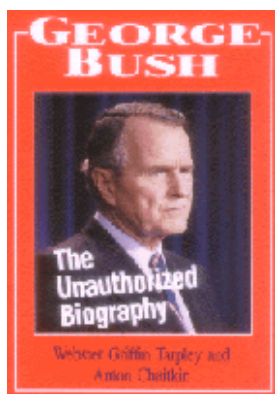


Chapter 2 – The Hitler Project



Bush Property Seized—Trading with the Enemy

In October 1942, ten months after entering World War II, America was preparing its first assault against Nazi military forces. Prescott Bush was managing partner of Brown Brothers Harriman. His 18-year-old son George the future U.S. President, had just begun training to become a naval pilot. On Oct. 20, 1942, the U.S. government ordered the seizure of Nazi German banking operations in New York City which were being conducted by Prescott Bush.

Under the *Trading with the Enemy Act*, the government took over the *Union Banking Corporation*, in which Bush was a director. The U.S. Alien Property Custodian seized Union Banking Corp.'s stock shares, all of which were owned by Prescott Bush, E. Roland “Bunny” Harriman, three Nazi executives, and two other associates of Bush.¹

The order seizing the bank “vests” (seizes) “all of the capital stock of Union Banking Corporation, a New York corporation,” and names the holders of its shares as:

“E. Roland Harriman—3991 shares”

[chairman and director of Union Banking Corp. (UBC); this is “Bunny” Harriman, described by Prescott Bush as a place holder who didn’t get much into banking affairs; Prescott managed his personal investments]

“Cornelis Lievens—4 shares”

[president and director of UBC; New York resident banking functionary for the Nazis]

“Harold D. Pennington—1 share”

[treasurer and director of UBC; an office manager employed by Bush at Brown Brothers Harriman]

“Ray Morris—1 share”

[director of UBC; partner of Bush and the Harrimans]

“Prescott S. Bush—1 share”

[director of UBC, which was co-founded and sponsored by his father-in-law George Walker; senior managing partner for E. Roland Harriman and Averell Harriman]

“H.J. Kouwenhoven—1 share”

[director of UBC; organized UBC as the emissary of Fritz Thyssen in negotiations with George Walker and Averell Harriman; managing director of UBC’s Netherlands affiliate under Nazi occupation; industrial executive in Nazi Germany; director and chief foreign financial executive of the German Steel Trust]

“Johann G. Groeninger—1 share”

[director of UBC and of its Netherlands affiliate; industrial executive in Nazi Germany]

“all of which shares are held for the benefit of ... members of the Thyssen family, [and] is property of nationals ... of a designated enemy country....”

By Oct. 26, 1942, U.S. troops were under way for North Africa. On Oct. 28, the government issued orders seizing two Nazi front organizations run by the Bush-Harriman bank: the *Holland American Trading Corporation* and the *Seamless Steel Equipment Corporation*.²

U.S. forces landed under fire near Algiers on Nov. 8, 1942; heavy combat raged throughout November. Nazi interests in the *Silesian-American Corporation*, long managed by Prescott Bush and his father-in-law George Herbert Walker, were seized under the Trading with the Enemy Act on Nov. 17, 1942. In this action, the government announced that it was seizing only the Nazi interests, leaving the Nazis' U.S. partners to carry on the business.³

These and other actions taken by the U.S. government in wartime were, tragically, too little and too late. President Bush's family had already played a central role in financing and arming Adolf Hitler for his takeover of Germany; in financing and managing the buildup of Nazi war industries for the conquest of Europe and war against the U.S.A.; and in the development of Nazi genocide theories and racial propaganda, with their well-known results.

The facts presented here must be known, and their implications reflected upon, for a proper understanding of President George Herbert Walker Bush and of the danger to mankind that he represents. The President's family fortune was largely a result of the Hitler project. The powerful Anglo-American family associations, which later boosted him into the Central Intelligence Agency and up to the White House, were his father's partners in the Hitler project.

President Franklin Roosevelt's Alien Property Custodian, Leo T. Crowley, signed Vesting Order Number 248 seizing the property of Prescott Bush under the Trading with the Enemy Act. The order, published in obscure government record books and kept out of the news,⁴ explained nothing about the Nazis involved; only that the Union Banking Corporation was run for the "Thyssen family" of "Germany and/or Hungary"—"nationals ... of a designated enemy country."

By deciding that Prescott Bush and the other directors of the Union Banking Corp. were legally *front men for the Nazis*, the government avoided the more important historical issue: In what way were Hitler's Nazis themselves hired, armed and instructed by the New York and London clique of which Prescott Bush was an executive manager? Let us examine the Harriman-Bush Hitler project from the 1920s until it was partially broken up, to seek an answer for that question.

Origin and Extent of the Project

Fritz Thyssen and his business partners are universally recognized as the most important German financiers of Adolf Hitler's takeover of Germany. At the time of the order seizing the Thyssen family's Union Banking Corp., Mr. Fritz Thyssen had already published his famous book, *I Paid Hitler*,⁵ admitting that he had financed Adolf Hitler and the Nazi movement since October 1923. Thyssen's role as the leading early backer of Hitler's grab for power in Germany had been noted by U.S. diplomats in Berlin in 1932.⁶ The order seizing the Bush-Thyssen bank was curiously quiet and modest about the identity of the perpetrators who had been nailed.

But two weeks before the official order, government investigators had reported secretly that "W Averell Harriman was in Europe sometime prior to 1924 and at that time became acquainted with Fritz Thyssen, the German industrialist." Harriman and Thyssen agreed to set up a bank for Thyssen in New York. "[C]ertain of [Harriman's] associates would serve as directors...." Thyssen agent "H. J. Kouwenhoven ... came to the United States ... prior to 1924 for conferences with the Harriman Company in this connection...."⁷

When exactly was "Harriman in Europe sometime prior to 1924"? In fact, he was in Berlin in 1922 to set up the Berlin branch of W.A. Harriman & Co. under George Walker's presidency.

