier to control."

Guatemala's stability and control was achieved through cruelty that was unmatched anywhere in the region. Guatemala's counterinsurgency campaign was far more severe than El Salvador's, for instance. "The idea was to make the innocent pay for the guilty," a former Guatemalan army sergeant from Quiche once told me. The difference was that in El Salvador, military intelligence units might target a handful of young men to kill to ensure that they killed at least one guerrilla, while in Guatemala, military intelligence units frequently killed innocent people like children or seniors to punish an entire village for supporting the guerrillas."¹²⁵

Chile was another country in which the CIA overthrew the legally elected and popular Salvador Allende, in 1973 in a coup d'état although the Nixon government actively tried to destabilize Allende's government since the 1970 election. Once again corporate America was at the center of it with ITT acting as the conduit to funnel CIA money and arms to the opposition. Other American corporations tied closely with the coup and the resulting dictatorship were Anaconda and Kennecott both copper mining interest and Pepsi.

General Augusto Pinochet headed the brutal and repressive regime after the coup. Once again the right wing death squads and the disappearances became commonplace throughout the country as did summary executions and torture. An estimated 50,000 died at the hands of Pinochet.

But the right wingers and the CIA hail Pinochet's rule of Chile as an economic miracle. For once in power he installed the boys from Chicago, a group of Chileans educated in economics at the University of Chicago. It may have been an economic miracle for the American corporations but it certainly wasn't for the average Chilean worker. As the Boys from Chicago promptly set about dismantling all social programs and destroying unions. The statistics of this so-called economic miracle are indeed bleak, as the GNP per capita fell from 1972 to 1982 by 6.4 percent.¹²⁸ Presently Pinochet faces charges of murder in Spain if England will extradite him. But once again we see the model repeated, a legally elected reform minded government is overthrown to be replaced by a brutal right wing dictator, corporate America gets rich at the expense of the native population. In just Guatemala and Chile the body count from the CIA and their puppet regimes total over a quarter million one can add to that another 200,000 in East Timor, and add another half to one million in Indonesia. Now that brings the body count as a result of CIA intervention to one million to 1.5 million in just four countries. Does the reader have anymore questions over the fascist nature of our foreign policy as executed by the CIA?

And the body count given so far doesn't include the ones from Korea or Vietnam where the CIA alone in Project Phoenix assassinated between 20,000 and 40,000 people. But the scope of this chapter is limited and the writer will leave it to the reader to look at other countries where the CIA has become involved in covert operations. The reader that starts to actively investigate this are will soon find it easier to list the countries of the world in which the CIA hasn't taken action. Likewise the reader will find that in countries in which the CIA became involved it fits the model as stated previously.

Unfortunately our allies were not spared for the meddling of the CIA in their domestic affairs. The CIA meddling in the Italian elections has already been covered, but in 1975 the CIA overturned the legally elected Edward Whitlam. Whitlam was

elected in 1972 and soon withdrew Australian troops from Vietnam and ended the Ausie draft, recognized the government of North Vietnam and condemned the Nixon government. In other words he hit the ground running and was off to a good start. Whitlam was a target of James Angleton who was concern over security and intelligence relationships with Australia. On November 11 the Governor-General John Kerr dismissed Witlam as Prime Minister and dissolved both houses of parliament at the urging of the CIA. It was the first time this maneuver had ever been used by the Governor-General to remove a federal prime minister, it has been used only once in the history of Australia at the state level.

Japan is another country in which the CIA meddled with domestic politics. The CIA spent millions to support candidates from the conservative, Liberal Democratic Party through the 50s and the 60s. The effort was to prop Japan up as a bulkhead against communist aggression in Asia. As a sideline to the covert financial support the CIA used the operation to gather information on party politics, trade positions and treaty talks. In many of the recent trade talks the US negotiator knew the minimum acceptable terms to the Japanese before beginning the talks.¹³² In addition to the support of the Liberal Democratic the CIA sabotage and infiltrated the Socialist in an effort to undermine their support. Apparently the covert financial support ended in the 1970s as friction over trade built up. It was already alluded to that the CIA was involved in the manipulation of domestic German politics and its is known that the CIA was involved in French politics and labor movement. In the latter in an effort to undermine the influence of organized labor in much the same manner as the unions were dismantled in Central and South America.

