

The Incubation of Nazism: The Critical Act of Britain's Strategy for Keeping Empire, 1900-1941

Guido Giacomo Preparata

Abstract

The first fifty years of the twentieth century witnessed Britain's determination to annihilate the threat of German hegemony on the continental landmass. The British Empire feared that a possible merger of the German Reich with the Russian czarist empire might have given birth to a much-dreaded Eurasian alliance. A fastness in the heart of Eurasia would have attracted in its orbit men, resources and geographical advantages in such numbers that it would have threatened, and eventually foiled British imperial domination across the world. To prevent such an alliance, Britain embarked upon a extraordinary feat of aggression, which began with the Great War (1914-18); this act was followed by the fifteen-year long incubation of Hitlerism, which Britain would eventually need to set up in Germany in view of a second, two-front world conflict that would have sanctioned the erasure of German rivalry once and for all (1933-43).

Introductory

At the turn of the twentieth century, the Germans, displaying the political and strategic immaturity that was to be expected from their young imperial regime (the Second Reich), mistook the forthcoming conflict, which would be the so-called Great War, for a limited engagement through which they thought they could gain a few additional exotic colonies, and deeper economic clout in Eastern Europe and the Near East. In fact, behind her ambivalent stance, Britain was being intent on laying a pervasive siege around the Reich. The siege was orchestrated by enlisting at first the aid of France and of Russia (with treaties signed in 1904, 1907, respectively). Round mid-1916, when Russia seemed inclined to seal a separate entente with the Central Powers (Germany and Austria) after the hecatomb on the eastern front, Britain managed to draw American into the war. By then (Spring 1918), Germany was exhausted, could fight no more, and finally capitulated. The first siege had lasted four years, and the Second Reich has, in fact, fought half the world single-handedly.

She surrendered in November 1918. At that time was concluded the first act of Britain's encirclement of Europe. But having the German army remained undefeated on its own soil, England moved to initiate the second, and most important act of the siege: the predisposition of economic and political conditions that would create in Germany a humus favorable to the gestation of a reactionary regime, which could then be shielded and temporarily passed off in the democratic West as the European dam against Bolshevism –against the so-called 'Red Menace' in the East. Evidently this plan could not be carried out without the complicity of the Russians.

Thus with the connivance of the Bolshevik government, England anticipated and favored in Germany the emergence of a militarist movement, to be bred, as it were, on the ashes of the defeated Reich, the plan being to shield this new political formation until it was sufficiently mature to be instigated to march against the USSR. What for? To trap Germany, again, on two fronts, and close in on the Germans, with millions of Americans from the West and millions of Russians from the East; to overwhelm the Germans within Germany's national boundaries; and finally to eradicate once and for all any kind of rival power consolidating in the heart of Europe. In a nutshell, this is what Britain set out to accomplish in the first 50 years of the twentieth century, which are punctuated by the two world wars.

This conspiratorial proposition is indeed central assumption of this synthesis: it originates in an extraordinary prophecy uttered by the greatest social scientist of the West, Thorstein Veblen. Veblen intuited (in his 1920 review of J.M. Keynes's *The Economic Consequences of the Peace*) that Britain and the Allies had rigged the Treaty of Versailles, at which the condition of the surrender were dictated to Germany, passing it off as a harsh peace, when in fact it was but the blueprint for re-

instating into power a conservative replica of the recently defeated Prussianized regime. The advent of such a regime, Veblen divined, was engineered to prime a forthcoming Armageddon to be fought by the Germans and the Bolsheviks in the East—a truculent battle which would indeed come to pass with Germany's invasion of Russia in June 1941 (Operation Barbarossa).

Before this reactionary creature came of age, the Reich was 'purged' during the hyperinflation of 1923 of its enormous war debt, which Britain had deliberately refused to sequester at Versailles for the purpose of indemnification. As Germany watched her currency, and civil society collapse, Hitler staged his famous Beerhall putsch (8 November 1923). The coup signaled the appearance of the Nazis on the German political stage; the Hitlerites, however, bore little resemblance to German militarists of yesteryear: rather, they were animating a religious sect disguised as a political faction.

But most remarkably, when Hitler drafted his political manifesto in jail—*Mein Kampf*—he exposed therein in unambiguous terms what he wished to fashion: an empire of slaves and masters in the plains of Ukraine. Clearly, this empire had to be obtained at the expense of Red Russia. Hitler declared his intention to bring about this imperial design in Eurasia with the partnership of Britain, whom he deeply admired, and whose Sea Empire he in no way desired to challenge.

After Hitler was released from jail in 1924, the Nazis remained quiet for five years—five years during which the Governor of the Bank of England, Montagu Norman, orchestrated with American money the most spectacular bailout of the twentieth century: the technological renovation of Germany. This was Weimar's golden quinquennium, 1924-1929: roughly five years of accelerated production and somewhat inconstant employment, which were brusquely interrupted by the Wall Street Crash. Between the Crash and Britain's abandonment of the gold standard (21 September 1931), both acts being the results triggered by the self-same Norman to bring political transformation in Germany, the Nazis graduated from fringe faction to Germany's second party (after the Social Democrats), with 18.7 % of the vote in 1930.

From October 1931 onwards, as unemployment, strikes, violence and general social chaos overwhelmed the country, Hitler would bid unceasingly for the German Chancellorship, which the President of the Reich, ex-war hero Paul von Hindenburg, would systematically refuse him until the beginning of 1933. By that time the health of Germany had so catastrophically worsened that, following an open entreat of the circles surrounding the President on the part of foreign finance to endorse Hitler, Hindenburg gave in and swore the latter in on January 30, 1933, Chancellor of the Reich.

After the Nazis came to power, they manufactured terror (the Reichstag Fire of February 1933), and employed it as a pretext to outlaw the political opponents of the Left (Socialists and Communists). Once they solidified their grip over Germany's civil society, the Hitlerites, abetted by the enthusiastic participation of German

business and the collusion of Britain, who opened to them her vast world markets, embarked on an expansive plan to scale up armaments and increase the country's preparedness for war. Facilitated by the financial legerdemain of a team of experts at the Reichsbank, led by the banker Hjalmar Schacht (the protégé of Montagu Norman, Governor of the Bank of England), Germany underwent under Hitler a phenomenal economic revival that erased 9 million jobless individuals in 4 years (1933-39) by expanding production at a rate of 10 percent per annum. Throughout this time, England flirted with the Nazis under the cover of 'appeasement' –a disquieting dissimulation, performed for the sake of hoodwinking the Hitlerites into believing that a significant portion of the British Establishment was favorable to them and would support them should have they decided to march against the Russian Soviets.

The most astonishing aspect of this episode was that the Soviet Union under Stalin seemed to be perfectly aware of this development; and what was more, it did absolutely nothing to prevent it. Nay, Stalin executed in 1937 his chief Field Marshal Tukhachevsky, and 35,000 officers who stood behind Tukhachevsky: in fact, since 1935, Tukhachevsky had been trying to rouse, in vain, France and England to join forces with Russia in a preemptive strike against Nazi Germany. Instead Stalinist Russia, like England, preferred to feed the Nazi war machine until it was ready to attack in the fall of 1939.

From the beginning of WWII until 1944, Britain would do her best not to attack Germany: it appeared as though that the two powers had cut a deal behind the scenes. In exchange for the evacuation of the Mediterranean basin by all German forces, Britain impeded the Americans to open a western front through a Cross-Channel for the length of three years. The bargain seemed to have been sealed with the disappearance of Rudolf Hess, who mysteriously ended up in the hands of Britain as some sort of collateral. After the Nazis would have found themselves bogged down in the Russian swamp, the Anglo-Americans would close in on them in June 1944.

Thus came to an end what appears to be a dreadful plot hatched in 1919 to resurrect a reactionary movement, which the British had been looking forward to smash against the Russian defenses of their Bolshevik allies. This extraordinary phase of our recent history is a crucial reminder of the true nature of the Anglo-American hegemony: in the course of the twentieth century, the latter has been extended over the surface of the globe by means of a savvy blending of cunning, massive manslaughter, and extraordinary mendacity. The routine adopted by England, and subsequently learned and perfected by the American heirs to the British Empire, is to identify a truculent and divisive political faction in a zone that they wish to control; then so proceed to arm and finance this indigenous monster that war erupts in the targeted area; and finally profit from the war to achieve a variety of hegemonic aims.

World War One and the Great Siege of Germany, 1900-1918

By 1900, the nature of the geopolitical game had changed dramatically. Before then, it had been a power struggle between Britain and France for Africa and the seas, and between Britain and Russia for Central Asia –this had been called the Great Game, and it had provided the décor, for instance, to many a tale by Rudyard Kipling.

But by 1900, there was a brand new player on the Grand Chessboard and this was the German Reich. Out of a constellation of principalities and riven kingdoms, the Prussian dynasty of the Hohenzollern consolidated a German state by blood and iron. Wresting provinces away from Austria (1866) and France (1871), the Second Reich came into being. It was a formidable creature. Formidable, but unstable, as Thorstein Veblen –who compiled between 1900 and 1920 the most penetrating anatomy of the modern West— came to construe it.

The Reich was unstable because it coupled state-of-the-art technology with tuculent chauvinism; it was an uncouth mix of scientific sophistication and brutal nationalism. As such, Veblen prophesied in 1915, it was bound to rattle the peace of the West and strike at the earliest opportunity.¹ Veblen was not off the mark, but by focusing excessively on the German unknown, he lost a clean perspective of the strategic imperatives of Britain, whose worldview for the time being he embraced—hence his initial bias.

Veblen failed to see that the sudden and spectacular growth of the Germans was beginning by 1900 to trouble England seriously: the Reich had overtaken Britain in most industrial sectors, *and had even begun building a fleet*. What the Germans wanted to do with this fleet was not clear even to themselves. The pronouncements of the German imperial politicians on this count were blurry. What appeared certain was that they wished to challenge Britain in Africa and the Pacific, and to create some kind of German commonwealth in Europe, in collusion with their Austrian brethren of the Hapsburg Empire. So, indeed, the Germans wanted some kind of war: a limited sequence of colonial skirmishes, and much trouble-making in Europe followed by a nondescript German rule over the western continent. This hazy platform was the confused wish of a dilettante power—confused because the Germans 1) fatally underestimated the hostility and true might of Britain, and 2) failed completely to understand the nature of the game they had so poorly begun to play.

The Germans had utterly failed to recognize that Britain's imperial imperative was predicated on a very simple proposition—and the simplicity of it made this inadvertence on their part even more inexcusable. Such a proposition appeared at the beginning of the twentieth century in a candid statement drafted by the founder of England's School of Geopolitics, London School of Economics Professor Halford McKinder. Mackinder pointed to the existence of an area that he called the *heart-*

¹Thorstein Veblen, *Imperial Germany and the Industrial Revolution* (New York: MacMillan, 1915).

land. What British strategists sought to achieve by locating this region was simply to identify the nature of a rival power that could challenge the British Empire. The fear was that since Britain was an island, in no case could she tolerate that there formed on the continental land-mass –that vast plate of solid earth stretching from French Brittany to Manchuria—an alliance, or a political and military league of continental powers. If such an alliance came into being, forming around a leading political power, the British realized that their sphere influence would be seriously and definitely compromised. In other words, Britain dreaded the eventuality that there emerged on the continent a leading national core that was capable of aggregating around itself such a league of vassal powers, that it would soon turn into a rival empire –and one not only capable of resisting any form of blockade led by England, but even of reversing the power ratio with England, taking all her dominions, and eventually subjugating her entirely. This was Britain’s fear. And the fixation on the heart-land was part of a concrete effort to predict where such a core of national resistance to England on the main-land might be found. It was, in fact, roughly situated by the British students of geopolitics in Eurasia; that is, in a zone that was bisected by so-called ‘fault-line’. The fault-line was a virtual boundary that issued from the Red Sea, shot through the Balkans and ended in the Russian North, ideally at Murmansk. Such a boundary set the Orthodox Christians apart from the western Christian brethren in the East, and separated in turn Christianity from Islam in the south (see picture on p. 7).

It followed that a consolidation of power over the heart-land might not implausibly be expected to materialize in the shape of a Russo-German alliance. Should this alliance have been consummated in Russia by the Reich, either by conquest or commercial fusion, it would have constituted a fortress of such power, resources and technological might as to become literally impregnable from the sea—for that was whence the British would attack. Therefore, the strategic imperative of Britain in the West became transparent: it was to prevent by all means necessary the formation of such a Russo-German alliance. To carry this out, Mackinder suggested the adoption of a systematic and unrelenting policy of harassment against Eurasia, which should have been carried out by grafting *land-bridges* onto the vital nodes of the heart-land. This signified that Britain and her allies should have launched a series of attacks in strategic areas where the potential enemies, if they united, could most likely to offer greater resistance. Mackinder mentioned in this regard Egypt, Korea, Pakistan, and Russia. These ‘platforms’ were to be viewed as launching pads –*land-bridges*, for more or less durable incursions against the natives—, whose aim was to keep the latter divided, and impede the major powers from rescuing them with an organized counter-attack.

Such is still the foreign policy pursued by the United States, with the full and committed patronage of Britain.



In sum, Britain's new game in Eurasia at the turn of the twentieth century was, by way of war and cunning diplomacy, to jam wedges in the continental body in order to obstruct any kind of political, let alone military merger that could have arisen in the heart-land.

When Germany began to expand, blindly; when she started to go about upsetting the delicate balance of power, which Britain had carefully struck in her

various antagonistic deals with Russia and France, the European scenario came to assume an entirely different configuration. The Germans, led by the irresponsible swagger of their Kaiser and (military) elite, had no inkling of what was brewing: they provoked the other players, intrigued in the colonial expanses and simulated a maritime contest with England, without even attempting to fathom the depth of Britain's disquiet at the eventuality of a 'Eurasian embrace' between Russia and Germany. The latter, in fact, seemed to do her utmost to alienate the Russians: Chancellor Bismarck, the early mastermind of Prussia's foreign (and domestic) policy, had understood to a degree the importance of not placing Germany between the ferocious enmity of France on the west, and of Russia in the east. But neither he, nor his immediate successors ever went beyond this obvious realization. From Germany's viewpoint, it shouldn't have been a question of pacifying Russia, but of attracting her in a durable, close-knitted partnership: only thus could Britain and her heirs be kept at bay, and eventually defeated. But the Second Reich seemed to have no notion of Britain's long-term plan, less so of her absolute virtuosity in the arts of imperial scheming –dark arts for which the Germans possessed no more than the dilettante's reach.

Thus from 1900 onwards, the strategy of England was transparent: she had irreversibly resolved to lay siege to Germany; she had embarked in a veritable epic that was going to pace and characterize the first half of the twentieth century. In this arc of time, England would orchestrate the first great siege of Germany –i.e. World War One. Thereafter, to destroy Germany once and for all, Britain would plot financially and diplomatically to resurrect a reactionary regime (second act: the incubation of Nazism), which she would use as foil in the final act, the great holocaust of Europe: World War Two (act three).