The Union Banking Corporation was established formally in 1924, as a unit in the Manhattan offices of W.A. Harriman & Co., interlocking with the Thyssen-owned *Bank voor Handel en*

Scheepvaart (BHS) in the Netherlands. The investigators concluded that “the Union Banking Corporation has since its inception handled funds chiefly supplied to it through the Dutch bank by the Thyssen interests for American investment.”

Thus by personal agreement between Averell Harriman and Fritz Thyssen in 1922, W.A. Harriman & Co. (alias Union Banking Corporation) would be transferring funds back and forth between New York and the “Thyssen interests” in Germany. By putting up about \$400,000, the Harriman organization would be joint owner and manager of Thyssen’s banking operations outside of Germany.

How important was the Nazi enterprise for which President Bush’s father was the New York banker?

The 1942 U.S. government investigative report said that Bush’s Nazi-front bank was an interlocking concern with the *Vereinigte Stahlwerke* (United Steel Works Corporation or *German Steel Trust*) led by Fritz Thyssen and his two brothers. After the war, Congressional investigators probed the Thyssen interests, Union Banking Corp. and related Nazi units. The investigation showed that the *Vereinigte Stahlwerke* had produced the following approximate proportions of total German national output:

- 50.8% of Nazi Germany’s pig iron
- 41.4% of Nazi Germany’s universal plate
- 36.0% of Nazi Germany’s heavy plate
- 38.5% of Nazi Germany’s galvanized sheet
- 45.5% of Nazi Germany’s pipes and tubes
- 22.1% of Nazi Germany’s wire
- 35.0% of Nazi Germany’s explosives. ⁸

Prescott Bush became vice president of W.A. Harriman & Co. in 1926. That same year, a friend of Harriman and Bush set up a giant new organization for their client Fritz Thyssen, prime sponsor of politician Adolf Hitler. The new *German Steel Trust*, Germany’s largest industrial corporation, was organized in 1926 by Wall Street banker Clarence Dillon. Dillon was the old comrade of Prescott Bush’s father Sam Bush from the “Merchants of Death” bureau in World War I.

In return for putting up \$70 million to create his organization, majority owner Thyssen gave the Dillon Read company two or more representatives on the board of the new Steel Trust. ⁹

Thus there is a division of labor: Thyssen’s own confidential accounts, for political and related purposes, were run through the Walker-Bush organization; the German Steel Trust did its corporate banking through Dillon Read.

The Walker-Bush firm’s banking activities were not just politically neutral money-making ventures which happened to coincide with the aims of German Nazis. All of the firm’s European business in those days was organized around anti-democratic political forces.

In 1927, criticism of their support for totalitarianism drew this retort from Bert Walker, written from Kennebunkport to Averell Harriman: “It seems to me that the suggestion in connection with Lord Bearsted’s views that we withdraw from Russia smacks somewhat of the impertinent.... I think that we have drawn our line and should hew to it.” ¹⁰

Averell Harriman met with Italy’s fascist dictator, Benito Mussolini. A representative of the firm subsequently telegraphed good news back to his chief executive Bert Walker: “... During these last days ... Mussolini ... has examined and approved our c[o]ntract 15 June.” ¹¹

The great financial collapse of 1929-31 shook America, Germany and Britain, weakening all governments. It also made the hard-pressed Prescott Bush even more willing to do whatever was necessary to retain his new place in the world. It was in this crisis that certain Anglo-Americans determined on the installation of a Hitler regime in Germany.

W.A. Harriman & Co., well-positioned for this enterprise and rich in assets from their German and Russian business, merged with the British-American investment house, Brown Brothers, on January 1, 1931. Bert Walker retired to his own G.H. Walker & Co. This left the Harriman brothers, Prescott Bush and Thatcher M. Brown as the senior partners of the new Brown Brothers Harriman firm. (The London, England branch of the Brown family firm continued operating under its historic name—Brown, Shipley.)

Robert A. Lovett also came over as a partner from Brown Brothers. His father, E.H. Harriman's lawyer and railroad chief, had been on the War Industries Board with Prescott's father. Though he remained a partner in Brown Brothers Harriman, the junior Lovett soon replaced his father as chief executive of Union Pacific Railroad.

Brown Brothers had a racial tradition that fitted it well for the Hitler project! American patriots had cursed its name back in U.S. Civil War days. Brown Brothers, with offices in the U.S.A. and in England, had carried on their ships fully 75 percent of the slave cotton from the American South over to British mill owners. Now in 1931, the virtual dictator of world finance, Bank of England Governor Montagu Collet Norman, was a former Brown Brothers partner, whose grandfather had been boss of Brown Brothers during the U.S. Civil War. Montagu Norman was known as the most avid of Hitler's supporters within British ruling circles, and Norman's intimacy with this firm was essential to his management of the Hitler project.

In 1931, while Prescott Bush ran the New York office of Brown Brothers Harriman, Prescott's partner was Montagu Norman's intimate friend Thatcher Brown. The Bank of England chief always stayed at the home of Prescott's partner on his hush-hush trips to New York. Prescott Bush concentrated on the firm's German activities, and Thatcher Brown saw to their business in old England, under the guidance of his mentor Montagu Norman.¹²

Hitler's Ladder to Power

Adolf Hitler became Chancellor of Germany January 30, 1933, and absolute dictator in March 1933, after two years of expensive and violent lobbying and electioneering. Two affiliates of the Bush-Harriman organization played great parts in this criminal undertaking: Thyssen's German Steel Trust; and the Hamburg-Amerika Line and several of its executives.¹³

Let us look more closely at the Bush family's German partners.

Fritz Thyssen told Allied interrogators after the war about some of his financial support for the Nazi Party: "In 1930 or 1931 ... I told [Hitler's deputy Rudolph] Hess ... I would arrange a credit for him with a Dutch bank in Rotterdam, the Bank voor Handel und Schiff [i.e. Bank voor Handel en Scheepvaart (BHS), the Harriman-Bush affiliate]. I arranged the credit ... he would pay it back in three years.... I chose a Dutch bank because I did not want to be mixed up with German banks in my position, and because I thought it was better to do business with a Dutch bank, and I thought I would have the Nazis a little more in my hands... .