One out growth of the CIA's global intervention has been their involvement with the world drug trade. Thanks to the San Jose Mercury investigative reporter Gary Webb this issue has been placed before the American people. Webb's Article entitled Dark Alliance detailed the CIA's involvement with the drug trade in the inner city of the Los Angeles. CIA assets in other major papers soon attacked the article in an effort to discredit it and distance the CIA's long rumored involvement with drugs. The history of the CIA's involvement with dope dealing goes back to at least the Vietnam era and the heroin trade. It is this writer's opinion that the history goes back even further into the 1950s and the CIA's involvement in Iran. At least one other writer traces the CIA drug trade back to the 1940s when Colonel Paul Hellwell of the OSS brought heroin from Burma and sold it in U.S. ghettos.¹³³

Although the CIA's media assets were successful in forcing the Mercury to retract the article and to fire Webb they have not succeeded in disproving the charges. For one reason there is far more than just the Dark Alliance article in detailing the connection between the CIA and drugs. To fully discredit the article they would need to discredit congressional testimony as well. The first inkling of the CIA drug connection came about on March 18, 1982 when the CIA's Inspector General, Fred Hitz admitted before a congressional committee that the CIA maintained relationships with companies and individuals that the CIA knew to be involved in the drug trade. Even more damaging He informed the congressional committee that the CIA had requested and had received approval from Reagan's Justice Department clearance not to report any knowledge of drug dealing by CIA assets.¹³⁴

The entire cover up of the Iran/Contra/COCAINE scandal has finally been fully and undeniably established by the release of the Volume Two of CIA Inspector

General's Drug Report on October 8, 1998. The released was timed in such a manner to effectively muzzle congressional and public outrage. Just one hour before the release of this report the congress had voted to hold impeachment proceedings against President Clinton. The report had been available since spring and is essentially a confession by CIA that it engaged in a conspiracy to protect known narcotics traffickers throughout the Contra war years. The New York Times in an apparent confirmation of the Dark Alliance article picked a paragraph from the report that acknowledged that the Contra leaders in California specifically planned to use drug money for the Contras. The LA Times one of the most vicious critics of the Dark Alliance story has failed to print a single line over the newly released report. The report confirms the conspiratorial negotiations between the Justice Department and the CIA by first having agents, assets and contractors removed from their classification as employees in a move to remove the responsibly of reporting drug dealing to congress or anyone else. Thus confirming the earlier mentioned testimony of Hitz. In another portion of the report a memorandum written by DCI Robert Gates setting down a no nonsense policy against dealing with drug traffickers was described. The problem with the memorandum was, it wasn't distributed for 15 years.¹³⁵

One final note on the CIA with the demise of the former USSR what role will the CIA play in the future? One role that the CIA has engaged in the past and is likely to emerge is that of economic espionage. It was previously mentioned of that role in the Japanese trade talks; it was also a factor in the GATT talks. The CIA contends that the French have moles in such corporations as Boeing and have launched a counter attack. But this economic espionage is a source of tension with our allies. France has expelled two CIA agents for an attempt to bribe officials of the state telephone company for information that would allow them to tap the phones lines. Its also has become an issue with the Japanese. In effect allowing the CIA for economic espionage is just another step towards fascism and corporate rule.

In a summary of this chapter the reader should remember one thing. At the end of the Second World War the US had the chance to grab the brass ring of liberty and present it to the world as a gift. Instead lead by a small cabal of Wall Street sharks and rich industrialists we were plunged into a cesspool of repression and became the spawning grounds for the fourth Reich. From earlier chapters it was shown that fascism was the end product of a capitalistic society that government failures are started by midlevel officials And finally for any revolution to be successful it requires the control over the 3Ms: the military, the media and money. This chapter has established the relationship between the CIA and money in the form of a revolving door between Wall Street and the CIA and the manipulation of the free press by the CIA as well as its close ties to Nazi war criminals. In short the CIA is a danger to the future liberty of not only US citizens but to the world. Its an agency that has served its purposes and needs to be broken into a thousand pieces and scattered to the winds as JFK threaten to do after his reelection.

A final note before closing Vermont Democrat Patrick Leahy wants to expand the role of the Justice Department's Special Investigations to pursue not only Nazi war criminals but to include human right offenders or war criminals from other countries such as Haiti, Somalia, and the former Yugoslavia. He stated that: " I just do not want the United States to be seen as a safe haven for these war criminals."

¹³⁷And given the record of the CIA concerning the Nazis there is a definite need.

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