In 1904, England drew France to herself by means of colonial bargains. This was the 'entente cordiale', which in 1907 included Russia, whom France has been courting for long, and whose finances already were in the hands of France and England. For the sake of keeping close to the Austrian allies in southern Europe, the Germans ignored altogether the danger of being thus surrounded by the British intrigues: Austria, in fact, was perennially at daggers drawn with Russia over spheres of influence in the Balkans. And to let the Hapsburgs bicker with the Russian-backed Serbs (the two being connected, among other things, by the common Christian Orthodox faith), the Reich watched England lead a veritable the encirclement (the *Einkreisung* as it came to be called in Germany) around itself, and fatally underestimated it. The Germans would live to regret their alliance to Austria, whose military strength during the war would prove almost immaterial.

The whole of Europe prepared for war, and by 1911, the theater of the forthcoming conflict was already discernible: the Central Powers –Germany and Austria-Hungary— formed the core of the Triple Alliance, the third, weak and

utterly unreliable partner being Italy, who would betray the Alliance in 1915. This coalition was surrounded by the Triple Entente of England-France and Russia.

The Schlieffen Plan, Germany's 'secret directive' for a surprise attack was well known to England and her allies: all expected the Germans to lead a wheeling maneuver headed to Paris by penetrating France through neutral Belgium. England therefore assured her forthcoming involvement in the war by guaranteeing the neutrality of Belgium –already in 1906 the Chiefs of Staff of Britain and Belgium were conducting war simulations in the Flanders in anticipation of the German attack. In 1912, Britain sealed secret military pacts with her French and Russian allies: the Allied public was naturally never informed of such deals.

Thereafter, it became a matter a time before the conflagration erupted. The pretext was suitably found in the Balkan mess: conveniently for the Triple Entente, the Serbian Intelligence, in agreement with the Russian Services, recruited a commando of teen-agers to kill the Archduke Ferdinand and his wife on the day of their official visit to Sarajevo. Austria sent Serbia an ultimatum demanding the end of all anti-Hapsburg propaganda and the opening of an official investigation into the murders, in which Austrian public officers were to partake. Serbia, emboldened by the support of the Russians, turned it down. And as Vienna ordered the bombing of Belgrade, the Russians mobilized, as did everyone else; by August 1st it was war. Germany had placed herself so clumsily at the center of this mesh of alliances and counter-alliances that she ended up declaring war both to France and Russia, emerging thereby as the heinous aggressor, and, ultimately, as the precipitator of Europe's epochal downfall.

As the Germans launched the Schlieffen Plan across the Flanders, England finally entered the war –posing as the reluctant fighter, when in truth she had prepared most carefully the dynamics of the new conflict for at least a decade.

Germany fought well, too well; though not well enough to march into Paris in 3 weeks. She was stalled at the River Marne in the West, walled in by the Russians at the Masurian Lakes (now in modern Poland), and literally strangled by a pervasive and unyielding British blockade: she was fighting the world alone, and put up a dogged resistance –so dogged that the Russians, the weak link of the British siege, began to give way. By 1916, Russia had lost well over a million men, and her czar and rulers started to ask themselves what there was to gain from this unprecedented butchery. At this time, the czar initiated a series of secret *pourparlers* with the Germans to put an end to the carnage and sign a separate peace. For England such a development would have been catastrophic: it would have nullified all Britain's strategic efforts to squeeze the German Reich in a two-front engagement, which could be won with relative ease. In early 1917 she sent her ambassador, Buchanan, to the czar to make him reason, but Nicholas II was bent on finishing the war.

Two months previously, a cabal of blue-blooded degenerates assassinated Rasputin, who wanted peace and held the life of the czarevitsch Alexei –the heir to

the Russian Empire— in his hands by standing as the only soul capable of healing the czarévitch's hemophilia. In March 1917, 'revolution' exploded in St. Petersburg. It was not led by Communists, anarchists or other mercenary revolutionists, nor was it a spontaneous uprising of the people. It was rather a coup of bourgeois administrators and treasonous generals, all of them Britain's hirelings, who attempted to transform the Russian empire into a constitutional monarchy, English-style. The czar was betrayed and deposed. The British then fished a barrister, Kerensky, for the improbable role of Russian Premier, and carted him off to the front, where he was expected to use his oratory to whip up the demoralized troops into shape; but it did not work; the Russians wouldn't fight.

England's back-up plan, then, was to see the Bolsheviks seize power in Russia:² these fanatical, nihilist totalitarians had no popular support whatever in a country of peasants, therefore vast amounts of money were needed for the endeavor. The Bolshevik Communists, however, had pledged not to pursue the war. Had they come to power, so they said, they would have withdrawn the Russian commoners from this 'imperialist conflict' waged for the sake of commercial interest. The Bolshevik option was obviously second best for British: the eastern front would collapse, regardless; but at least, England would facilitate the advent of an anti-capitalist, and anti-dynastic regime that was ultimately pliable (for its intrinsic poverty), and that might be easily propped up against Germany by playing on the congenital 'class and ideological hatred' existing between imperialist Germans and Bolshevik Russians.

This maneuver to set up Bolshevism was not achieved overnight. Half of the intrigue was conducted, in fact, from the German headquarters, where Alexander Israel Helphand ("Parvus") –a former Russian Socialist turned businessman, who was in truth a subversive agent working on behalf of an unidentified network of professional, international revolutionists— had since 1915 successfully insinuated himself in the German Foreign Office: from there he persuaded the Reich ministers to fund Lenin and his associates with a view to destabilizing czarism, and obtaining, through Bolshevism, Russia's withdrawal from the war. The Germans fell for the idea, and played completely in the hands of Helphand.

In April 1917, the Reich granted Lenin and a select group of Bolshevik acolytes a safe-conduct to depart from Zurich, and cross Germany in an armored convoy, which would take the Communists to St. Petersburg. In November, in a strange void, and without firing a shot, the Bolsheviks, financed by German gold, and even by means of funds conveyed to them from Wall Street via an American outfit

² The details and bibliographical data pertaining to this controversial, yet by no means not novel, hypothesis on the British endorsement to the rise of Bolshevism are reported and discussed in Chapter 1 of *Conjuring Hitler* (pp. 27-37).

hiding behind the banner of the Red Cross,³ stormed the Winter Palace and enthroned themselves at the helm of the former czarist empire; they presently controlled the hub of Russian Europe. In March 1918, as promised, Lenin sent Trotsky as his Foreign Minister to bargain, and eventually sign a harsh peace with Germany: Russia abandoned the war.

Meantime, to parry this eventuality –in other words, to prevent the Germans from catching their breath and coming down upon the Allies in the West by bolstering their entrenched troops there with reinforcements from the East, Britain brought the United States into the War. This was a momentous decision for America, and one that would have fateful consequences for her people and the destiny of the world at large in the twentieth century. To drag America in the conflict did not prove to be difficult. The country had already formed an imperial mindset, and she seemed eager to learn from the English motherland how to play the game of power. Moreover, the US had loaned Britain and the Allies tremendous amounts of money, which had sparked since the beginning of the war, a frenzy of activity on the stock market: if Germany were to win the war, that money was as good as gone.

The technique to involve America in the war was somewhat elaborate: the Anglo-Americans knew by now that the only way for the Germans to break out of the British naval blockade was to engage in submarine warfare. Therefore this anticipation afforded the American allies of Britain –the American people having no quarrel with Germany and no diffuse desire to become involved the war— predispose a pretext, an inciting incident, so to speak, that might be counted on to cause ‘a wave of indignation’, and thus sway the public in favor of America’s siding with Britain in the war. The *casus belli* was easily pre-arranged by detailing American vessels to escort British convoys across the Atlantic, or to ship US-made munitions and arms on American vessels directly to the Allies, the objective being to draw the German submarines in a shooting war versus US vessels, which would then ‘force’ America to descend officially on the battlefield against the Reich. The Germans intuited the ruse, and entreated the Americans to forbear from accompanying the British cargoes; they pleaded with the US administration to make the British desist from blockading the Reich, so as to avoid a pandemonium in the Atlantic, otherwise, they said, they would be compelled to sink at sight. The appeal was hopelessly naïve; the Americans, who naturally ignored the German call, were just waiting for more of their ships to be torpedoed by German U-boats and, after denouncing the aggression, looking forward to entering the war. The *Lusitania*, which was deliberately sent yawing in the maws of German submarines in 1915, was the first of a long series of sinkings of American vessels, which culminated in America’s declaration of war against Germany in April 1917.

³ Anthony C Sutton, *Wall Street and the Bolshevik Revolution* (New Rochelle, NY: Arlington House Publishers, 1981).

The mobilization of US troops took a year: by the Spring of 1918, 330,000 US soldiers reached every month the European shore until they numbered 2 million by November. Britain secured American's participation in the war also by plying the American Zionist lobby with offers to create a homeland for the Jews in Palestine: thus waging war against the Turkish empire in the south, which was a German ally, England managed to drive a second 'wedge' along the fault-line. And, exploiting the militant nationalism of a growing mass of Jewish colonists surrounded by hostile Arabs, she planted in the Near East a political protectorate of hers (the future state of Israel) with the aim of subjecting the region to a perennial state of warfare and fragmentation.

Exhausted, the Germans capitulated in October 1918—the armistice was signed on November 11, 1918: they had lost 2.4 million men in the first Great Siege of western Eurasia. The war, as a whole, had erased roughly ten million souls.

Incubating Nazism, Part I: Turmoil, 1918-1923

The German Soviets

Before agreeing to any negotiations with the Reich, US President Wilson demanded that the Kaiser abdicate and that the Reich be transformed into a 'democratic' republic. The Germans acceded, and patched up this travesty known as the Weimar Republic: a parliamentary mock-up that history remembers only for having been a triumph of congressional chaos, political violence, social turmoil, and last, but certainly not least, the hothouse of Hitlerism.

From January to June 1919, the Allies were busy drafting in Paris the conditions of the Peace Treaty that was about to be foisted upon the Germans.

In the meantime, in the midst of the post-war collapse, Germany witnessed a semi-peaceful protest led by the masses, which, freed from the stranglehold of the old imperial administration, gave expression to their discontent by proclaiming 'independent Councils' (*Räte*: the German equivalent of Soviets): the Councils were community-launched panels of workers, soldiers and citizens that haphazardly sought to regain some form of empowerment. But the Germans, though naturally inclined as everyone else to reclaim autonomy in the form of communitarian initiatives, were just as confused as everyone else as how to do it. And before these social experiments, compromised as they are by the infiltration of all kinds of unsavory influences (military and foreign intelligence, agitators, delinquents, lunatics...), could lead to any social improvement, the Socialist trade-unionists, who had agreed to front the Weimar republic to give it a 'democratic' façade, signed a lurid deal with the German

army, whereby free corps of veterans and cadets –who had been too young to enlist when the war erupted– were drafted to repress the Councils in blood.

These groups of so-called ‘White counter-revolutionaries’ (to distinguish them from the ‘Red’, pell-mell armies of proletarians that had improvised themselves as the armed divisions of the Councils) – known as the *Freikorps*— encircled Berlin in late January 1919, marched into the capital and suppressed the uprisings, and thereafter attacked Munich to wipe out its Councils in late April.

Hitler was a demobilized soldier in Munich in these days. No one knows for sure how he coped with the interlude of the Soviets; most likely, he seemed to have taken part in the temporary mobilization sponsored by the Socialists in the barracks. Hitler himself glossed over this hiatus, and that is possibly due to his indecision and political immaturity, which ‘prevented’ him from joining the *Freikorps* –truly the faction in which all would have later on imagined to be his ‘natural choice’. In truth, this point need hardly be belabored: it may sufficient instead to speculate that, in 1919, Hitler, like the vast majority of his contemporaries, was but an army survivor with an inchoate vision of the crisis unfolding about him.

In the Spring of 1919 he joined a recruitment effort launched by the army command to instruct army effectives as propaganda officers. Hitler became one such instruction officers after a condensed course in politics and economics, which graduated him as one of the army bureau’s most promising propagandists. He took up his duties with passion, and discovered in himself far-reaching powers of oratory. In September he was detailed by his chief to spy on a variety of political formations that were mushrooming on the fertile and conservative humus of Bavaria. At the meeting of one such splinter party, the German Workers’ Party (DAP), he was seized by a fit of fiery eloquence that impelled him to lunge for the lectern and drive out a political opponent that had taken the stand to defend the merits of Bavarian secessionism. The organizers of the party were so enthralled by his sudden apparition that they invited him to return; later during the week from them Hitler received, unsolicited, a membership card bearing the number 555.

In fact, the DAP was the political front for a religious lodge named Thule after the mythical, vanished continent in the North –home to the White ancestors of the Aryan stock: from Thule, the DAP, which would later rename itself the NSDAP (National-Socialist Workers’ Party of Germany), inherited the emblem of the swastika and a peculiar world-view. This peculiar cosmology informed the language of national rebirth professed in the slogans of the party as well as its militant anti-Semitism. But the religious nature of such a creed was never allowed beyond the closed doors of the lodge. Within such fraternity Hitler was inducted in late 1919, and introduced to its mysteries by the master Dietrich Eckart –a free-lance poet and journalist of some repute—, and in the company of future Third Reich grandees Hans Frank, and Alfred Rosenberg.

Versailles

In June 1919 the Allies presented the Versailles Treaty to the Germans. The conditions were considered so harsh that they refused to sign it –the incumbent Cabinet would rather resign than sign the humiliating document. And so it did. As the Allies threatened to resume the hostilities and turn the screw on the blockade, which had still not been lifted and had already killed nearly a million innocents (especially children), Germany dispatched a new Cabinet to Paris to underwrite ‘the shameful peace’.

Such a Treaty has come down in history as one of the greatest diplomatic blunders ever committed; it has gone down in history as the *unintentional* blueprint, born out of undue severity and petty vindictiveness, for the Second World War. Because of its provisions, Germany was amputated of 10 % of her territory, 10 % of her population—lost to France, and the newly carved out nations of Poland and Czechoslovakia—, colonies, fleet, and resources. In addition, 1) a sector along the Rhine was demilitarized, forbidding Germany to send a single battalion in the sector at the risk of facing a punitive military action—i.e., war—at the beckon of the Franco-British and their allies; and 2) Eastern Prussia was rent apart from the rest of the fatherland by a Polish corridor, which the British had wedged through Germany to afford the Poles an access to the sea, and, most importantly to prime the Poles *in time* against the Germans: the corridor in Poland in 1939, like the neutrality of Belgium in 1914, would serve (Britain) as the proximate trigger of the world conflagration.

To envenom the spirits of the Germans even more contributed the issue of reparations. Though it was expressly said that Germany had to pay, no figure was mentioned in the Treaty: the British had resorted to the cunning idea of leaving the due amount unspecified. A commission set up ad hoc was expected to issue a figure by 1921; but by inserting in the Treaty a clause whereby Germany was made the sole culprit for instigating the war, she was forced, on the basis of this putative guilt, to sign a blank check to the Allies. As the final sum had yet to be disclosed, John Maynard Keynes, who attended as one of Britain’s economic delegates, along with other financial experts, reckoned that Germany would presumably be asked to remit in cash a total sum that was between two and three times her annual income of 1913. The experts’ guesstimates aside, the dire anticipations surrounding the magnitude of this pending charge could not but arouse outrage in Germany, and abroad—especially among not a few members of the Allied delegations including Keynes himself, who abandoned the diplomatic parleys of Versailles before they came to an end as a sign of protest against the reparations clause.