"The credit was about 250-300,000 [gold] marks—about the sum I had given before. The loan has been repaid in part to the Dutch bank, but I think some money is still owing on it...."¹⁴

The overall total of Thyssen's political donations and loans to the Nazis was well over a million dollars, including funds he raised from others—in a period of terrible money shortage in

Germany.

Friedrich Flick was the major co-owner of the German Steel Trust with Fritz Thyssen, Thyssen's long-time collaborator and occasional competitor. In preparation for the war crimes tribunal at Nuremberg, the U.S. government said that Flick was "one of leading financiers and industrialists who from 1932 contributed large sums to the Nazi Party ... member of 'Circle of Friends' of Himmler who contributed large sums to the SS."¹⁵

Flick, like Thyssen, financed the Nazis to maintain their private armies called Schutzstaffel (S.S. or Black Shirts) and Sturmabteilung (S.A., storm troops or Brown Shirts).

The Flick-Harriman partnership was directly supervised by Prescott Bush, President Bush's father, and by George Walker, President Bush's grandfather.

The Harriman-Walker Union Banking Corp. arrangements for the German Steel Trust had made them bankers for Flick and his vast operations in Germany by no later than 1926.

The *Harriman Fifteen Corporation* (George Walker, president, Prescott Bush and Averell Harriman, sole directors) held a substantial stake in the Silesian Holding Co. at the time of the merger with Brown Brothers, Jan. 1, 1931. This holding correlated to Averell Harriman's chairmanship of the *Consolidated Silesian Steel Corporation*, the American group owning one-third of a complex of steel-making, coal-mining and zinc-mining activities in Germany and Poland, in which Friedrich Flick owned two-thirds.¹⁶

The Nuremberg prosecutor characterized Flick as follows:

"Proprietor and head of a large group of industrial enterprises (coal and iron mines, steel producing and fabricating plants) ... 'Wehrwirtschaftsfuhrer', 1938 [title awarded to prominent industrialists for merit in armaments drive—'Military Economy Leader']..."¹⁷

For this buildup of the Hitler war machine with coal, steel and arms production, using slave laborers, the Nazi Flick was condemned to seven years in prison at the Nuremberg trials; he served three years. With friends in New York and London, however, Flick lived into the 1970s and died a billionaire.

On March 19, 1934, Prescott Bush—then director of the German Steel Trust's Union Banking Corporation—initiated an alert to the absent Averell Harriman about a problem which had developed in the Flick partnership.¹⁸ Bush sent Harriman a clipping from the *New York Times* of that day, which reported that the Polish government was fighting back against American and German stockholders who controlled "Poland's largest industrial unit, the Upper Silesian Coal and Steel Company...."

The *Times* article continued: "The company has long been accused of mismanagement, excessive borrowing, fictitious bookkeeping and gambling in securities. Warrants were issued in December for several directors accused of tax evasions. They were German citizens and they fled. They were replaced by Poles. Herr Flick, regarding this as an attempt to make the company's board entirely Polish, retaliated by restricting credits until the new Polish directors were unable to pay the workmen regularly."

The *Times* noted that the company's mines and mills "employ 25,000 men and account for 45 percent of Poland's total steel output and 12 percent of her coal production. Two-thirds of the company's stock is owned by Friedrich Flick, a leading German steel industrialist, and the remainder is owned by interests in the United States."

In view of the fact that a great deal of Polish output was being exported to Hitler Germany under depression conditions, the Polish government thought that Prescott Bush, Harriman and their Nazi partners should at least pay full taxes on their Polish holdings. The U.S. and Nazi owners responded with a lockout. The letter to Harriman in Washington reported a cable from their European representative: "Have undertaken new steps London Berlin ... please establish friendly relations with Polish Ambassador [in Washington]."

A 1935 Harriman Fifteen Corporation memo from George Walker announced an agreement had been made "in Berlin" to sell an 8,000 block of their shares in Consolidated Silesian Steel. ¹⁹ But the dispute with Poland did not deter the Bush family from continuing its partnership with Flick.

Nazi tanks and bombs "settled" this dispute in September, 1939 with the invasion of Poland, beginning World War II. The Nazi army had been equipped by Flick, Harriman, Walker and Bush, with materials essentially stolen from Poland.

There were probably few people at the time who could appreciate the irony, that when the Soviets also attacked and invaded Poland from the East, their vehicles were fueled by oil pumped from Baku wells revived by the Harriman/Walker/Bush enterprise.

Three years later, nearly a year after the Japanese attack on Pearl Harbor, the U.S. government ordered the seizure of the Nazis' share in the Silesian-American Corporation under the Trading with the Enemy Act. Enemy nationals were said to own 49 percent of the common stock and 41.67 percent of the preferred stock of the company.

The order characterized the company as a "business enterprise within the United States, owned by [a front company in] Zurich, Switzerland, and held for the benefit of Bergwerksgesellschaft George von Giesche's Erben, a German corporation...." ²⁰

Bert Walker was still the senior director of the company, which he had founded back in 1926 simultaneously with the creation of the German Steel Trust. Ray Morris, Prescott's partner from Union Banking Corp. and Brown Brothers Harriman, was also a director.

The investigative report prior to the government crackdown explained the "NATURE OF BUSINESS: The subject corporation is an American holding company for German and Polish subsidiaries, which own large and valuable coal and zinc mines in Silesia, Poland and Germany. Since September 1939, these properties have been in the possession of and have been operated by the German government and have undoubtedly been of considerable assistance to that country in its war effort." ²¹

The report noted that the American stockholders hoped to regain control of the European properties after the war.

Control of Nazi Commerce

Bert Walker had arranged the credits Harriman needed to take control of the Hamburg-Amerika Line back in 1920. Walker had organized the *American Ship and Commerce Corp.* as a unit of the W.A. Harriman & Co., with contractual power over Hamburg-Amerika's affairs.

As the Hitler project went into high gear, Harriman-Bush shares in American Ship and Commerce Corp. were held by the Harriman Fifteen Corp., run by Prescott Bush and Bert Walker. ²²

It was a convenient stroll for the well-tanned, athletic, handsome Prescott Bush: From the Brown Brothers Harriman skyscraper at 59 Wall Street—where he was senior managing partner,

confidential investments manager and adviser to Averell and his brother “Bunny”—he walked across to the Harriman Fifteen Corporation at One Wall Street, otherwise known as G.H. Walke & Co.—and around the corner to his subsidiary offices at 39 Broadway, former home of the old W.A. Harriman & Co., and still the offices for American Ship and Commerce Corp., and of the Union Banking Corporation.

In many ways, Bush’s Hamburg-Amerika Line was the pivot for the entire Hitler project.

Averell Harriman and Bert Walker had gained control over the steamship company in 1920 in negotiations with its post-World War I chief executive, *Wilhelm Cuno*, and with the line’s bankers, M.M. Warburg. Cuno was thereafter completely dependent on the Anglo-Americans, and became a member of the Anglo-German Friendship Society. In the 1930-32 drive for a Hitler dictatorship, Wilhelm Cuno contributed important sums to the Nazi Party.²³

Albert Voegler was chief executive of the Thyssen-Flick German Steel Trust for which Bush’s Union Banking Corp. was the New York office. He was a director of the Bush-affiliate BHS Bank in Rotterdam, and a director of the Harriman-Bush Hamburg-Amerika Line. Voegler joined Thyssen and Flick in their heavy 1930-33 Nazi contributions, and helped organize the final Nazi leap into national power.²⁴

The *Schroeder* family of bankers was a linchpin for the Nazi activities of Harriman and Prescott Bush, closely tied to their lawyers Allen and John Foster Dulles.

Baron Kurt von Schroeder was co-director of the massive Thyssen-Huautte foundry along with Johann Groeninger, Prescott Bush’s New York bank partner. Kurt von Schroeder was treasurer of the support organization for the Nazi Party’s private armies, to which Friedrich Flick contributed. Kurt von Schroeder and Montagu Norman’s protégé Hjalmar Schacht together made the final arrangements for Hitler to enter the government.²⁵

Baron Rudolph von Schroeder was vice president and director of the Hamburg-Amerika Line. Long an intimate contact of Averell Harriman’s in Germany, Baron Rudolph sent his grandson Baron Johann Rudolph for a tour of Prescott Bush’s Brown Brothers Harriman offices in New York City in December 1932—on the eve of their Hitler-triumph.²⁶

Certain actions taken directly by the Harriman-Bush shipping line in 1932 must be ranked among the gravest acts of treason in this century.

The U.S. embassy in Berlin reported back to Washington that the “costly election campaigns” and “the cost of maintaining a private army of 300,000 to 400,000 men” had raised questions as to the Nazis’ financial backers. The constitutional government of the German republic moved to defend national freedom by ordering the Nazi Party private armies disbanded. The U.S. embassy reported that the *Hamburg-Amerika Line was purchasing and distributing propaganda attacks against the German government, for attempting this last-minute crackdown on Hitler’s forces.*²⁷

Thousands of German opponents of Hitlerism were shot or intimidated by privately armed Nazi Brown Shirts. In this connection we note that the original “Merchant of Death,” Samuel Pryor, was a founding director of both the Union Banking Corp. and the American Ship and Commerce Corp. Since Mr. Pryor was executive committee chairman of Remington Arms and a central figure in the world’s private arms traffic, his use to the Hitler project was enhanced as the Bush family’s partner in Nazi Party banking and trans-Atlantic shipping.

The U.S. Senate arms-traffic investigators probed Remington after it was joined in a cartel agreement on explosives to the Nazi firm I.G. Farben. Looking at the period leading up to

Hitler's seizure of power, the Senators found that "German political associations, like the Nazi and others, are nearly all armed with American ... guns.... Arms of all kinds coming from America are transshipped in the Scheldt to river barges before the vessels arrive in Antwerp. They then can be carried through Holland without police inspection or interference. The Hitlerists and Communists are presumed to get arms in this manner. The principal arms coming from America are Thompson submachine guns and revolvers. The number is great."²⁸

The beginning of the Hitler regime brought some bizarre changes to the Hamburg-Amerika Line—and more betrayals.

Prescott Bush's American Ship and Commerce Corp. notified Max Warburg of Hamburg, Germany, on March 7, 1933, that Warburg was to be the corporation's official, designated representative on the board of Hamburg-Amerika.²⁹

Max Warburg replied on March 27, 1933, assuring his American sponsors that the Hitler government was good for Germany: "For the last few years business was considerably better than we had anticipated, but a reaction is making itself felt for some months. We are actually suffering also under the very active propaganda against Germany, caused by some unpleasant circumstances. These occurrences were the natural consequence of the very excited election campaign, but were extraordinarily exaggerated in the foreign press. The Government is firmly resolved to maintain public peace and order in Germany, and I feel perfectly convinced in this respect that there is no cause for any alarm whatsoever."³⁰

This seal of approval for Hitler, coming from a famous Jew, was just what Harriman and Bush required, for they anticipated rather serious "alarm" inside the U.S.A. against their Nazi operations.