On June 28, 1919 Germany signed this Treaty. As would become evident shortly, with the acceptance of the Allied Peace, the incubation of Nazism de facto began.

There remained the problem of Russia.

Russian Whites and Russian Reds

In 1919, the Bolsheviks had been given a sizable chunk of Eurasia, but their power was yet far from being pervasive: they still had to defeat the armies of the so-called 'White generals', generals who had pledged their fealty to the czar and were attempting to restore him to the throne.

Russia was presently poised on the brink of a civil war (1919-1922) that was going to cost her roughly 10 million dead. The forces between the two opposing factions were distributed unevenly: the Reds could count at the start of the civil war on three, which would then grow to become five million men, while the Whites could never rely on more than 250,000 troops.⁴ Moscow, the new Bolshevik capital, was at the center of a circular region, which was presently threatened by Whites in the north, the south and the east (Siberia; see picture on page 14).

The British now found themselves at a critical juncture: though the Whites were outnumbered and outgunned, being the better soldiers, they could still reverse the precarious tenure of the Bolsheviks. It was thus imperative to devise a way to prevent the Whites from attempting any sort of concrete attempt at seizing power in Russia. The situation was greatly complicated by the expression of friendship and amity that the Whites repeatedly and expectantly directed towards the West: seeing themselves as defenders of propertied privilege and tradition, the Whites believed not illegitimately that they were Britain's natural allies, and that they could always count on the support and endorsement of the West against the irreligious, communist and sanguinary Reds.

In fact, the Whites were led on by Britain to persist in such a delusion. The Whites did not seem aware that it was Anglo-America intelligence that stood to gain most from the establishment of the Bolshevik regime 1917 (as it cut Eurasia into two hostile camps: Russia on one side of the fence, Germany on the other); nor did they seem to discern the geopolitical necessity for Britain to keep Eurasia sundered: a White Russia was a Russia kindred in spirit to dynastic Germany. If these two consorted in some fashion they would be able to unite into that feared (By Britain) Russo-German condominium and acquire thereby the (realistic) opportunity to reverse the post-war equilibrium, which England had been meticulously establishing thus far.

⁴ Richard Pipes, *A Concise History of the Russian Revolution* (New York: Vintage Books, 1995).

WHITE NESTS IN THE RUSSIAN CIVIL WAR



Therefore, the means required was a policy of '*sabotage by neglect*': in other words, Britain would deploy a meager Allied contingent in Russia with the avowed intent of helping the Whites. Officially, it thus appeared that the Allies would have come to rescue the 'kindred' Whites against the 'fiendish' Reds; but in fact, the true

nature of the mission was to monitor at close-range, and to ensure the defeat of the Whites, by not engaging the Reds seriously. It was in short the first of several, extraordinary feats of dissimulation that Britain would direct to play the geopolitical game against Germany during the first half of the twentieth century.

The Allies reached Russia's three main theaters: the North first, then in Siberia, and finally the south, where the French arrived by way of the Black Sea, and the British by the Caspian Sea. In the north and Siberia the Anglo-American presence dated from the end of WWI (Spring of 1918). Then Britain had taken pains to impede any penetration of Russia by the Germans, who had just signed a peace with the detested Bolsheviks: she had feared that the German generals would have betrayed the Bolsheviks and allied themselves with the Whites. That was why, with French cooperation, Britain staged a rebellion in Siberia using a pro-Allied Czechoslovak corps, which had found itself stranded in the middle of Russia at the time of the German-Bolshevik peace of March 1918. This rebellion, staged against the Reds, was engineered to resurrect a second eastern front, from which the Germans might be fought had they had moved East.

In the end, the Germans would surrender (November 1918) and the eventuality of such an eastward penetration on their part did not materialize. But this outpost in the Urals (in the region of Chelyabinsk) became nonetheless a rallying point for White anti-Communist forces. Now, it was these forces that *had to* lose the civil war, and the Allied West would see to it that it happened.

First, they cast in charge of the Siberian central a former admiral of the czarist navy, Kolchak. Kolchak was a straw man that had put himself up for British hire after the Bolshevik takeover of November 1917; he had applied for a position in the army fielded in Mesopotamia. But British Intelligence redirected him instead as its asset to lead the Whites in Siberia. So by early 1919, events appeared to smile upon the Whites. They were eagerly gathering strength to roll down upon the Reds with their superior military might, and it *seemed*, officially, that that they were even buttressed by England and the other westerners. But that was far from being the case: in the meantime, under the watch of Japan—who as a seafaring power was strategically in on this British scheme, and who had disembarked 70,000 troops in the far eastern tip of Russia (Vladivostok, right above Manchuria, Japan's coveted area of imperial trouble-making)—, Cossack chiefs were planted in the side of Kolchak along the vital supply line of the Trans-Siberian railway. The intent behind this move overtly hostile to Kolchak was to lame, eventually, the steady provisioning of the White armies from the East. In the South the French landed an expeditionary corps at Odessa in the Spring of 1919. Instead of helping the Whites, to whom France in truth owed the salvation of Paris in August of 1914 for successfully attacking the Germans in the East, the French intrigued for their own ends in Ukraine until they were thrashed and ultimately driven out by bands of Ukrainians irregulars. Before leaving, though, the French, who did not pass a single rifle to the White camp in Caucasia, destroyed the

entire ex-czarist fleet on the Black Sea –“not to leave anything to the Reds,” they would say in justification. Rather, this entirely disastrous meddling of France had the sole effect of leaving the right flank of the White southern commander Denikin entirely weakened and exposed.

Similarly, the British intrigued in the Caspian region, trading on their own account in oil and basic staples, and doing anything possible to prevent General Denikin from restoring the Caspian fleet.

In spite of all this, the White recruitment effort drummed at the call of “Russia One and Indivisible” grew intensely.

The Americans had committed but 7000 men to this seemingly anti-Bolshevik operation; their leading officer, General Graves, was instructed by his President to do nothing, and Graves did nothing –or better said, he did all he could to aid the Red Bolsheviks by inaction. Afterwards the war gradually reached the boiling point. The pattern of the repeated clashes between Reds and Whites was always the same: the Whites attacked, overwhelmed their opponents, stretched themselves too thin, and the Reds, more numerous, gained ground by pouring into the gaps, and repulsed the Whites in turn. By the end of 1919, Kolchak was finished. He had been duped, deceived, and hindered. In the course of the condign epilogue to his absurd kingship, which had lasted but a year, his convoy along the Trans-Siberian railway, was deliberately slowed down by the French corps, whose cars led the retreating caravan along the tracks towards Vladivostok—so slowed that the admiral was finally overtaken by the pursuant Communist forces, who finally apprehend him, thanks to the Franco-Czech informal collusion. In February he was tried, shot and dumped in a river. A significant portion of his gold trove (which had been the czar’s) had in the meantime found safe emplacement in western banks. The rest was left for the Reds to grab, as a gift, as it were.

The Russian North was the sole theater of war in which the Anglo-Americans had had to simulate some fighting. For a period, the Allied contingent, not to make the West’s lack of commitment to the White cause too blatant, participated in a round of skirmishes against the Reds, in which it lost approximately 500 souls. Afterwards the British corps in the North egged on the White commander Yudenitch’s utterly unprepared troops to launch a sally against St. Petersburg—an offensive that ended with the rout of the Whites. Then as soon as the defeat of the czarists became certain, and Kolchak was executed, the Anglo-Americans withdrew in great haste and left the Whites behind to fend for themselves before the approaching counter-offensive of the Bolsheviks, who would butcher them en masse.

There remained the South, where White resistance was more obdurate; but after two successful campaigns in 1919 and 1920, led by the young Red General Tukhachevsky –a recent, patrician convert to the cause of Bolshevism— against the Wrangel’s Whites, these finally surrendered and abandoned their bastion to the Reds,

fleeing abroad across the Black Sea. The most fortunate of such exiles found refuge in Paris, where the last tallows of czarist recollection would slowly burn out.

This was all in all a brilliantly executed maneuver, with which the Allies had made the world believe that they had attempted to save the Whites. The Allies would averred apologetically to their audiences that they had tried, that they had done all they could; but because the Whites had proven themselves so disastrously ineffectual, so the justification went, they could not be saved.

The result was that after five bloodiest years of civil war, famine and slaughter, the Bolsheviks extended their command over the whole of Eurasia. In 1922, after it had successfully sabotaged the Whites in the East on behalf of Britain in exchange for a stable, deep foothold in Manchuria, Japan left; thereafter, the Reds proclaimed the constitution of the Union of the Soviet Socialist Republics (USSR).

This was a mammoth of a country, 60 times larger than the inimical Reich, tenanted by a regime that had sworn undying hatred to tradition, religion, property, capitalism, and liberal parliamentary rule. And yet, such a development did not seem to frighten the Anglo-Americans in the least. Indeed, political conditions in Eurasia appeared to have just taken the course that the Allies had devised for them. The ‘imaginary foe’ of the capitalist West had at long last been erected to the East of the fault-line, lying in wait for the eventual aggression of a revanchist movement soon bound to emerge in the new Germany.

Versailles and the Veblenian Prophecy

The last statement is no mere contention formulated with the benefit of hindsight to fit all the controversial events of the twentieth century into a comfortable conspiracy theory. That a gigantic clash along the fault-line was being brewed by Britain with patience was attested by a brief piece written in 1920 by the greatest social scientist of the West. This was Thorstein Veblen’s review of John Maynard Keynes’s *The Economic Consequences of the Peace*.⁵

As recounted, Keynes had stormed out of the Peace Conference, outraged by the toll, economic and otherwise, to which the victors were about to yoke Germany. By Christmas of 1919 he had drafted a treatise in a hurry –titled *The Economic Consequences of the Peace*— in which he lamented the myopia of the Allied negotiators, and predicted that the treaty’s harshness would only breed resentment and vengefulness amongst the Germans. Keynes finally speculated that Allied perseverance along these lines might have endangered the fragile political equilibrium of the country, as its rifted masses would be find themselves joining the adversarial extremisms of militarism and Communism. The book—the indispensable

⁵ Thorstein Veblen, “Review of J. M. Keynes, *The Economic Consequences of the Peace*,” in *Essays in Our Changing Order* (New York: Viking, 1934 [1920]).

liberal buy of the good-hearted, lettered middle class for the holiday season— was a commercial success. Needless to say, the Germans relished it; after all, it did speak for them—with equanimity; and it was written by an Englishman.

Veblen, in America, reviewed the book for an academic journal in 1920, and crafted in the process what is most probably *Political Economy's* most beautiful piece. Hardly anyone noticed, but in this gem, Veblen cast one of last century's most astounding prophecies.

Veblen moved to demolish Keynes's treatise *in toto*: he accused it of being an empty exercise, which was doomed by its taking events at face value. Keynes, Veblen wrote, failed entirely to discern the true objective of the Treaty, which was not to weaken Germany, but the very opposite. The Treaty, Veblen prophesied, aimed at reinstating a reactionary regime in Germany, which the 'Elder Statesmen' of the West (i.e., the imperial clubs of Anglo-America) would use as a bulwark against, and an instrument for suppressing, Bolshevism.

In brief, Veblen predicted the Russo-German clash of 1941-1943 –the crux of World War Two—with an anticipation of more than twenty years.

What lit up him to such clairvoyance? First, like many of his contemporaries disgusted with the ways of the West, he had embraced the 'ideals' of the Russian Revolution. In truth, he appeared to have known little of it, but the little he gathered about the Bolshevik regime, enflamed him. Veblen's was a misplaced love, for Bolshevism was not even remotely close to the anarchist Utopia that colored the science of his dreams. But the infatuation did not impeach him, however, to fathom the hidden dynamics of the Treaty of Versailles. *By acknowledging that the Allies had made no effort whatever to sequester the financial wealth of the German absentees*, Veblen inferred that Britain had thereby betrayed her secret desire to leave this particular class –the German absentee owners— unharmed. And this clue was the proof that Britain could only be waiting for this reactionary class to make a comeback, and lash out at Russia in time, in the name of dynastic privilege and business enterprise, which to a degree characterized all western regimes—especially the Anglo-American commonwealths. Correctly, Veblen foretold that the reparations would never be paid; these were a mere bluff, a blustery diversion devised to harm the propertyless class of Germany, with a view to fomenting “radicalism at home” (in Germany). Already, he envisioned the social turmoil that was going to lead to Nazism's electoral build-up.

This forecast was an extraordinary, yet virtually—and shamelessly—neglected testament of one of the West's highest minds.

Inflation

And radicalism was indeed heating up in Germany; the hyperinflation was about to tear Germany apart just in a few years. Already in 1919, the Catholic politician, Matthias Erzberger—a skilled and indefatigable negotiator—attempted, as Weimar’s Finance Minister, to tax Germany’s enormous war debt out of existence. The country had spent for the war an amount that was roughly two times her GDP of 1913. The question was how would the government would be able to reimburse that sum and pay interest upon it, considering the constraints imposed on the Reich by the reparations and its commitment to social expenditure. The only solution, as Erzberger saw it, was to introduce an array of new taxes and literally to use these to seize from the German absentees—roughly 5 percent of the population commanding nearly 50 percent of its wealth—their bonds and certificates so as to avoid seeing these absentees getting rid of such investment paper and force the central bank thereby to commute all such ‘wealth’ into worthless paper. Otherwise said, paying enormous amounts of interest on a debt bubble bequeathed by the war, which represented wealth that had been shot in the air, corresponded to a net injection of monetary means with no physical counterpart whatsoever.

Thus in the fall of 1919, Erzberger began to tax the rich. But the policy, no matter how noble its intent, boomeranged. The German wealthy reacted: they started to export their wealth abroad; by converting their balances in Reichsmarks into foreign exchange, they caused the German currency to suffer severe depreciation, which was reflected at home in the form of higher prices for imports, which, in turn, went to affect the cost of living: the inflation, already unleashed by the war, was accelerating. The party that by definition suffers most from a steady inflation is the middle class: it has to watch the erosion of its savings. Before Erzberger’s fiscal reform would be given time to eat into the wealth of the propertied classes, the soaring of prices rendered taxation utterly nugatory (the real value of the sums exacted were insignificant).

Erzberger became the target of a defamatory campaign; no sooner had the trial for libel versus one of his accusers begun than a crazed, demobilized 24-old soldier attempted to assassinate the Finance Minister, who survived, and resumed the suit. Erzberger won a pyrrhic battle: his slanderer was asked to pay a ludicrous fee, yet Erzberger was slapped on the wrist by the presiding judge, and reproved for being ‘imprecise’. To put it otherwise, the system was implicitly communicating to Erzberger that he should have abandoned the political stage as soon as he could. The verdict on his case was passed on March 12, 1920. The following day, the Weimar republic experienced its first praetorian coup, the so-called Kapp putsch.