On March 29, 1933, two days after Max's letter to Harriman, Max's son, Erich Warburg, sent a cable to his cousin Frederick M. Warburg, a director of the Harriman railroad system. He asked Frederick to "use all your influence" to stop all anti-Nazi activity in America, including "atrocious news and unfriendly propaganda in foreign press, mass meetings, etc." Frederick cabled back to Erich: "No responsible groups here [are] urging [a] boycott [of] German goods[,] merely excited individuals." Two days after that, On March 31, 1933, the *American-Jewish Committee*, controlled by the Warburgs, and the *B'nai B'rith*, heavily influenced by the Sulzbergers (*New York Times*), issued a formal, official joint statement of the two organizations, counseling "that no American boycott against Germany be encouraged," and advising "that no further mass meetings be held or similar forms of agitation be employed."³¹

The American Jewish Committee and the B'nai B'rith (mother of the "Anti-Defamation League") continued with this hardline, no-attack-on-Hitler stance all through the 1930s, blunting the fight mounted by many Jews and other anti-fascists.

Thus the decisive interchange reproduced above, taking place entirely within the orbit of the Harriman/Bush firm, may explain something of the relationship of George Bush to American Jewish and Zionist leaders. Some of them, in close cooperation with his family, played an ugly part in the drama of Naziism. Is this why "professional Nazi-hunters" have never discovered how the Bush family made its money?

The executive board of the *Hamburg Amerika Line (Hapag)* met jointly with the North German Lloyd Company board in Hamburg on Sept. 5, 1933. Under official Nazi supervision, the two firms were merged. Prescott Bush's American Ship and Commerce Corp. installed Christian J. Beck, a long-time Harriman executive, as manager of freight and operations in North America for the new joint Nazi shipping lines (*Hapag-Lloyd*) on Nov. 4, 1933.

According to testimony of officials of the companies before Congress in 1934, a supervisor from the *Nazi Labor Front* rode with every ship of the Harriman-Bush line; employees of the New York offices were directly organized into the Nazi Labor Front organization; Hamburg-Amerika provided free passage to individuals going abroad for Nazi propaganda purposes; and the line subsidized pro-Nazi newspapers in the U.S.A., as it had done in Germany against the constitutional German government. ³²

In mid-1936, Prescott Bush's American Ship and Commerce Corp. cabled M.M. Warburg, asking Warburg to represent the company's heavy share interest at the forthcoming Hamburg-Amerika stockholders meeting. The Warburg office replied with the information that "we represented you at the stockholders meeting and "exercised on your behalf your voting power for Rm [gold marks] 3,509,600 Hapag stock deposited with us."

The Warburgs transmitted a letter received from Emil Helfferich, German chief executive of both Hapag-Lloyd and of the Standard Oil subsidiary in Nazi Germany: "It is the intention to continue the relations with Mr. Harriman on the same basis as heretofore...." In a colorful gesture, Hapag's Nazi chairman Helfferich sent the line's president across the Atlantic on a Zeppelin to confer with their New York string-pullers.

After the meeting with the Zeppelin passenger, the Harriman-Bush office replied: "I am glad to learn that Mr. Helfferich [sic] has stated that relations between the Hamburg American Line and ourselves will be continued on the same basis as heretofore." ³³

Two months before moving against Prescott Bush's Union Banking Corporation, the U. S. government ordered the seizure of all property of the Hamburg-Amerika Line and North German Lloyd, under the Trading with the Enemy Act. The investigators noted in the pre-seizure report that Christian J. Beck was still acting as an attorney representing the Nazi firm. ³⁴

In May 1933, just after the Hitler regime was consolidated, an agreement was reached in Berlin for the coordination of all Nazi commerce with the U.S.A. The *Harriman International Co.*, led by Averell Harriman's first cousin Oliver, was to head a syndicate of 150 firms and individuals, to conduct *all exports from Hitler Germany to the United States*. ³⁵

This pact had been negotiated in Berlin between Hitler's economics minister, Hjalmar Schacht, and John Foster Dulles, international attorney for dozens of Nazi enterprises, with the counsel of Max Warburg and Kurt von Schroeder.

John Foster Dulles would later be U.S. Secretary of State, and the great power in the Republican Party of the 1950s. Foster's friendship and that of his brother Allen (head of the Central Intelligence Agency), greatly aided Prescott Bush to become the Republican U.S. Senator from Connecticut. And it was to be of inestimable value to George Bush, in his ascent to the heights of "covert action government," that both of these Dulles brothers were the lawyers for the Bush family's far-flung enterprise.

Throughout the 1930s, John Foster Dulles arranged debt restructuring for German firms under series of decrees issued by Adolf Hitler. In these deals, Dulles struck a balance between the interest owed to selected, larger investors, and the needs of the growing Nazi war-making apparatus for producing tanks, poison gas, etc.

Dulles wrote to Prescott Bush in 1937 concerning one such arrangement. The German-Atlantic Cable Company, owning Nazi Germany's only telegraph channel to the United States, had made debt and management agreements with the Walker-Harriman bank during the 1920s. A new decree would now void those agreements, which had originally been reached with non-Nazi

corporate officials. Dulles asked Bush, who managed these affairs for Averell Harriman, to get Averell's signature on a letter to Nazi officials, agreeing to the changes. Dulles wrote:

Sept. 22, 1937

Mr. Prescott S. Bush
59 Wall Street, New York, N.Y.

Dear Pres,

I have looked over the letter of the German-American [sic] Cable Company to Averell Harriman.... It would appear that the only rights in the matter are those which inure in the bankers and that no legal embarrassment would result, so far as the bondholders are concerned, by your acquiescence in the modification of the bankers' agreement.

Sincerely yours,

John Foster Dulles

Dulles enclosed a proposed draft reply, Bush got Harriman's signature, and the changes went through. ³⁶

In conjunction with these arrangements, the German Atlantic Cable Company attempted to stop payment on its debts to smaller American bondholders. The money was to be used instead for arming the Nazi state, under a decree of the Hitler government.

Despite the busy efforts of Bush and Dulles, a New York court decided that this particular Hitler "law" was invalid in the United States; small bondholders, not parties to deals between the bankers and the Nazis, were entitled to get paid. ³⁷

In this and a few other of the attempted swindles, the intended victims came out with their money. But the Nazi financial and political reorganization went ahead to its tragic climax.

For his part in the Hitler revolution, Prescott Bush was paid a fortune.

This is the legacy he left to his son, President George Bush.

An Important Historical Note

How the Harrimans Hired Hitler

It was not inevitable that millions would be slaughtered under fascism and in World War II. At certain moments of crisis, crucial pro-Nazi decisions were made outside of Germany. These decisions for pro-Nazi actions were more aggressive than the mere "appeasement" which Anglo-American historians later preferred to discuss.

Private armies of 300,000 to 400,000 terrorists aided the Nazis' rise to power. W.A. Harriman's Hamburg-Amerika Line intervened against Germany's 1932 attempt to break them up.

The 1929-31 economic collapse bankrupted the Wall-Street-backed German Steel Trust. When the German government took over the Trust's stock shares, interests associated with Konrad Adenauer and the anti-Nazi Catholic Center Party attempted to acquire the shares. But the Anglo-Americans—Montagu Norman, and the Harriman-Bush bank—made sure that their Nazi puppet Fritz Thyssen regained control over the shares and the Trust. Thyssen's bankrolling of Hitler could then continue unhindered.

Unpayable debts crushed Germany in the 1920s, reparations required by the Versailles agreements. Germany was looted by the London-New York banking system, and Hitler's propaganda exploited this German debt burden.

But immediately *after* Germany came under Hitler's dictatorship, the Anglo-American financiers granted debt relief, which freed funds to be used for arming the Nazi state.

The North German Lloyd steamship line, which was merged with Hamburg-Amerika Line, was one of the companies which stopped debt payments under a Hitler decree arranged by John Foster Dulles and Hjalmar Schacht.

Kuhn Loeb and Co.'s Felix Warburg carried out the Hitler finance plan in New York. Kuhn Loeb asked North German Lloyd bondholders to accept new lower interest steamship bonds, issued by Kuhn Loeb, in place of the better pre-Hitler bonds.

The Opposition

New York attorney Jacob Chaitkin, father of coauthor Anton Chaitkin, took the cases of many different bondholders who rejected the swindle by Harriman, Bush, Warburg, and Hitler. Representing a woman who was owed \$30 on an old steamship bond—and opposing John Foster Dulles in New York municipal court—Chaitkin threatened a writ from the sheriff, tying up the 30,000 ton transatlantic liner *Europa* until the client received her \$30. (*New York Times*, January 10, 1934, p. 31 col. 3).

The American Jewish Congress hired Jacob Chaitkin as the legal director of the boycott against Nazi Germany. The American Federation of Labor cooperated with Jewish and other groups in the anti-import boycott. On the other side, virtually all the Nazi trade with the United States was under the supervision of the Harriman interests and functionaries such as Prescott Bush, father of President George Bush.

Meanwhile, the Warburgs demanded that American Jews not “agitate” against the Hitler government, or join the organized boycott. The Warburgs' decision was carried out by the American Jewish Committee and the B'nai B'rith, who opposed the boycott as the Nazi military state grew increasingly powerful.

The historical coverup on these events is so tight that virtually the only expose of the Warburgs came in journalist John L. Spivak's “Wall Street's Fascist Conspiracy,” in the pro-communist *New Masses* periodical (Jan. 29 and Feb. 5, 1934). Spivak pointed out that the Warburgs controlled the American Jewish Committee, which opposed the anti-Nazi boycott, while their Kuhn Loeb and Co. had underwritten Nazi shipping; and he exposed the financing of pro-fascist political activities by the Warburgs and their partners and allies, many of whom were bigwigs in the American Jewish Committee and B'nai B'rith.

Given where the Spivak piece appeared, it is not surprising that Spivak called Warburg an ally of the Morgan Bank, but made no mention of Averell Harriman. Mr. Harriman, after all, was a permanent hero of the Soviet Union.

John L. Spivak later underwent a curious transformation, himself joining the coverup. In 1967, he wrote an autobiography (*A Man in His Time*, New York: Horizon Press), which praises the American Jewish Committee. The pro-fascism of the Warburgs does not appear in the book. The former “rebel” Spivak also praises the action arm of the B'nai B'rith, the Anti-Defamation League. Pathetically, he comments favorably that the League has spy files on the American populace which it shares with government agencies.

Thus is history erased; and those decisions, which direct history into one course or another, are lost to the knowledge of the current generation.

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Notes for Chapter II

1. Office of Alien Property Custodian, Vesting Order No. 248. The order was signed by Leo T. Crowley, Alien Property Custodian, executed October 20, 1942; F.R. Doc. 42-11568; Filed, November 6, 1942, 11:31 A.M.; 7 Fed. Reg. 9097 (Nov. 7, 1942). See also the *New York City Directory of Directors* (available at the Library of Congress). The volumes for the 1930s and 1940s list Prescott Bush as a director of Union Banking Corporation for the years 1934 through 1943.

2. Alien Property Custodian Vesting Order No. 259: Seamless Steel Equipment Corporation; Vesting Order No. 261: Holland-American Trading Corp.

3. Alien Property Custodian Vesting Order No. 370: Silesian-American Corp.

4. The *New York Times* on December 16, 1944, ran a five-paragraph page 25 article on actions of the New York State Banking Department. Only the last sentence refers to the Nazi bank, as follows: “The Union Banking Corporation, 39 Broadway, New York, has received authority to change its principal place of business to 120 Broadway.”

The *Times* omitted the fact that the Union Banking Corporation had been seized by the government for trading with the enemy, and even the fact that 120 Broadway was the address of the government’s Alien Property Custodian.

5. Fritz Thyssen, *I Paid Hitler*, 1941, reprinted in (Port Washington, N.Y.: Kennikat Press, 1972), p. 133. Thyssen says his contributions began with 100,000 marks given in October 1923 for Hitler’s attempted “putsch” against the constitutional government.

6. Confidential memorandum from U.S. embassy, Berlin, to the U.S. Secretary of State, April 20, 1932, on microfilm in *Confidential Reports of U.S. State Dept., 1930s, Germany*, at major U.S. libraries.