The Kapp Putsch

The Kapp putsch was the expression of forces that were the German equivalent of the White reaction in Russia. By the time the Kapp putsch was staged, Kolchak in Siberia was finished, but the other White bastions still standing in the north and south could still be attracted to a German reactionary central, by way of the latter's Fascist allies in Central Europe—Hungary and Romania. Just as Britain took the matter most seriously in Russia at this time, and ensured that the Reds win the war, it appears that she took resolute measures to sabotage the forthcoming coup in Berlin, which, she feared, had high chances of succeeding. Britain had intelligence that in Germany vast segments of the army and of the former, imperial administration were conspiring to march on the capital, occupy the ministries, spark reactionary uprising in the rest of country, and hope thereby to establish an immediate consensus, which might be counted on to open the mouth of the banking purse and sanction the definitive success of the counter-revolution. With a buttress in the East—the complicity and rallying of Eastern European and Russian Whites—this eventuality would have been highly problematic for England; it would have annulled all the careful scheming of Versailles; nay more, it might have constituted the seed of a Eurasian alliance.

The record of the Kapp putsch is obscure, and the episode is customarily dispatched with a stenographic paragraph in history books. It should not be so, for it is an episode of singular importance to the incubation of Nazism, and thus to the understanding of the overall geopolitical entrapment in which England was progressively luring Europe. How Britain sabotaged the Kapp putsch is not known. What is certain, however, is that a fascinating, and still indecipherable character by the name of Trebitsch-Lincoln—a Hungarian by birth, a professional subversive, steeped in Intelligence work and dis-information—shipped from England to Holland, and landed in Berlin in August 1919, when the coup was being hatched. In about a month he penetrated in the inner sanctum of the conspiracy, and took therein a leading position. Many stalwarts of the old order, when apprised of the presence of this odd adventurer, smelled a rat and backed out of the endeavor. However, the leading cabal, headed by Erich von Ludendorff—the General that had literally governed Germany during the last three years of the war—and the former imperial bureaucrat Kapp, confided in Trebitsch and stuck to their guns. Trebitsch tried to harness to the forthcoming putsch the former Kaiser, who had withdrawn to anonymity in Holland, but William II refused to meet the disturbing instigator. Undeterred, the gang, whose confidence was the boosted by Trebitsch, persisted and in March resolved to act: the *Freikorps* of yesteryear were redrafted. And soon enough, in early March, they were seen again coursing through Berlin's fancy boulevards—the royalist assault had begun, it would last 100 hours. Incredibly, the

German Communists stayed put, and refused to strike. Only later—on the third day of the putsch—would they join the Socialists to obstruct the putschists. But by that time, the Kappists had already lost the match: when they sent two emissaries to the Central Bank to remand funds wherewith to pay the troops, the Governor refused. Unafraid, he would refuse for three days in a row as the conspirators kept knocking on his door begging for cash. Then it was all over; the coup failed. The Kappists vanished abroad.

What did Trebistch have to do with all this? He participated in the coup as Chief of the Press, and presumably from the post he diffused an artfully woven pattern of fabrications that short-circuited the system and prevented the Kappists from seizing control of the political machine—the culminating instance was the Reichsbank's refusal to grant the Kappists lines of credit. First, there is documented evidence that Trebistch presented himself to the German conspirators with credentials signed by none other than Winston Churchill, who at the time was serving as Air Minister.⁶ This may explain whence the German conspirators derived the confidence that Britain would not obstruct their move. Second, from the headlines of all newspapers at the time, conservative and otherwise, it might be gleaned that Trebistch had to have dis-informed the spokespersons of banking and finance by alluding, mendaciously, to a compact sealed beforehand by the Freikorps and Communists leaders to resurrect the Councils of 1919. Third, to the representatives of the Left, he told instead that the *Freikorps* chiefs had come to provoke Socialists and Communists into striking so that they would obtain thereby a pretext to muffle the strikers in blood, as in 1919. By shooting in all directions this fire of threats and lies, unhindered by inexplicably heedless fellow-conspirators, and confusing utterly everything and everyone, Trebistch—solo or in collusion with others, is impossible to say—paralysed the system and made the coup abort. That much was suspected in a few German conservative quarters, which voiced it in the press days after the putsch. No matter how outlandish the supposition, a sabotage of this caliber could not have pulled off without the complicity of both Britain and the USSR had been essential. Before the putsch, many Kappists were seen dialoguing with the top officials of the Soviet Embassy: those contacts had been solicited by Trebitsch. Even though the Kappists were in touch with the Russian Whites, Trebitsch convinced the Germans of playing both sides of the fence in view of the uncertain future of Denikin and the other Whites. And when the counter-revolution exploded in Berlin, Moscow did *not* condemn it; it even applauded it at first—as justified revenge against the Socialist suppression of the Councils on 1919. This would explain the initial silence of the Communists when the *Freikorps* stormed the capital. As for the role of Britain, she seemed to have tested in this occasion a technique that she would employ on a prodigious scale to dupe the Nazis ever since they would seize

⁶ The vicissitudes of Trebitsch are documented and recounted in Bernard Wasserstein's *The Secret Lives of Trebitsch-Lincoln* (New York: Penguin Books, 1988).

power, in 1933; and that was to delude the opponent, by projecting to the exterior the impression that the English camp was divided between two opposing factions, and that the faction that was purportedly supporting the foreign conspirators was the stronger one. This stratagem, which had perforce to be conducted secretly, allowed 1) to deceive the targeted dupes (in this case, the Kappists, later on it will be the Nazis – see below), and 2) to come out of the intrigue ‘clean’ alleging in public that the British government had never backed, but had rather opposed from the outset any kind of reckless reactionary experiment.

After the German Whites had been infiltrated, exposed, and burned, Trebitsch vanished in the Orient.

Hyperinflation and the National-Bolshevik Trump

Between 1919 and 1921, the inflation was temporarily held back from melting into hyperinflation (fifty percent price increase per month, according to the definition) by a massive inflow of foreign (Allied) capital, which looked forward to buying marks and looting therewith the savaged German economy: Frenchmen, Americans and Britons went on a shopping spree, ‘pillaging’ Germany’s real estate and luxury goods. In this time interval, foreigners came to possess upwards of forty percent of all German cash and bank deposits.

In the Spring of 1922, Germany and Russia –the two ‘rogues’ of the Western congregation— met for the first time at an International Conference for the reconstruction of Europe Held in Genoa. There, the British, brandishing the threat of cutting Russia into the reparations bill owed by Germany, so maneuvered the situation, with the ever alert collaboration of the Soviet representatives, as to drive the Germans into a corner and make them cede to the allurements of the Soviets, who proposed to elope in the nearby resort of Rapallo and to sign there a ‘secret pact’, whereby Russia would have renounced all claims vis-à-vis Germany, and both countries would have embarked in an active commercial exchange. The Germans reluctantly agreed.

The world had intelligence of the whole affair, but not a leaf rustled.

Behind the Treaty of Rapallo, the army commands of the two countries initiated a peculiar relationship: in exchange for the permission to erect on Russian soil, in open defiance of the Treaty Versailles, a slew of large German installations devoted to the production and manufacture of munitions, chemical weapons, aircraft, tanks and artillery, Russian officers were consented to receive active training in the ways of the Reichswehr, which was thus reacquiring its old strength and establishing a redoubtable position at the heart of the Weimar establishment. And this was precisely what Britain desired –Premier Lloyd George had overseen, from a distance, the Russo-German deal in Italy. This was but a military cooperation, and England did

not seem to fear the risk of a deeper political entente evolving between the two: again, it is only by supposing the existence of Soviet connivance (with British foreign policy) that once can make sense of such developments.

And so Germany rearmed, in earnest since 1922, with the help of Russia, and the tacit blessing of England.

The ones that were somewhat in the dark as to the ultimate direction of this intrigue were the French, who, in a desperate impromptu shocked the British by invading the coal- rich industrial district of Western German –the Ruhr valley— in January 1923. France had come to levy the reparations herself, since, she argued, the Germans were concealing behind mountains of pretexts not to pay what they owed her. As the French marched in, the German public opinion went in uproar. For the first time since its foundation, Germans of all persuasions rallied round the republic, defying the French occupation. Acts of sabotage against the invaders ensued—400 such patriots that committed the acts were shot after being apprehended (300 of whom by the German authorities). It was the heralding sign of the coming debacle. The Nazis attempted to dissuade, screamingly, the people from closing ranks behind Weimar, which, Hitler raged, was the true enemy of Germany, not France.

As the situation precipitated, inflation rampaged over the country. All those savings that had not sustained forms of long-term Reich indebtedness, and which had not yet been exported abroad, had for some time being channeled into short-term indebtedness. Roughly half of what the Reich needed has been supplied in this way by the central bank, which necessarily printed money for the task, the other half having been shouldered by private investors. When the invasion of the Ruhr was taken as the signal that the Reich had in fact given up its pretension to abide by the financial terms of Versailles, the public, German and otherwise, redeemed en masse their giant stacks of bonds, all the while the Reich printed more of such certificates, which the Reichsbank kept on transforming into cash. The country was flooded in an ocean of paper, and the value of the German currency was reduced to nil.

Hitler and the Boon of Nazi Geopolitics

In such a state of social disintegration, the forces of reaction attempted yet another putsch, this time in Munich. The conspirators –the usual junta of army generals and ex-imperial bureaucrats—broke off relations with the capital and declared their intention to sever Bavaria from the Republic and restore the former Wittelsbach king to his throne. Hitler, who was attentively observing the standoff between Munich and Berlin, understood that his chances of attaining any position of influence within the Nationalist movement would be dashed if a royalist coup succeeded. Therefore he and his Nazis, to pre-empt the planned secession, resolved to stage an uprising and declare the National Revolution before the incumbent conspirators might come to do so. Thus the Hitlerites trusted they would ride the

wave of popular fervor and retain influence within the Conservative movement. On November 8, Hitler, followed by his paramilitary formations of Brownshirts, launched the rebellion from a Munich tavern where the mouthpiece of the royalist coup was delivering a speech. Under duress, the monarchists pledged their allegiance to the Hitlerite takeover, and were thereupon allowed to go home. No sooner had the Nazis turned their back on them than the monarchists made their peace with Berlin. The Hitlerites, finding themselves double-crossed by the army, the bureaucracy and the economy, improvised a despaired fanfare the following morning by filing through the streets of downtown Munich where a cordon of police officers awaited them, with rifles cocked, ready to shoot. The Nazis pushed forth, the police opened fires and killed fourteen of them—the early martyrs of Nazism. Eventually Hitler and his followers were apprehended, tried and thrown in jail. But Hitler made such rhetorical use of his trial as to turn it into a great political success: Weimar incarcerated him, but he made an easy prey of the overall German sentiment—he was turned overnight into a national sensation. His five-year sentence was commuted to nine months.

In prison Hitler, with the help of Rudolf Hess, and the frequent visits of Hess's geopolitical professor at the University of Munich, Karl Haushofer, drafted his political manifesto, *Mein Kampf*, in two volumes, which would appear in mid-1925, and late 1926, respectively. The geopolitics adumbrated in book was revelatory: First of all, Hitler professed his devoted admiration for Britain and her empire, which in the world of his dreams he had no wish whatever to challenge. Second, he identified the USSR with the political expression of Judaic subversion: in his vision, Bolshevik Russia, the land of irreligious social experimentation was to be the obvious, unmistakable villain. Hitler repudiated entirely the rash colonial policy of the Second Reich: that, he said, was a foolish act of provocation that brought ruin upon Germany with the rout of WWI. Russia, he continued, could have been an ally then...But today, "Fate" had handed Eurasia to the Bolsheviks, the scum of humanity; therefore, it had become Germany's sacred duty to guard the West, including the British Empire, from this evil influence. This entailed a major confrontation in the East, which would be followed by the establishment of a Aztec-like empire ruled by German overlords and tended by Slav hands. And so it appeared that this movement, exiguous yet extremely tenacious, possessed all the attributes —outlook, bent, methods, and vision— that England was expecting from her reactionary candidate, which she had been incubating since Versailles. A boon, an unspeakable boon — clearly visible since late 1923.

Part II: Bailout and Crash (1924-1932)

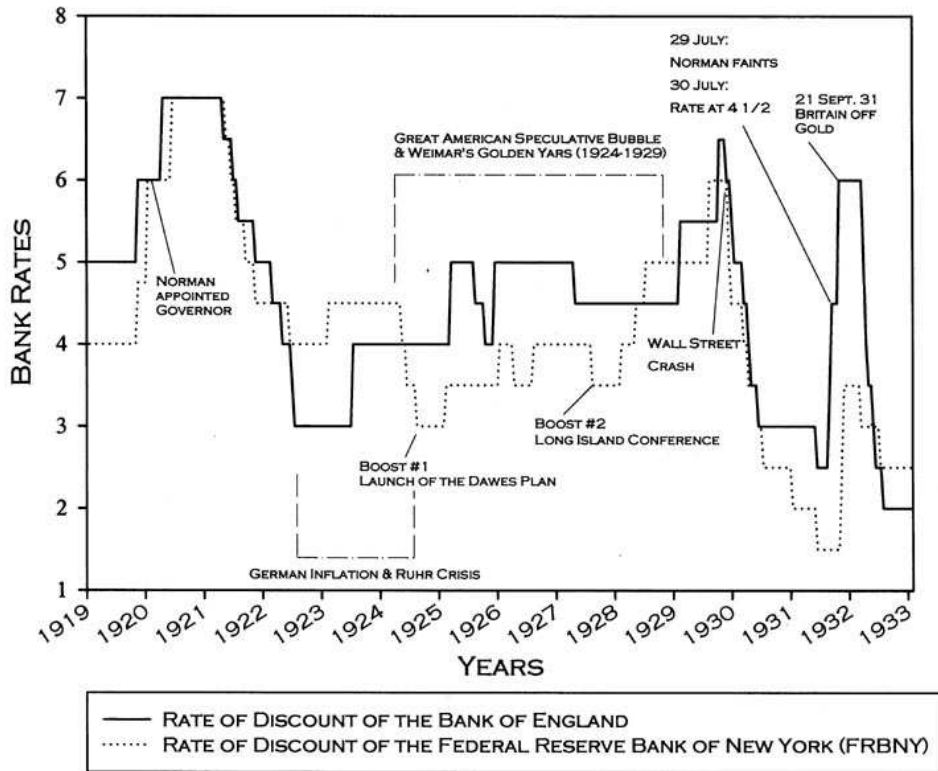
Norman and the Bailout

Purposely the British had not sequestered the German War Loan at Versailles; and purposely they had imposed a crushing tribute; both factors conspired *to purge Germany of her debt*—possibly the autumnal strikes of the Communists and the Nazi Beerhall putsch had not been foreseen, but it was difficult to believe that the British stewards bungled at Versailles, and that the sum total of their alleged, ‘mischievous myopia’ ‘happened’ to trigger a meltdown. This could not be an accident. In fact, after the old currency was blown away by the late repudiation of 1923, Germany was about to be bailed out and anchored to gold in the course of what was the most memorable financial overhaul of the modern era: Germany’s Dawes epoch—named after American banker, and later US vice-President Charles Dawes, who chaired the program. And that this plan was part of the longer-term designs hatched at Versailles, may not be doubted in light of Veblen’s prophecy and the early Russo-German rearmament pact of April 1922. In other words, the hyperinflation was the necessary laxative, as it were, that needed to be administered to Germany in order set her on the path of systematic rearmament and structural renovation.

Charles Dawes had no true part in this monumental stratagem—he was merely a figurehead, one of many pawns in the expert hands of one of the greatest financial masterminds of the modern era: Montagu Norman (1871-1950), Governor of the Bank of England from 1920 to 1944. The idea behind the stratagem was to attract to Europe American money, launch therewith a vast campaign of foreign investment in Weimar, and hitch Germany to an international gold standard, whose levers would be ultimately controlled in London. It took England, in fact, five years to achieve all this.

First, Britain had to take preliminary steps to go back on a (new) gold standard herself, which she had abandoned in 1914 to fund the war—and she gave herself five years to do so in 1920—that occurred at the time when Norman was nominated Governor. The initial measure undertaken under his tenure was a dramatic increase of the rate of interest, from 6 to 7 % in the spring of 1920. New York followed suit, and raised its rate shortly thereafter. The move marked the beginning of the London/New York tandem policy, which was going to pace the biorhythm of the West, and of the world at large, and eventually lead to the disintegration of the World commonwealth in the ten-year run-up to WWII.

THE LONDON/NEW YORK TANDEM DISCOUNT POLICY, 1919-1932



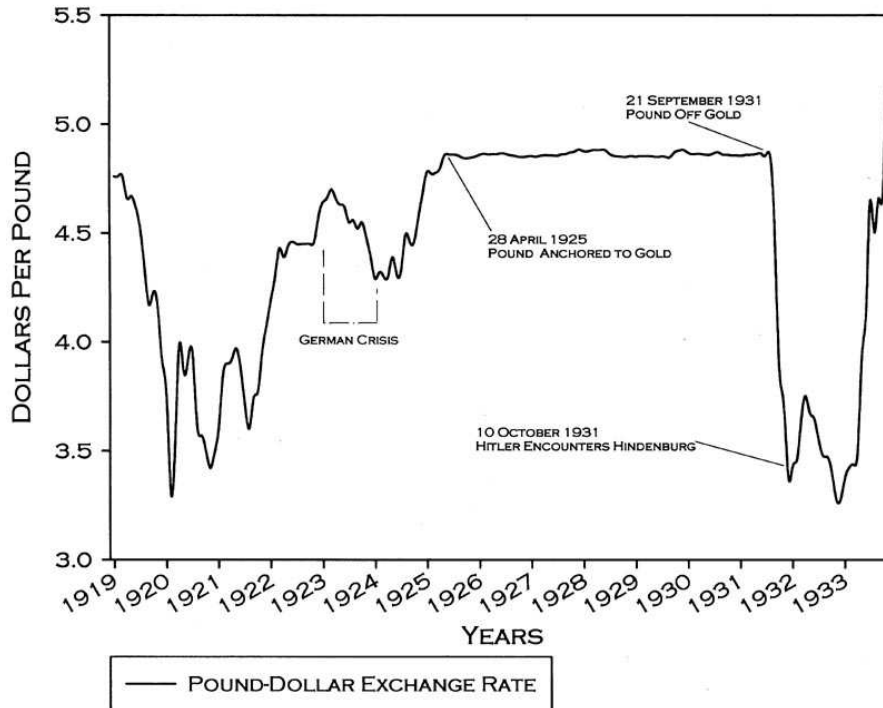
Graph 1

Norman hiked the rates at 7 %, for he needed to attract gold –sufficient gold with which he might anchor the pound to gold once again. The operation succeeded; a gold hoard was accumulated thanks to the high rates, which acted as fat bait for foreign inflows of capital, hence gold. Naturally the cost of the operation was reflected by the unemployed mass: under Norman, it passed the one million mark, and would never go below it for the next fifteen years. By making money so expensive in London, Norman checked the outflow of British money to New York, and thus redirected the flow of gold towards London. New York, on the other hand, matched the British rate at 7 % because: a) the US needed to reduce the supply of cash, which since the orders and commissions for the war in 1914 had triggered much growth as well as increased foreign trade, which in turn had sent much American gold abroad; b) by doing thus, the US recalled temporarily the gold home, and put it into storage, as it were, waiting to redirect it to Europe at the future call of Norman –

in view of the forthcoming, 'grand European investment'.⁷ This violent credit restriction sent the American economy reeling: it witnessed a spectacular drop in prices, production and employment, as in England.

Graph 2

STERLING-DOLLAR EXCHANGE 1919-1933



The rates stayed at this high a level for over a year (see Graph 1), and afterwards, as the economy in both countries had been sufficiently depressed for the sake of sucking in the gold, and stemming its outflow, the central banks eased the tightening.

Britain had wanted to stop the outflow of gold to New York, and attract in the metal to London, while New York had planned to interrupt the policy of cheap credits extended to Europe and attract gold as well—gold that, it was understood, would eventually have been loaned back to Europe when the time would be ripe for anchoring the European countries to the new, gold standard of Governor Norman. And thus London and New York stayed at 7 %, and choked their respective domestic economies.

⁷ Charles O. Hardy. *Is There Enough Gold?* (Washington DC; Brookings Institution, 1936).

Between 1922 and 1924, the precarious position of Germany led to a period of patient waiting: England's debtor position vis-à-vis the US, the German inflation, and several international disturbances, prevented for the time being the active involvement of American capital in Europe. Active participation signified the desire to commit money to propping up the pound in London, so as to make it convertible in gold, and eventually rebuilding Germany via London. That Norman was the force behind the forthcoming bailout is clearly visible from the path of the exchange rate of the pound to the dollar (see Graph 2). Ever since Norman took command of the Bank, England tried four times to climb back to the old parity of 4.86 dollars to the pound. The greatest obstacles seemed, indeed the German crisis, which made the giant caravan of American investors, led by J.P. Morgan, loath to invest in Germany. But when by the end of 1923, the mark was vaporized, and the Anglo-American clubs ousted the French from the Ruhr by orchestrating a speculation against the franc,⁸ J. P. Morgan & Co. were finally convinced and gave the green light to Norman's scheme: as can be seen from the previous graph (the tandem discount policy), when New York agreed, the rate of the Federal Reserve was driven below that of London—the was consummated in the summer of 1924—that is, shortly before an official conclave of American financiers, fronted by the faceless Dawes, announced the arrival of a wave of loans issued in Wall Street and earmarked for the reconstruction of Germany after the catastrophic meltdown of 1923—i.e., the so-called Dawes Plan.

Then was replayed the old British technique of inciting the Americans to expand their money supply, and send it over to bite the promising yields bandied from Germany's overhauled financial establishment (9 % on average). Germany was fact given a new central bank, which was presently governed by a stooge of the Anglo-American clubs: this was Hjalmar Schacht. Ambition had led this private banker in 1922 to submit a memorandum to the Allied bureau in charge of economic reconstruction in Germany, in which he contemplated the possibility of extending American loans to a collection of giant industrial conglomerates. Such cartels, in Schacht's imagination, protected by legal agreements, would then repay the loans, plus the interest, by drawing on the conspicuous income and rents, which such new concerns would amass. Schacht would eventually bring this project to life under Hitler, this time as the Nazi *Reichsbankspräsident* (see below).

After the new mark was pegged to gold, and Germany's monetary blood was being entirely pumped in from abroad, especially from Wall Street, the grand bail-out of Weimar could begin: from 1922 to 1930, Germany imported first-class wares and luxury items, expanded, and splurged like a Phoenician queen: while the industrial sector so modernized as to become by 1929 the second in the world, the cities and municipalities of Germany dissipated the never-ending credits offered from New

⁸ See Geminello Alvi. *Dell'estremo occidente. Il secolo americano in Europe, Storie economiche* (Firenze; Marco Nardi Editore, 1993).

York and London in amenities and extravagant works: velodromes, planetariums, swimming pools, suspended bridges, etc.

This kermesse proceeded, uninterrupted, for five years—in 1927 Norman would bamboozle the French central bank in a complex heist,⁹ which was aimed at wresting from the Americans, who should have been raising their rates to cool off the speculative frenzy in Wall Street sparked in 1924, another boost (see Graph. 1): New York lowered its rate to 3.5 % and thus kept the spree going—and this meant first and foremost, the financial transfusion of monetary means from the US to Germany. Other than for restructuring the German economy, this money was also used, quite obviously, to pay for reparations: so New York lent money to Berlin, which Berlin in part remitted to Paris and London, who, in turn, re-conveyed it to New York, and so on.

The star of this synthetic economic renaissance was the giant chemical pole, I.G. Farben, which consolidated formally as a nucleus in its own right in 1925; it would avail itself of the financial cooperation of the American petroleum giant, Standard Oil, with which it would form an important joint venture: I. G. Farben. I.G. Farben would eventually become the heart of Hitler's war machine: it would provide the Nazi armies with the bulk of its explosives, poison gases, gasoline, gunpowder, etc.

England and America would also shower the German concerns with an astounding quantity of military patents, know-how, aircraft, and other military equipment. And this was not done for the sake of business greed, though certainly the Allied corporations were making remarkable profits out of the Dawes spree; such an unrestricted cooperation at such high levels, such a shipment and extension of delicate merchandise, and such an enormous transfer of wealth; all such things were far too suspect, and too conspicuous to be but the chance outcome of a giant tide of avidity consummated at the expense of an enterprising, yet essentially passive Germany.

As Germany took off with these loads of foreign blood, England herself could be sustained on her way to the gold standard by further extensions of credit from the Federal Reserve, J. P Morgan and associates. In May 1925, the pound was pegged to gold (Graph 2).

The Nazis were silent throughout this entr'acte: at the general elections of 1928 they garnered but 2.6 % of the vote (809.000 voices)—in spite of the charisma of its Führer, and the archetypal appeal of its Nationalist rhetoric, Nazism was politically meaningless in a state of economic semi-stability.

Norman thus created the New Gold Standard of the Twenties; it was radically different from the old system. It was a fast, highly leveraged circuit, in which the gold was out of the public's purview: only dollars and pounds, which were officially pegged to gold, were to be used as reserve exchange: that meant that Norman bullied

⁹ For an account of the twists of this intricate plot see *Conjuring Hitler*, Chapter 4, pp. 174-8.

a number of satellites –notably the central banks of France and the Netherlands— into holding pounds as their reserves, the argument being that since the pound sterling was as good as gold, to have pounds was to have gold. In this way London leveraged the system: it was the customary inverted pyramid; a tiny tip of gold upon which were laid strata of bank paper- and check-balances denominated in pound sterling. If the pound became insolvent, that is, irredeemable in gold, the whole edifice would crumble.

By the end of 1928, the first informal Five-Year-Plan for Germany—for that was what the Dawes Plan turned out to be— was apparently finished: Norman tried to prolong the transfusion from New York, but even he seemed impotent to extend it further than the five years it was about to complete. The Governor made frequent trips across the ocean to visit his New York acolytes, but the situation in Wall Street required that the monetary authorities raised the interest rates to keep up with the speculative fever. Whenever inflation heated up the economy, interest rates were always expected to accompany the rise: this allowed the bankers to maintain a proportionate share of the overall profits and, if effected progressively, it acted as a sort of brake on the overall expansion. When this so-called *hausse* ('interest-rise') manifested itself in the American market, Norman understood that the Dawes Plan was coming to a close; it was running out of steam. The higher rates in New York would end up reversing the flow of gold, which had continued hitherto uninterrupted towards London (and thence to Berlin): this is visible from Graph. 1, where by mid-1928, the rate in New York went above London's for the first time in 4 years. Thereafter, London and New York played the game of 1920: the former raised, the other re-launched, and finally London gave the escalation the coup de grace; they were indeed intent on *scrapping* the exhausted engine of the Dawes overhaul –it had served its (soon-to-found disastrous) purpose and was now sputtering its last fumes.

This time around the 'chase' was not as swift as in 1919 because of a communication breakdown within the Federal Reserve, where the board in Washington could not read the strategy of New York, which was playing with Norman. But in September 1929, following a mass sell-out of stocks initiated in London according to then financial editor of the *New York Times*, which was *compounded by the critical hike at 6.5 % of London's rate* (the coup de grace), Wall Street's boom was made to crash: from then on, America ceased definitively to buy German securities, or in other words, the Americans were lending to Germany no more; now, they wanted their cash back.

And so Germany was nailed to the cross, right and proper: no more money was forthcoming; according to the new laws of her refitted Bank, Germany was prohibited from manufacturing her own money, and she still owed 60 additional, heavy installments on her reparations account...Naturally, most Germans had been well aware of the absurd position in which they had been living for five years; they had known that if 'something' had caused the foreign flow to cease, they would have

seen the firmament cave in. What were they to do in 1924? What choice did they, as a collectivity bound to Versailles, have? None. After all, they had lost the siege of WWI.

Unemployment mounted, as it approached 20 % in 1930, the Germans were called to the ballot box and they bestowed 18.7 % of their votes upon the Nazis, who all of a sudden were catapulted from semi-anonymity to Germany's second most popular political party, the SPD being the first (Social Democrats).

Weimar was finished: the parliamentary machine broke down; coalitions had become impossible—the Republic foundered on the issue of social insurance. Thereafter, in its terminal phase (1930-32), the republic was entrusted by President Hindenburg to the Catholic Chancellor Brüning, who would come down in history as the 'hunger chancellor'. Brüning would be forced to enact all sorts of austerity decrees (unilateral, coercive reductions of state salaries, public works, pensions, and increased taxation), as a semi-simulated act of goodwill to win the affection of the foreign creditors, by showing them how eager Germany was to cut public expenditure; how eager she was to excruciate the growing pain and resentment of the Germans in order to get a break from the Allies on the whole affair of the reparations. But the Allies were not moved.

So in March 1931, the Germans improvised: against Versailles, they proposed a customs union with Austria to revive the semi-moribund economies of both countries—the idea had been in the works for at least a whole year. Interestingly Austria and Germany were the two main countries bailed out by Norman, in 1922 and 1924 respectively. Britain was seriously, and admittedly annoyed by the project; so was France—is such a union, the Allies asked rhetorically, compatible with Austria's international duties (that is to say, her financial obligations to the Allies)? Before anyone could answer, in May, mysteriously, after a sudden withdrawal of foreign funds, the chief banking concern of Austria (the Creditanstalt) collapsed. Historians are still not clear as to what dragged down the Austria's chief credit institute.

But the rupture spread fast: in July it reached Germany, where the country already ridden by inactivity, street violence, and soaring joblessness, presently witnessed the bankruptcy of several top banking corporations. The Germans blamed for the bank runs *the foreigners, who, as in 1923, were the owners of over 50 % of all German bank deposits*, whereas the Anglo-Americans, in a typical rejoinder, pointed their finger at the treasonous capital exports of the German absentees. Either way, because of this last, conspicuous straw, Germany approached paralysis. When Germany was proclaimed definitively and unambiguously insolvent, came the turn of England: London had loaned moneys to Germany recklessly throughout the Dawes quinquennium; the higher rates prevalent in London, which were set by the tandem policy enacted with New York, had attracted plenty of international capital, which the City had conveyed systematically to Berlin, relaxing egregiously the capital

requirements and standards for creditworthiness—all of this under the all-informed watch of Norman. Then, in July (1931), appeared with suspiciously ‘good’ timing a report drafted by an ad hoc Committee set up to investigate the international position of Britain’s banking establishment; this was the infamous ‘MacMillan Report’, which revealed to an apprehensive international audience of jerky investors that England’s foreign exposure to insolvent countries, and overall indebtedness was disturbingly conspicuous. At once, several partners, France and Holland *in primis*, came to rattle Norman’s gold-cellars to demand the immediate conversion of sizable chunks of their sterling holdings into gold—the gold hemorrhage from London had begun.