7. Oct. 5, 1942, Memorandum to the Executive Committee of the Office of Alien Property Custodian, stamped CONFIDENTIAL, from the Division of Investigation and Research, Homer Jones, Chief. Now declassified in United States National Archives, Suitland, Maryland annex. See Record Group 131, Alien Property Custodian, investigative reports, in file box relating to Vesting Order No. 248.

8. *Elimination of German Resources for War*: Hearings Before a Subcommittee of the Committee on Military Affairs, United States Senate, Seventy-Ninth Congress; Part 5, Testimony of [the United States] Treasury Department, July 2, 1945. P. 507: Table of *Vereinigte Stahlwerke* output, figures are percent of German total as of 1938; Thyssen organization including Union Banking Corporation pp. 727-31.

9. Robert Sobel, *The Life and Times of Dillon Read* (New York: Dutton-Penguin, 1991), pp. 92-111. The Dillon Read firm cooperated in the development of Sobel’s book.

10. George Walker to Averell Harriman, Aug. 11, 1927, in the W. Averell Harriman papers at the Library of Congress (designated hereafter WAH papers).

11. “Iaccarino” to G. H. Walker, RCA Radiogram Sept. 12, 1927. The specific nature of their business with Mussolini is not explained in correspondence available for public access.

12. Andrew Boyle, *Montagu Norman* (London: Cassell, 1967).

Sir Henry Clay, *Lord Norman* (London, MacMillan & Co., 1957), pp. 18, 57, 70-71.

John A. Kouwenhoven, *Partners in Banking ... Brown Brothers Harriman* (Garden City: Doubleday & Co., 1969).

13. Coordination of much of the Hitler project took place at a single New York address. The Union Banking Corporation had been set up by George Walker at 39 Broadway. Management of the Hamburg-Amerika Line, carried out through Harriman's American Ship and Commerce Corp., was also set up by George Walker at 39 Broadway.

14. Interrogation of Fritz Thyssen, EF/Me/1 of Sept. 4, 1945 in U.S. Control Council records, photostat on page 167 in Anthony Sutton, *An Introduction to The Order* (Billings, Mt.: Liberty House Press, 1986).

15. *Nazi Conspiracy and Aggression—Supplement B*, by the Office of United States Chief of Counsel for Prosecution of Axis Criminality, United States Government Printing Office, (Washington: 1948), pp. 1597, 1686.

16. “Consolidated Silesian Steel Corporation – [minutes of the] Meeting of Board of Directors,” Oct. 31, 1930 (Harriman papers, Library of Congress), shows Averell Harriman as Chairman of the Board.

Prescott Bush to W.A. Harriman, Memorandum Dec. 19, 1930 on their Harriman Fifteen Corp.

Annual Report of United Konigs and Laura Steel and Iron Works for the year 1930 (Harriman papers, Library of Congress) lists “Dr. Friedrich Flick ... Berlin” and “William Averell Harriman ... New York” on the Board of Directors.

“Harriman Fifteen Corporation Securities Position February 28, 1931,” Harriman papers, Library of Congress. This report shows Harriman Fifteen Corporation holding 32,576 shares in Silesian Holding Co. V.T.C. worth (in scarce depression dollars) \$1,628,800, just over half the value of the Harriman Fifteen Corporation's total holdings.

The *New York City Directory of Directors* volumes for the 1930s (available at the Library of Congress) show Prescott Sheldon Bush and W. Averell Harriman as the directors of Harriman Fifteen Corp.

“Appointments,” (three typed pages) marked “Noted May 18 1931 W.A.H.,” (among the papers from Prescott Bush's New York Office of Brown Brothers Harriman, Harriman papers, Library of Congress), lists a meeting between Averell Harriman and Friedrich Flick in Berlin at 4:00 P.M., Wednesday April 22, 1931. This was followed immediately by a meeting with Wilhelm Cuno, chief executive of the Hamburg-Amerika Line.

The “Report To the Stockholders of the Harriman Fifteen Corporation,” Oct. 19, 1933 (in the Harriman papers, Library of Congress) names G.H. Walker as president of the corporation. It shows the Harriman Fifteen Corporation's address as 1 Wall Street—the location of G.H. Walker and Co.

17. *Nazi Conspiracy and Aggression—Supplement B*, *op. cit.*, p. 1686.

18. Jim Flaherty (a BBH manager, Prescott Bush's employee), March 19, 1934 to W.A. Harriman.

“Dear Averell:

In Roland's absence Pres[cott] thought it advisable for me to let you know that we received the following cable from [our European representative] Rossi dated March 17th [relating to conflict with the Polish government]....”

19. Harriman Fifteen Corporation notice to stockholders Jan. 7, 1935, under the name of George Walker, President.

20. Order No. 370: Silesian-American Corp. Executed Nov. 17, 1942. Signed by Leo T. Crowley Alien Property Custodian. F.R. Doc. 42-14183; Filed Dec. 31, 1942, 11:28 A.M.; 8 Fed. Reg. 33 (Jan. 1, 1943).

The order confiscated the Nazis' holdings of 98,000 shares of common and 50,000 shares of preferred stock in Silesian-American.

The Nazi parent company in Breslau, Germany wrote directly to Averell Harriman at 59 Wall St. on Aug. 5, 1940, with "an invitation to take part in the regular meeting of the members of the Bergwerksgesellschaft Georg von Giesche's Erben...." WAH papers.

21. Sept. 25, 1942, Memorandum To the Executive Committee of the Office of Alien Property Custodian, stamped CONFIDENTIAL, from the Division of Investigation and Research, Homer Jones, Chief. Now declassified in United States National Archives, Suitland, Maryland annex. See Record Group 131, Alien Property Custodian, investigative reports, in file box relating to Vesting Order No. 370.

22. George Walker was a director of American Ship and Commerce from its organization through 1928. Consult *New York City Directory of Directors*.

"Harriman Fifteen Corporation Securities Position February 28, 1931," *op. cit.* The report lists 46,861 shares in the American Ship & Commerce Corp.