Then, the official narrative of the crucial events of the Summer of 1931 becomes from this point on a tale of the absurd.

In the midst of the attack on sterling, Norman fainted at a meeting in the Treasury and vanished shortly thereafter aboard a liner that took him to Nova Scotia (Canada), where supposedly he went to recover his health. He left the command of the Bank of England to his deputies. These did their best either to squander or not to use the credit lines that Paris and New York had put at their disposal to protect the pound from what, so it seemed, were the attacks of faceless speculation—arbitrageurs and the like—who feared that the pound would precipitate as a result of Germany’s state of insolvency. But the picture was murky: the behavior of the Bank was queer—imprudent, careless, inexplicably sloppy: it did not seem hell-bent on protecting the currency: the Bank’s interventions in the exchange market were too timid and limited in amount. All spectators were baffled—this was very strange. The French, particularly, were at a loss; they could not fathom the conduct of their British colleagues, all the more *so as it appeared that most of the speculation against the pound was indeed directed from London itself*. Norman’s vice denied the fact. This charade went on before the bewildered French and Americans until in late September, Britain, after having lost other gold after one last, brutal raid conducted by ‘unidentified parties’, finally announced that the pound was no longer convertible in gold.

Gold payments were suspended, the rate was raised from the absurdly low level (for an emergency) of 4.5 to 6.5%, and the pound devalued by 30 %. The French and Dutch, who still held large amounts of their reserves in pounds suffered losses ranging in the millions of dollars—the world was speechless. But while the public gaped, Britain celebrated the unshackling from such “golden fetters.” Thereafter, this severance of the pound from gold sent the world reeling: America suffered temporary outflows of gold that further aggravated her already devastated financial machine, which had been erected on piles of presently unperforming debts—most of them from Europe; and the rest of Europe sundered into rival trading blocks.

Britain, though, had prepared for this eventuality: by 1932 she erected a tariff wall of approx. 20% around herself and her empire, replenished her depleted gold stock by looting India with a variety of financial techniques that she had tested a

decade earlier, and started to conduct business with an air of confident self-sufficiency. Her unemployment was still high, but in this newfound 'imperial preference' England successfully managed to insulate her Empire from the shock of the gold break-up. What does all this say? It is proof enough that England had contrived a New Gold Standard, which was programmed to self-destroy by the time the first Five-Year Plan for Germany would have been complete. There is no doubt that it was in the intentions of Norman to see the Standard unwind at some point—and 1931 struck the cut-off for moving on to the next phase of German 'reconstruction': in fact: Norman, who had hitherto been in charge of the Bank for nine years past the statutory limit, was not dismissed for what on the surface appeared as a titanic feat of incompetence; indeed, he was reconfirmed for the first of 13 additional years—in 1933 Winston Churchill at a gala would raise a glass to him and the British banks.

The End of Weimar

Soon after the debacle of September 1931, Nazi theorist of the race Alfred Rosenberg landed in London, where as Hitler's envoy, and escorted by Intelligence officers of the Royal Air Force, he was chauffeured on a grand tour of the British clubs: Rosenberg encountered the Editors of *The Times* and of the *Daily Mail*, Montagu Norman himself, and, most importantly, the custodians of the great Anglo-German banking concern: Schröders.

The Nazis, in the financial chaos of these days, were confident of their propagandist strength; they realized that their time had come, and that they would seize power in very little time: in October, not even a fortnight after England disabled the gold standard, Hitler was received by the President Hindenburg. This was the kind of interview from which Hitler expected to gain an informal nomination as Germany's next chancellor. If this was what Norman had been planning all along, his doings at the helm of the Bank of England could not have been more successful. But the Old Man Hindenburg upon meeting the Führer felt but the most profound revulsion for his interlocutor. The encounter was icy, and nothing came out of it; Hindenburg renewed his confidence in the incumbent Chancellor Brüning. Spited, Hitler joined a great rally of the Conservative Right a few days after his colloquium with the President: the Nazi troopers were seen parading in Bad Harzburg along with many other para-military formations before a stand, upon which were lined the self-styled exponents of Conservative dissent; among them was the banker Schacht, who, providently, had abandoned the Reichsbanks shortly before the Crisis hit Germany in March 1930.

Schacht had been courting Hitler for some time, and thrown his lot with the Nazis, knowing somehow that the Allies would, sooner or later back them up—for Schacht naturally gravitated towards all sources of power, and his 'Nazi bet' would

prove to be no bet at all; he gambled with insider information, so to speak. But all of this was not apparent in 1931. Even though the situation in Germany was nothing short of catastrophic, the unfortunate Chancellor Brüning still thought he could succeed: he believed he could convince the Allies to renounce definitively the exaction of the reparations. If so, Brüning counted thereafter upon launching a campaign of public works to re-employ the jobless, who were now officially approaching 6 million. But there were plots behind Brüning's back; the army wanted to get rid of him and install some form of Fascist front that would clean the stables, and redress Germany's international position swiftly.

After some negotiating and hesitation, Hindenburg fired Brüning, and in May 1932, nominated Chancellor a flimsy aristocrat, who in reality was but 'a mask' for the wishes of the army: Franz von Papen. Under von Papen, Germany would present herself at the international conference of Lausanne, where the issue of the reparations was put on the table: at the suggestion of the British delegation, the Allies passed a motion whereby they forever relinquished their reparation claims in exchange for a symbolic lump-sum; the lump-sum would never be paid, and Hitler would repudiate the reparations altogether in 1933. Veblen was vindicated once again: barring the remittance of approximately ten percent of her income between 1919 and 1922, Germany never paid a penny for reparations.

Papen dissolved the Houses and announced new elections. For the occasion the Nazis pushed themselves to the limit with speeches, merchandise, publicity and pageantry. In July, the Germans voted: the Nazis scored the highest percentage of their political career: 37.3% of the votes—i.e., a little over a third of the electorate. They were hoping to sweep the country with a clear majority, but they would never be able to achieve it.

In August, Hitler rapped once more at the door of Hindenburg; he demanded the chancellorship and the privilege to rule by decree: he had no intention to bother with composing a parliamentary coalition. Again, Hindenburg said no; he did not trust Hitler in the least.

Violence and chaos continued to shake the civil foundation of the country. Von Papen stayed on, but even his Nationalist electoral basis was disappearing—the country had reached a political stalemate. In November a segment of Germany's industrial and financial clubs underwrote a plea to President Hindenburg to select Hitler as Chancellor; Hjalmar Schacht and Baron Kurt von Schöder, the director of Schöders' German branch, were among the signatories.

At this juncture two plans emerged:¹⁰ on the one hand, General von Schleicher, the actual puppeteer behind Papen's baronial cabinet, decided to ditch his straw-man Papen and run personally as Chancellor by forming a transversal executive

¹⁰ Carroll Quigley. *Tragedy and Hope. A History of the World in Our Time* (New York: Macmillan, 1966), p 433.

that would include Catholic exponents, a significant section of the Socialist trade-unions, and most important, the entire Left Wing of the Nazi Party, which he counted on bringing to his side by recruiting Gregor Strasser, the leader of the Socialist Nazis. Of late Strasser had distanced himself from the all-or-nothing stance of the Hitlerites, and was ready to cooperate in a coalition Cabinet led by a mix of populist and elitist Nationalists, backed by the army, which was of course represented by Schleicher himself. To counteract this plan, the incumbent chancellor Papen, with the keen support of foreign finance, decided to take Germany to the polls one more time with a view to weakening the NSDAP, whose ballot box strength seemed to be exhausted; thus, he hoped to tame Hitler into a playing a subservient role in a re-edition of his baronial government: the objective was to harness the populist demagoguery to the aristocratic locomotive.

So the Houses were, once more, dismissed and the Germans called to vote in November of the same year (1932). The Nazis did it all over again: they spoke, they raged and thundered, they marched, they fought—yet all somewhat in vain: by the end they lost 2 million votes, their percentage slid to 33 %. Papen's plan seemed to have worked theretofore. At that juncture the Hitlerites became truly worried; they were literally broke. The people were weary; they witnessed no change, and no promises fulfilled, either by Hitler or anyone else. Though they had lost voices, the Nazis were still the major political force of Germany. For the last time, Hitler demanded the chancellorship from Hindenburg, and yet again Hindenburg refused; the Old Man, instead, nominated Schleicher chancellor on December 2. Schleicher's idea of a transversal front was not only a good one, but it represented Germany's last desperate attempt to stem the Nazi tide, which was about to flood the country—and such a labor of resistance came indeed from within the German army. The sad irony of it all.

Schleicher's idea was clever, but ultimately doomed; everything and everyone conspired against it: the Left, the USSR, the Vatican, and the Anglo-American clubs. Moscow applied itself as best as it could to separate the Communists from the Socialists, depicting the latter to its followers in Germany as "Social Fascists": thus, the Soviets strove to prevent the German mass-parties from forming a united front against the Nationalist block; a block that could have been spear-headed by a KPD-SPD vanguard. The Socialists themselves were hostile to Schleicher—a dangerous Fascist, they growled. Meanwhile the Vatican had been instructing the German Catholics to seek an entente with the Right, including the Nazis, in order to win a concordat from the Reich: i.e., a treaty granting rights and catechumenal privileges to the Catholic Church in host countries. And finally, the Anglo-American clubs wanted Hitler for, clearly, he was their geopolitical candidate, the stooge to set up on the two-front war whereby Germany could be eventually turned into rubble.

On January 4, 1933, a conclave with the Nazi hierarchs was convened by Papen at the Cologne mansion of the banker Kurt von Schröder. In this encounter,

Hitler, sobered by the recent electoral fiasco, appeared as tamed as his aristocratic protectors had expected him to be: he was promised the post of Chancellor, but in return he would be surrounded by the 'barons' of Papen's entourage, who would keep an eye on him: Papen would serve as Hitler's vice-Chancellor, and with the exception of two Nazis, the rest of the executive would be made of conservatives. This meeting was meant to be secret; but the spies of Schleicher found out, and leaked the news to the press.

Asked in the comfortable and provisional retirement of his Brandenburg villa by an American reporter how long Schleicher would last, Schacht replied with assurance: "three weeks." Indeed, three weeks was what it would take to bribe, coerce, and persuade the German establishment, and especially the stubborn Field Marshal Hindenburg, to dismiss Schleicher and install Hitler in its stead. Which nomination came to pass on January 30—by that time, the banking accounts of the Nazis, as recorded by Goebbels in his diary, had been abundantly replenished.

Duping the Third Reich, the Final Act: 1933-1943

Nazi Coup d'État and the Economic Miracle

So it had taken two years of misery and violence to turn the screws on Germany, to make her yield the outcome that had long been expected since the intrigues of Versailles. As mentioned earlier, Hitler, and the British, must have believed that the Nazis would have come to power in 1931, shortly after the collapse of the Gold Standard. But Germany's powers of civil resistance proved to be more resilient than anticipated: the country refused to grant the NSDAP more than 1 out of 3 votes—and that under the most painful of social circumstances; and her President blocked the advance of the Führer for the length of two years, after which the country, bankrupt, enfeebled, and corrupted, succumbed.

Thanks to a self-engineered act of terror—the Reichstag Fire of February 1933—, the Nazis passed emergency legislative acts that allowed them to incarcerate the opposition wholesale, centralize all decisions, order the dissolution of all parties, dispose of the cumbersome barons, and centralize all decisions in the Nazi ministries. The recalcitrant SA leaders, who had dared to challenge the army and attempted to absorb it within their ranks, were executed in late June 1934, and it was indeed the Brownshirt rank-and-file that were thereby swallowed whole by the Reichswehr. In exchange for betraying his guards, the army conceded to Hitler the post of President; Hindenburg died in August 1934. Thereafter Hitler imaginatively fused into his own

persona both the title of Chancellor and that of president: thenceforth he would govern Germany as her “Reichsführer.”

In March 1933, Schacht was recalled to the Reichsbank. And all of a sudden money reappeared in Germany. By means of savvy financial techniques, the Interests behind the Reichsbank started to loan vast amounts of money, which Schacht and his team injected artfully in the economy through a variety of arrangements. In less than 4 years, 9 million unemployed individuals were absorbed by the sophisticated industrial plants of Germany, which began to whir anew. Between 1933 and 1935, the Nazis favored the construction of additional infrastructure, and by the summer of 1934 the Reich was irreversibly committed to a vast program of rearmament: what took place was the proper sequel to the massive renovation plan inaugurated with the Dawes loans of 1924-29. As in those days, England and America outperformed themselves in supplying the Nazis with raw materials, weapons, patents, and state-of-the-art fighting machines. The great Anglo-American capitalist combines—i.e. the oil, chemical, manufacturing, and military industries—invested heavily in the Third Reich; again, not with a view to squeezing a fast profit out of Germany (virtually no earnings were repatriated), but to strengthen its industrial base as if she were already a protectorate of the West. The ‘aid’ offered to Hitler, which was significant, was only transferred to make Nazism a foil sufficiently conspicuous as to warrant its destruction in a prolonged war: the Allies were literally preparing the terrain for the world slaughter.

In England, Norman, who was still unquestionably in charge of the Bank, vouched for the first public sales of Nazi bonds on the London markets in September 1933; from this time onwards he schemed indefatigably to open lines of credit to the Third Reich, and to afford the latter vast access to England’s world markets: by 1937, Hitler’s Germany had become England’s first commercial client. On the marketplaces of the British Empire, the Nazi combines procured all the raw materials they listed.

We are presently at the heart of the so-called ‘appeasement’—possibly the greatest choral dissimulation of the twentieth century. We have been taught thus far that the British establishment was *divided*, and bitterly so, over the countenance that England ought to have assumed vis-à-vis the Germans in the Thirties. Such a claim, however, does not accord with Britain’s wartime behavior—that is, with her tenacious adherence to the perfectly straightforward strategy of defying Germany until the latter would find herself, yet again, enmeshed in a two-front war. Mutatis mutandis, a creative replay of WWI, in fact. Seldom did the British ruling elite appear to have been sharply divided about anything, least of all about the strategic imperatives of the Empire with regard to the position of the German rival.