See "Message from Mr. Bullfin," Aug. 30, 1934 (Harriman Fifteen section, Harriman papers, Library of Congress) for the joint supervision of Bush and Walker, respectively director and president of the corporation.

23. Cuno was later exposed by Walter Funk, Third Reich Press Chief and Under Secretary of Propaganda, in Funk's postwar jail cell at Nuremberg; but Cuno had died just as Hitler was taking power. William L. Shirer, *The Rise and Fall of the Third Reich* (New York: Simon and Schuster, 1960), p. 144. *Nazi Conspiracy and Aggression—Supplement B*, *op. cit.*, p. 1688.

24. See "Elimination of German Resources for War," *op. cit.*, pp. 881-82 on Voegler.

See Annual Report of the (Hamburg-Amerikanische-Packetfahrt-Aktien-Gesellschaft (Hapag or Hamburg-Amerika Line), March 1931, for the board of directors. A copy is in the New York Public Library Annex at 11th Avenue, Manhattan.

25. *Nazi Conspiracy and Aggression—Supplement B*, *op. cit.*, pp. 1178, 1453-54, 1597, 1599.

See "Elimination of German Resources for War," *op. cit.*, pp. 870-72 on Schroeder; p. 730 on Groeninger.

26. Annual Report of Hamburg-Amerika, *op. cit.*

Baron Rudolph Schroeder, Sr. to Averell Harriman, Nov. 14, 1932. K[night] W[ooley] handwritte note and draft reply letter, Dec. 9, 1932.

In his letter, Baron Rudolph refers to the family's American affiliate, J. Henry Schroder [name anglicized], of which Allen Dulles was a director, and his brother John Foster Dulles was the principal attorney.

Baron Bruno Schroder of the British branch was adviser to Bank of England Governor Montagu Norman, and Baron Bruno's partner Frank Cyril Tiarks was Norman's co-director of the Bank of

England throughout Norman's career. Kurt von Schroeder was Hjalmar Schacht's delegate to the Bank for International Settlements in Geneva, where many of the financial arrangements for the Nazi regime were made by Montagu Norman, Schacht and the Schroeders for several years of the Hitler regime right up to the outbreak of World War II.

27. Confidential memorandum from U.S. embassy, Berlin, *op. cit.*

28. U.S. Senate "Nye Committee" hearings, Sept. 14, 1934, pp. 1197-98, extracts from letters of Col. William N. Taylor, dated June 27, 1932 and Jan. 9, 1933.

29. American Ship and Commerce Corporation to Dr. Max Warburg, March 7, 1933.

Max Warburg had brokered the sale of Hamburg-Amerika to Harriman and Walker in 1920. Max's brothers controlled the Kuhn Loeb investment banking house in New York, the firm which had staked old E.H. Harriman to his 1890s buyout of the giant Union Pacific Railroad.

Max Warburg had long worked with Lord Milner and others of the racist British Round Table concerning joint projects in Africa and Eastern Europe. He was an advisor to Hjalmar Schacht for several decades and was a top executive of Hitler's Reichsbank. The reader may consult David Farrer, *The Warburgs: The Story of A Family* (New York: Stein and Day, 1975).

30. Max Warburg, at M.M. Warburg and Co., Hamburg, to Averill [sic] Harriman, c/o Messrs. Brown Brothers Harriman & Co., 59 Wall Street, New York, N.Y., March 27, 1933.

31. This correspondence, and the joint statement of the Jewish organizations, are reproduced in Moshe R. Gottlieb, *American Anti-Nazi Resistance, 1933-41: An Historical Analysis* (New York: Ktav Publishing House, 1982).

32. *Investigation of Nazi Propaganda Activities and Investigation of Certain Other Propaganda Activities*: Public Hearings before a Subcommittee of the Special Committee on Un-American Activities, United States House of Representatives, Seventy Third Congress, New York City, July 9-12, 1934—Hearings No. 73-NY-7 (Washington: U.S. Govt. Printing Office, 1934). See testimony of Capt. Frederick C. Mensing, John Schroeder, Paul von Lilienfeld-Toal, and summaries by Committee members.

See *New York Times*, July 16, 1933, p. 12, for organizing of Nazi Labor Front at North German Lloyd, leading to Hamburg-Amerika after merger.

33. American Ship and Commerce Corporation telegram to Rudolph Brinckmann at M.M. Warburg, June 12, 1936.

Rudolph Brinckmann to Averell Harriman at 59 Wall St., June 20, 1936, with enclosed note transmitting Helfferich's letter.

Reply to Dr. Rudolph Brinckmann c/o M.M. Warburg and Co, July 6, 1936, in the Harriman papers at the Library of Congress. The file copy of this letter carries no signature, but is presumably from Averell Harriman.

34. Office of Alien Property Custodian, Vesting Order No. 126. Signed by Leo T. Crowley, Alien Property Custodian, executed August 28, 1942. F.R. Doc. 42-8774; Filed September 4, 1942, 10:55 A.M.; 7 F.R. 7061 (No. 176, Sept. 5, 1942.) July 18, 1942, Memorandum To the Executive Committee of the Office of Alien Property Custodian, stamped CONFIDENTIAL, from the Division of Investigation and Research, Homer Jones, Chief. Now declassified in United States National Archives, Suitland, Maryland annex. See Record Group 131, Alien Property Custodian investigative reports, in file box relating to Vesting Order No. 126.

35. *New York Times*, May 20, 1933. Leading up to this agreement is a telegram which somehow escaped the shredder and may be seen in the Harriman papers in the Library of Congress. It is

addressed to Nazi official Hjalmar Schacht at the Mayflower Hotel, Washington, dated May 11, 1933:

“Much disappointed to have missed seeing you Tuesday afternoon.... I hope to see you either in Washington or New York before you sail.

with my regards W.A. Harriman”

36. Dulles to Bush letter and draft reply in WAH papers.

37. *New York Times*, Jan. 19, 1938.

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