Rather, the problem faced by Britain with the advent of the Third Reich was a pragmatic one: how could the Nazis be most suitably *bamboozled* into stepping, anew, into a pitfall on two fronts? The answer: by dancing with them. And dance the British

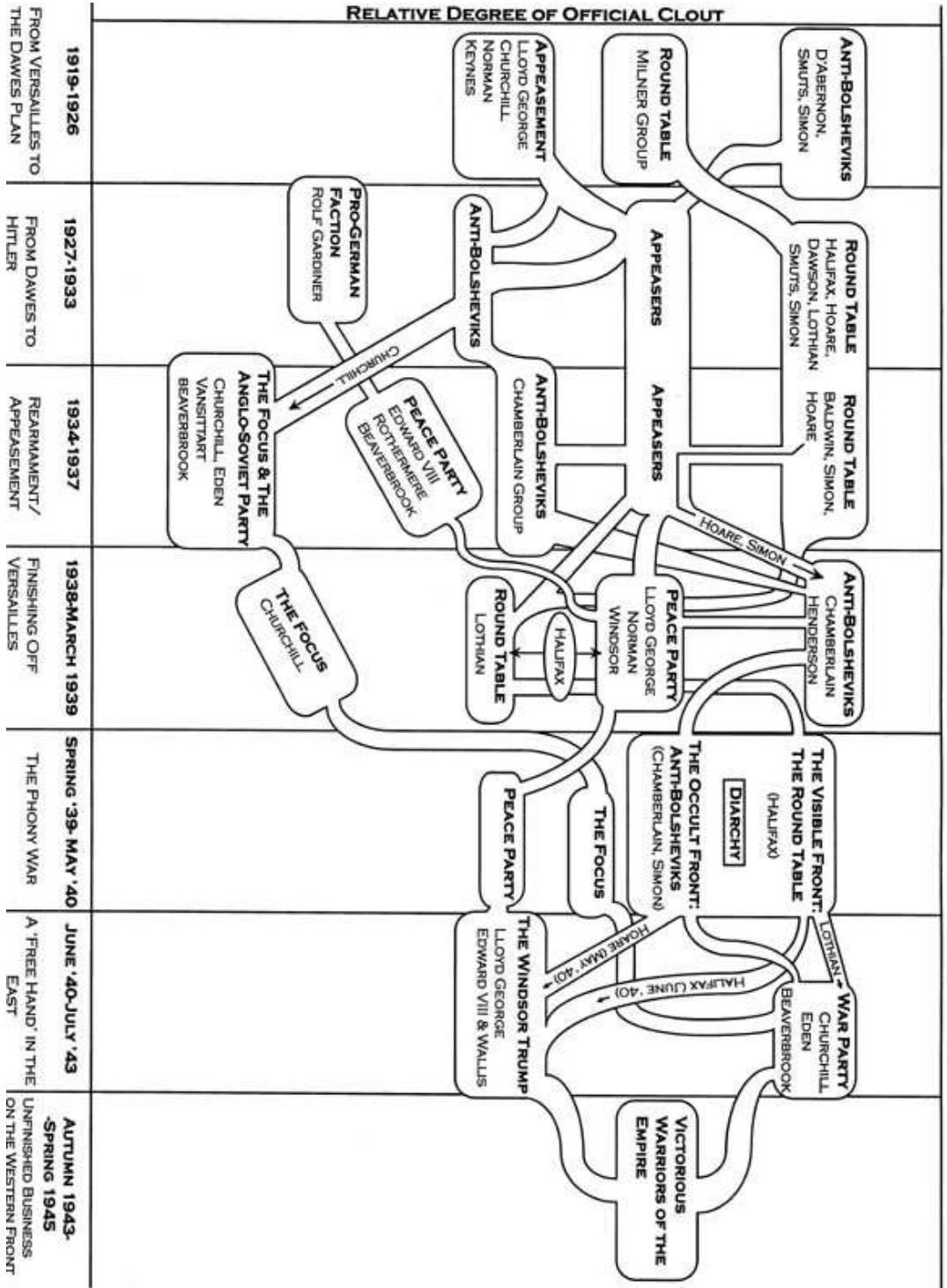
would, twirling round the diplomatic ballroom of the Thirties, *leading always*, and, as they spun, drawing coils that followed in fact a structured pattern.

The tactic they employed was to animate a variety of political formations, as if laying out tools of differing gauges to be fitted to the task as the opportunity arose: the degree of apparent mutual hostility among such groups also varied in keeping with the move of the moment. Several parties were in fact needed to cope with: 1) allies, 2) enemies and 3) the public opinion.

Since Versailles, the elite had fissured into three formations: 1) the Anti-Bolsheviks, 2) the Round Table Group, and 3) the Appeasers (see graph. 4). From 1919 to 1926, the first party, which included the leading foreign expert Sir Eric Simon, the ambassador to Berlin d'Abernon, and the South-African imperial minister Jan Smuts, dominated the government: in the early Twenties, they posed as the anti-French faction, which gave its blessing to the secret rearmament of Germany with a view to revamping the latter as 'the bulwark' against Communism. Most assuredly, it was stewards of their sort, whom Veblen had in mind, when in 1920 he uttered his prophecy of the Elder Statesmen scheming at Versailles to restore German reaction versus Russian Bolshevism. Buy the plot was thicker than what even Veblen could have imagined.

The technique was the same as that employed to dupe the Kappists in 1920: namely, that of deceiving the opponent by showing him several 'faces' at once: a friendly face on one side, a hostile face and on the other, and peering between them the middle-of-the road face of diplomacy. The antagonistic group was championed early on by Churchill, who played the visible enemy of Germany. The other faces, more or less inclined to apparent compromise, were guided by individuals no less lethally hostile to Germany than Churchill, who nonetheless put on the pretense that they were the expression of groups within the British establishment, who were truly at variance with the hawks rallying round Churchill's conservatives. The deception had to be subtle and played on all three levels: political, propagandistic, and economic. In fact, the way in which the political weights of the several 'factions' were shifted around; the way in which the degree of official clout was portrayed to the outside viewer —e.g. whether such and such politico was in office, or not, or whether the visible dynamics of the Houses revealed whether he had any following or not— was decisive. This is why, as a whole, the political performance of the British political

THE MASQUERADE OF HIS MAJESTY'S STEWARDS AND DIPLOMATS



class from 1933 onwards, as the country was feeding the Nazi war machine with all sorts of economic and financial concessions, amounted to a veritable stage-act, played with consummated skill, which was performed for the sake of precipitating this yearned Russo-German clash in Eurasia. The mummery was necessary, otherwise Hitler would not have trusted to attack Russia, knowing that England was bound to close in on him with the Americans on his western flank, as they had done before. As such, there never was 'appeasement' in the literal sense of the word, yet only a compact, single-tracked policy designed to deceive the Nazi creature and prime it on a new and, given the strategic and territorial stakes, bloodiest world conflict.

So soon as Hitler became chancellor, England flashed all her masks at once: the friendly, the fiendish, and the neutral, making sure, however, for the time being to don the friendly one more often and far more conspicuously than the others. This masquerade, this 'dance' with the Nazis began in earnest in March 1935, when the top representatives of the British Foreign Office visited the Nazi hierarchy in Berlin. There they laid the preliminary work for the subsequent and famous Anglo-German Naval Pact of June 1935, whereby Hitler was given leave to rebuild Germany's fleet and bring it to a tonnage that was 35 percent of the British one. This treaty was significant in that it symbolized, and finally concretized Hitler's professed desire not to challenge Britain's sea power, and, to the eyes of the world, it was incontrovertible proof that Britain thereby endorsed the Nazi bid to conquest in the East.

Thus, by the end of 1935, Hitler had brought home a major international treaty, and a full-blown economic partnership with England—he could have not been happier. To make him dream even more, the British Services set up Edward VIII, the Prince of Wales and successor to the British throne, as an outspoken, fervent Nazi admirer. The Nazis were therefore made to believe that there truly was a giant pro-Nazi underground in England fronted by a faction within the royal house, vast segments of the political apparatus, the near totality of the Business Corporation, and extended clans of the intelligentsia. It was all stupendous make-believe; in truth, not one of such 'sympathizers' appeared to have been genuine.

Afterwards, Hitler was pushed forth one step at the time. In 1936, he ordered the reoccupation of the demilitarized zone in the Rhineland. According to Versailles, such an act should have elicited the immediate military counter-strike of an Allied force constituted by England, France, Belgium and Italy. In March the Ruhr was invaded—England did not budge and neutralized, therefore, any French move aimed at impeding the German occupation. There followed the heyday of appeasement, 1936-1937: feasts, diplomatic exchange, sharing of military intelligence (mostly on the part of the Nazis), and the celebrations of the winter and summer Olympics, during which the Germans and the British seemed to revel before the public scrutiny in a newfound passionate affair. In September 1936, no less a personage than the old, glorious Premier Lloyd George—the British emblem of WWI as well as Versailles's

chief negotiator— paid a visit to Hitler in his retreat at Obersalzberg, and after bad-mouthing the Czechs in the presence of the Führer, confided to British reporters that Hitler was the ‘greatest German of the age’.

In December 1936, Edward VIII, who was slated to succeed his father on the British throne, abdicated in a farcical coup, which spun the tabloids of the world in a Dionysian frenzy for the duration of several weeks. The motivation for renouncing the crown was said to have been rooted in Edward’s desire to marry an American commoner, the twice divorced Wally Simpson— a wish that flew against royal protocol. The truth was another. Since 1935, the British Services had prepared Edward to play the role of the ‘Nazi candidate’. The abdication was yet another ploy to stimulate the fancy of the Nazis with the (mis-)perception that pro-Nazi sympathy coursed so deeply within British society as to have infected the royalty itself. Edward, who now assumed the title of Duke of Windsor, would play an important part during the first years of the war. With Edward thus astutely played out, his brother Albert became king instead with the name of George VI.

The Windsors —Edward and Wally— married in June 1937, and in October, they were officially invited to Germany to complete a grand tour of the Third Reich. The German travel of the Windsors turned out to be a great success; in Berlin Edward was introduced to Himmler, Goebbels and Rudolf Hess. This was an encounter for which the Duke had been prepared two years previously by the British Services.

In November 1937, Lord Halifax, as envoy of the British Foreign Office, rejoined Hitler in his alpine retreat; in the course of the exchange, Halifax assured the Führer that England had nothing to object to Germany’s seizure of Austria and Czechoslovakia, and, disingenuously, he added that he trusted that Germany would incorporate these areas without the use of force. Hitler, who had been sold arms by the British for the past 4 years, quite naturally disregarded this last, insincere point, and readied the army immediately thereafter to occupy Austria. In February, Neville Chamberlain, the English Premier and chief promoter of appeasement, declared in an official speech that England was not willing to guarantee Austria’s independence. This was the signal. On March 12 Hitler invaded Austria, which, like the Rhineland two years previously, was annexed with a successful plebiscite—Goebbels oversaw the propaganda preceding all such referenda. Czechoslovakia was next.

The British press led the attack in the spring of 1938, accusing the Czechs of being rascals, who shamelessly bullied the natives of Czechoslovakia’s German-speaking enclaves. Such enclaves the treaty of Versailles had suitably enclosed within the boundaries of the new Czechoslovak state—the state carved out at Versailles by Britain and France, to fragment Europe, and also, possibly, to reward to the Czech Legion for recreating an eastern front against the Germans in the Spring of 1918 (see above). The problem in this instance was that the Czechoslovak army was in formidable shape; it could count on a million men, all in high fighting spirit, and on first-class fortifications, which might have very well stalled the Nazi advance, should

the latter have decided to strike against the Czechs. France was willing to back up Czechoslovakia. And though they said the same thing, the Russians were only keen to look on and wait for the war to pass them by a little longer. To Russia, we shall return briefly.

Thus to defang the Czechs, England set up an extraordinary campaign of disinformation. First, the British government refused to pledge its help to France, if France made bold to come to the succor of Czechoslovakia in case of a German attack. Then, the British stewards diffused the rumor that Hitler's war machine was invincible and that to resist him would be folly; they carried the pretense so far as to fit Londoners with gas masks and drill the population to reach out for shelters in view of a massive German attack over Britain's skies.

France, despairing, appealed to Russia: the latter could only intervene if Poland and Romania allowed the passage of Russian troops on their soil. Both countries refused, and Russia, on the other hand, did all she could not to raise the issue with either of them. But France insisted; and as Romania seemed disposed to change her mind, the Soviets changed tack immediately and warned the French that Russia might have to attack Poland (France's ally), for the latter had shown far too much interest in a coal-rich province of Teschen, which was part of Czechoslovakia.

In fact, Poland was the keystone of all the system of alliances: 1) she was the ally of France, 2) but also of Germany, who was the enemy of France; 3) Poland was hostile to Czechoslovakia, who was allied to France and Russia; 4) Poland was mortally hostile to Russia, who was the enemy of Germany; and 5) Poland and Germany were allied since 1934: Hitler had no desire to clash with the Poles over the Corridor and Danzig, but wished, instead, to engage the Poles in the forthcoming expedition against the Bolsheviks. All of this was to say that Russia had bluffed all along when she had sworn her obligations towards Czechoslovakia. Indeed, when the opportunity to fight the Nazis arose, the Soviets turned against France by threatening her that they might strike at Poland instead, who was presently harassing the Czechs because of the district of Teschen.

All such ominous diplomatic play put the ball back in the court of England, who, after it the wake of her media campaign convinced the Czechs to surrender the bordering, German-speaking regions to Germany in exchange for 'peace'. This cession was consummated at the infamous Munich Conference of late September 1938, at which France, England, Germany and Italy dismembered Czechoslovakia without consulting anyone, least of all the Czechs. The event was extolled by the world press as a triumph of peace and stability. In March 1939, however, Hitler breached the Munich contract, and overran the Czech rump. There was nothing truly extraordinary to the gesture –it was perfectly in line with everything the Nazis had been allowed to carry out thus far. But the British seized the opportunity to give yet another twist to their public performance and present yet a different face. Since the policy of appeasement could no longer be appropriately fed to the public opinion at

home after Hitler's deliberate act of aggression against the left-over constituency of Czechoslovakia, the British stewards opted for another disguise (refer to the figure above): the Peace Party took the back-seat to posture as an elitist den of frondeurs, while the Round Table and the anti-Bolsheviks fused in an informal "diarchy," whereby the visible front, led by Halifax, made a pretense of enforcing tough-dealing with the Nazis, while the secret front, staffed with the Chamberlain group, continued to bestow upon Hitler concessions and 'friendly' assurances that England would not fight.

And then only Poland was left: Hitler would be at the gates of the Soviets, and the Armageddon foreseen twenty years before by Veblen would become reality. And right at this point, Britain, relying on her many faces, played another trick. In March 1939 she did something unprecedented: in the midst of secret commercial talks with the Nazis, she offered Poland a unilateral assurance to guarantee her national sovereignty. This move was not hard to read: just as England had primed Belgium in 1914 as the detonator of the Great War that would have brought England into the conflict, now Chamberlain secured England's future participation in the forthcoming engagement by setting up the eventual violation of Poland –the last hurdle in the path of Hitler— as the trigger that would prepare the battling ground for the operations of Britain's War Party, led by Churchill.

Since late 1938, Hitler had led, unsurprisingly, a series of conversations with Poland to regain Danzig by conjoining the city to the mainland via a kilometer-wide strip across the Corridor. The negotiations were conducted from Berlin in a tone as amicable as possible with a view not to anger the Poles, but to invite them instead to participate by means of the bargaining in a joint action against the common Russian enemy. But the Poles, inexplicably at first, from Hitler's viewpoint, presented a feisty, litigious mien. Clearly, after the British guarantee they felt emboldened—and the British were most assuredly continuing to instigate them against the Germans, and inciting them not to back down on their rights to Danzig and the Corridor. The Poles were somehow made to believe that, should Germany have resolved to seize the city by force, they would have been rescued by a coordinated Franco-British intervention. But at the time no one saw any troops or munitions traveling from either France or England in the direction of Warsaw. Hitler was convinced that this was a put-on.

The stewards of the Empire had presently discarded the mask of appeasement, and were ready to push the Churchillian phalanx to the fore –a phalanx which was presently being refurbished with extra money from American donors, Zionist and otherwise. So it was now two faces that the Nazis were staring at: the pro-Nazis, who were still made to appear the stronger faction, and the rising star of the Churchillian anti-German hawks. The Nazi ignored the latter and pushed on; now, they had to do the unthinkable to wipe Poland out of the way, and that meant signing a provisional alliance with their arch-enemies: the Russian Bolsheviks. On August 23, 1939, the respective Foreign ministers of Nazi Germany and Bolshevik Russia underwrote in

Moscow, before the incredulous world, the stunning Ribbentrop-Molotov Pact, whose secret protocol was the partition of Poland.

The greatest mystery of this whole affair was not so much the collective dissembling performed by the British elite, as the motives and behavior of Soviet Russia herself. Why hadn't Russia attacked the Germans along with the Czechs and the French in 1938? As everyone knew, their combined forces were greatly superior to the German ones. Can it be true that by signing the Ribbentrop-Molotov pact, Stalin was hoping to deflect the attack of the Nazis against the Western Europeans, rather than against himself? Is it true that he was appeasing the Nazis to save Mother Russia?

No, this common suggestion does seem plausible for if that had been the case, one cannot explain why in 1937 Stalin had executed the top echelons of his armies, 35,000 officers, and liquidated simultaneously the ruling elite of the Communist Party, altogether one million people. All the while he had fitted Hitler's army steadily since 1935 with vital provisions; this supply was so intense that without it, Hitler, such is the consensus, would not have been in a position to strike in 1939.

Field Marshal Tukhachevsky was in 1935 the most luminous star of the red Army. He had been one of those ex-czarist officers, who, young, had converted and joined the contingents of Trotsky. For the Bolsheviks, Tukhachevsky had won numerous, decisive battles: against rebellious peasants, and the majority of the White seditionaries throughout the Russian Civil War. Most importantly, he had risen to become one of the key links between the Red and German armies since the beginning of that mysterious cooperation sanctioned with the Treaty of Rapallo in 1922: he had shuttled frequently between Moscow and Berlin, where he had become closely acquainted with Germany's military secrets and her deep politics. After Hitler was installed in the Chancellery, Tukhachevsky divined without difficulty the timetable and intentions of the Hitlerites. By 1936 he was convinced; the Germans had to be stopped. He travelled to London and Paris; but the General Staff of neither country seemed interested in joining a rash crusade against the Nazis. The British would later justify their rebuttal by crafting the lie that Tukhachevsky had exaggerated Russia's fighting potential; whereas the French, unsupported by England, preferred to take no chances and hide behind the fortified defenses of the Maginot line. When he flew back to Moscow, Tukhachevsky, dejected by his failures, was further astounded to hear at the grand summit of the Soviets the Prime and Foreign Ministers speak kind words towards the Germans – apparently, Russia, too, was practicing appeasement *à l'anglaise*. Before the young Field Marshal—he was but forty-two—could orchestrate any sort of opposition to the Bolshevik appeasement, he was executed along with a vast faction of loyal officers within the ruling corps of the army (June 1937).

Stalin, in order to appease the Nazis, had been willing to sacrifice en masse his most capable warriors, and stage a series of delirious show trials, in which he dispatched the entire Old Guard. What other explanation can account for such an

extraordinary episode if not Stalin's deliberate intent to head off that part of the apparatus that did not seem amenable for ideological convictions to play the game of appeasement? This atrocious course ultimately accorded with the British game, which, even more atrociously, demanded that Russia take the brunt of a German offensive. The Russians were to wait patiently until events took their due course, and absorb thereafter the Nazi onslaught by bleeding millions of dead, literally. Besides, the Bolsheviks owed virtually everything to the West: the deposition of the Czar, the killing of Rasputin, the political void after Kerensky, the slush-funds –German and otherwise—, the double-cross of the Whites, capital equipment, giant investments, military know-how...

When by late August Poland refused to bargain with Germany, Germany sent her an ultimatum, which was ignored. On September 1st, 1939, WWII broke out. The Nazis and Bolsheviks tore Poland apart; England, along with France, declared war against Germany, but neither fought. And neither lifted a finger to help Poland, whom they had sworn to defend; nor did England declare war against the Russians, who, like the Germans and no less brutally than they, had violated the independence of the Polish ally. Thus began the phony war, 6 months of silence on the western front. There, France had amassed the greatest forces yet seen, but nothing stirred. Hitler invited England to reason in October, and bid for peace, but England refused. Between April and May 1940, Hitler occupied Norway and Denmark. And on May Day he launched the invasion of France and the Low Lands. The nine months of the *Sitzkrieg* came to an end.

At long last the War Party, which had been pining for action since 1934, was picked as the first mask of the masquerade: the time of Winston Churchill had arrived (graph 4). Contrary to what transpired from the public debate, the change of the guard between Chamberlain and Churchill was smooth. It was indeed an agreement of these two to bring about what had been a foregone conclusion for years: On May 10, 1940 Winston Churchill assumed the scepter of the Empire as Prime Minister, and chief stalwart of the anti-Nazi crusade.

The Nazis marched in Paris on June 14, 1940. At this point, Churchill played again the Windsor trump, and used Edward as bait to lure the Nazis to neutral Portugal. It appears that at the end of July a special legation, accompanying no less than the Deputy Führer, Rudolf Hess, landed in Lisbon to hook up with Windsor. What was transacted between the two was not known, but it might be inferred from the subsequent directives of the Nazi regime. In Berlin, the Foreign Minister, Ribbentrop, was informed by the German ambassador in Lisbon that Windsor had clearly been heard saying that Germany should have bombed some sense into England so as to bring the latter to the table for peace negotiations. This seemed in fact the new line suggested to the Nazis by the 'appeasers': only if Hitler would convince England of his superior might with some spectacular display of military force would the pro-Nazi party be able to topple the Churchillians from within.

And Hitler fell for this deception as well. Reluctantly he ordered the commencement of Operation Eagle Attack in August of 1940: the intimidation of Great Britain by a series of aerial attacks against her main cities. The campaign lasted in essence but a month, and was a complete failure: not only had Hitler no desire to bomb Britain, but also his fleet was utterly unfit, and inadequate to carry out the operation. The German aircraft had never been designed for such a feat. But Churchill, however, was only too pleased to see German bombs fall from the sky—if anything, they were used as sentimental propaganda to move the Americans into joining yet another British war, and opening credit anew to the Empire—by now already, once again, bankrupt—for crushing the Germans.

By the end of 1940, Roosevelt was ready to turn the Lend-Lease Act into binding law of the United States; according to its letter, America would provide, in the name of democracy, an arsenal to England on credit. America needed no persuasion: she was dying to fight; she had harvested 10 million unemployed at the end of the Thirties, and presently she was itching to deploy that many soldiers on the shores of the world: the economic beauty of war. The US did not even bother to deviate from the old routine of 1915, and that is, to detail American vessels to accompany English cargoes bound for Europe in the hope of provoking the German U-Boats into a shooting war—i.e., the excuse needed to declare war on the Germans. This, however, would not prove necessary, in that Hitler himself pre-empted the move by declaring war on the US, after the Japanese were brought to strike at Pearl Harbor in early December 1941.

But by mid-May, the war was yet far from being won by the Allies; in fact, the North-African progression of Rommel was breathtaking. The Germans had taken the Balkans, they had seized Greece, and thrown the British out of Crete. They were even landing aircraft in Iraq; if they had continued at this rate, and secured the passage across the Suez Canal, they would have seriously threatened the entire British system of defense in the Mediterranean, and cut off Britain's petroleum supplies from Iran, as well as her connection to Central Asia and India. Nay more, if the Germans had come to possess the Silk Road, they would have shut England off and relayed with the Japanese forces in the Far East.

May 1941 was the critical juncture. And that was when, in fact, Rudolf Hess disappeared. Where he vanished, and how, and what happened to him thereafter is not known. A story has been told: a story according to which, fearing a war on two-fronts and furiously jealous of the blooming intimacy between his vice Bormann and Hitler, the lunatic Hess flew on a whim a ponderous jet over Hamilton's Dungavel Estate to rendezvous a cabal of appeasers, strayed off course, ejected himself perilously from the cockpit, landed on a field nearby, twisted his ankle, and finally presented himself as Captain Alfred Horn to a bewildered Scottish plowman demanding to seeing the Duke. This story is a cheap myth, a fabrication, which neither the Nazis *nor* the British—and their loyal archivists ever since—endeavored

to dispel. In fact, there appeared to be two Hesses, two planes leaving from different locations, two uniforms, an alleged impostor in the prison of Spandau, and an amnesiac, stuporous defendant at Nuremberg, who is alternatively classified by the staff psychiatrists as a 'dull-witted, autistic psychopath', a 'sham', an 'enigma' or 'a schizoid'. A man who refused to see his wife for 28 years, and who died mysteriously—most probably strangled by 'specialists'—the day before his release in 1987. Whatever the truth of the case, the facts speak clearly. After Hess vaporized:

- 1) The German deployment in the Far East was brusquely halted—Rommel was forsaken at the gates of Egypt; the directive to march to the South-East and the expeditions against Malta and Cyprus were rescinded, sine die.
- 2) The night of Hess's disappearance coincided with the final aerial raid conducted by the Luftwaffe against England.

On June 22, 1941, a little over a month after the event, at 3:30 am, while German planes bombed Bielorussia, Hitler's armies invaded the Russian forest—they made up a highly mechanized legion of three million German, Croats, Finns, Romanians, Hungarians and Italians—with the SS sting in the tail. Awaiting them was an equally large pack of Slav troops, which in the heat of the clash would grow to be four times as numerous.

It so seemed that the Nazis had surrendered Hess as collateral, while the appeasers appeared to have kept their end of the bargain. Churchill and his military Staff would prevent the Americans from opening a western front for the length of three years—three years of unspeakable carnage: they had granted the Nazis their yearned 'free hand' in the East'.

Already on July 26, 1941, Stalin requested an immediate Allied intervention in western Europe, Churchill refused. In April of 1942, General Marshall of the U.S. Army was in London to discuss the plan of a Cross-Channel invasion; Churchill was 'reluctant'. In January 1943, at Casablanca, the American generals, again, pressed the British to act. Not even in November 1943, when the 'big three' met in Teheran, would Churchill allow to discuss the western closure before mooting territorial tradeoffs. Instead, from the Allies the Russians would get \$10 billion worth of guns, and afterwards, as Premier Baldwin had explained to Churchill—who needed no explication—, one was to let the 'Bolshies' slowly blow the Nazis into pieces. The deception was sustained unabatedly for the whole duration of Barbarossa: in January 1942 Hitler might still be heard wishing that the 'appeaser' Hoare would take power, or hoping in the autumn of 1943 that Windsor would overthrow his brother—the Führer would remain a victim of the most astounding illusions till the bitter end.

Not until May 1944 would the British agree to open the western front with the Cross-Channel operation (Overlord), which had been timidly prefaced by the Mafia-assisted debarkation of the Americans in Sicily—Operation Husky of July 1943. Then and then only did England deem that the time has finally come to dispatch this

creature, by now mortally wounded, that she had nurtured over a quarter of a century for the sake of her Eurasian ambition.

Final Considerations

It took Britain two world holocausts to erase definitively the threat of a German hegemony on the Eurasian continent. This erasure would have consisted of 5 main conspiratorial achievements:

- 1) A successful encirclement of the German Reich during WWI, 1914-1918;
- 2) The acquisition of France's more or less conscious anti-European collaboration in WWI and throughout the Nazi incubation (1904-1939);
- 3) The vigorous involvement of the United States, who has in fact pledged since 1917 up to the present to wage a war of conquest against the Eurasia, in the footprints of the British empire;
- 4) The creation of an 'imaginary foe' in the East: Bolshevik Russia was never a true opponent of the West, but a massive foil set as the faceless 'asiatic' threat athwart the Eurasian fault-line. Since their beginnings in 1917, the Reds always relied on military intelligence, know-how, and industrial assistance from the West;
- 5) The 15-year long incubation of Nazism (1918-1933).

This is not to say that Nazism is the creation of the British schemers; Nazism is a religious sect, which insinuated itself into the revanchist movements of Nationalism at the end of the Great War. But it ended up being the fringe movement that the British clubs would favor in light of its peculiar geopolitics, which fitted perfectly within the plans of Britain. In other words, Britain's aim was to identify an indigenous movement that was not inimical to England, and, more importantly, one that was mortally hostile to Russia. For Britain hoped to lure this indigenous force into a giant clash, whose ultimate end was not the defeat of Communism, as Veblen wrongly assumed, but the final destruction of the German people on their soil – an outcome which the initial great siege of Germany during WW1 had not been capable of achieving. Veblen's extraordinary prophecy was the earliest clue to the secret intention of Britain, who seemed busily at work to prepare the conditions conducive to such an outcome since the early scheming at Versailles.

All subsequent events pointed in the same direction: 1) the double-cross of the Whites and the odd 'intervention' of the Allies to sabotage their official White protégés; 2) the missed confiscation of the War Loan and the dynamics of the hyperinflation as the purge administered before the pouring-in of the Dawes loans; 3) the renovation of Germany's infrastructure during the golden years of Weimar; 4) the selection of Schacht as the clubs' financial minion; 5) the strange life and repercussions of the Gold Standard and the impenetrable tenure of Governor

Montagu Norman (1920-1944); 6) the rigged election of Hitler to the Chancellorship and the meeting in Cologne at the manse of Schröder (January 1933); 7) the sudden economic boom as soon as Hitler takes over and the prompt re-instatement of Schacht at the Reichsbank; 8) the continuous and steady inflow of investments, weapons, patents, raw materials from the Anglo-Americans to fuel the Nazi political and military outfit; and 9) the extraordinary policy of appeasement symmetrically pursued by England in the West and Russia in the East, without which the *Wehrmacht* would have been able to take a single step in the direction of war.

This stratagem of identifying a native force which can then be set up in a variety of ways –either to foment division at home, or to be spun against a neighbor, or finally to breed it so as to call for its timely annihilation, and seize control of the zone upon which such a creature has been gestated; this stratagem is indeed a mere routine, one of many which the Anglo-American seem to employ with great *désinvolture*, whenever they set out to play their geopolitical game across Eurasia, sometime exploiting sometime cajoling its peoples –but always with the undeviating objective of dividing and destabilizing the continental land-mass by planting wedges in its vital nodes.

WWI, the conjuration of Hitlerism, and WWII are possibly the most spectacular, and horrifying examples in our recent record of how such imperial routines may function as the proximate tolls of world history. These also reveal that in general the true source of evil resides not so much in the actual, and often unspeakable villainy of resurrected cults, but rather in the aseptic, cool and calculating imperial mindset of the modern English-speaking oligarchies, which remorselessly and with an inhuman, if not devilish dose of self-righteousness manage to manipulate all forms of life-destroying manifestations, and turn them to account for the purpose of world control, i.e. power.